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**Assemblée législative  
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**Official Report  
of Debates  
(Hansard)**

**Monday 1 March 2004**

**Journal  
des débats  
(Hansard)**

**Lundi 1<sup>er</sup> mars 2004**

**Standing committee on  
government agencies**

Intended appointments

**Comité permanent des  
organismes gouvernementaux**

Nominations prévues

Chair: Dominic Agostino  
Clerk: Anne Stokes

Président : Dominic Agostino  
Greffière : Anne Stokes

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## LEGISLATIVE ASSEMBLY OF ONTARIO

STANDING COMMITTEE ON  
GOVERNMENT AGENCIES

Monday 1 March 2004

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

COMITÉ PERMANENT DES  
ORGANISMES GOUVERNEMENTAUXLundi 1<sup>er</sup> mars 2004

*The committee met at 1105 in room 151.*

**Clerk of the Committee (Ms Anne Stokes):** Good morning, everyone. In the absence of our Chair and our Vice-Chair, it is my duty to ask for nominations for an Acting Chair. Are there any nominations?

**Mr Michael Gravelle (Thunder Bay-Superior North):** I'd like to nominate Lorenzo Berardinetti to chair this meeting.

**Clerk of the Committee:** Are there any other nominations?

**Mr John O'Toole (Durham):** I nominate Joe Tascona.

**Clerk of the Committee:** Any further nominations? There being no further nominations, I will put the question on the first name that was proposed. If there is a majority of members to elect that person, then the acting position will be filled. So I would like to ask for agreement on the nomination of Mr Berardinetti as Acting Chair. Opposed? It's carried.

Mr Berardinetti, would you like to come forward?

**Mr Gilles Bisson (Timmins-James Bay):** I have a point of order, when we get the Chair back.

**The Acting Chair (Mr Lorenzo Berardinetti):** Good morning. Was there a point of order?

**Mr Bisson:** No, it's OK. I got what I needed.

**The Acting Chair:** I'd like to call the meeting to order. Our first order of business is the report of the subcommittee.

**Mr Joseph N. Tascona (Barrie-Simcoe-Bradford):** Mr Chair, if I could, there are a couple of pieces of business I want to deal with before we get to that. The first is, as you know, this committee reviews all appointments that are greater than a year. There have been two interim appointments, one to the Ontario Municipal Board and the Assessment Review Board that was made, I believe, in November of last year; and just recently, Tim Reid was appointed chair of the Ontario Lottery and Gaming Corp, another interim appointment.

As none of these appointments is going through this committee at this stage, the rules in the standing orders require that they go through this committee on reappointment. I just want to, for the record, put this to you, as Chairman: Will this committee be able to review these two particular appointments when they're reappointed?

**The Acting Chair:** I have just been advised by the clerk that this standing committee does not review reappointments.

**Mr Tascona:** So what has happened here is that since they have been interim-appointed, which is one year less a day, and the rules don't allow this committee to review somebody, to interview them in that situation, and also on a reappointment, we're not going to be able to, as a committee, interview the new chairman of the Ontario Municipal Board and Assessment Review Board and now the new chair of the Ontario Lottery and Gaming Corp. Is that it, for the record?

**The Acting Chair:** That's my understanding, correct.

**Mr Tascona:** I want to say, on behalf of the opposition, that is not acceptable and I want to relay that message to the Premier, that that should not be the way this committee functions. If we're going to have a democratic deficit in this Legislature, we just started with two major appointments that will not go through this committee because of using the standing rules. That is something that I would like to have changed to make sure that any appointment goes through this committee and not through the back door and we're not going to be able to review those types of appointments. I hope that will stop now, and in the future we'll be able to review every appointment that's put through by the Premier through order in council.

## SUBCOMMITTEE REPORTS

**The Acting Chair:** Our first order of business is the report of the subcommittee on committee business dated February 12, 2004. Do I have a motion to adopt?

**Mr Tascona:** I have an amendment to that one. From what I understand on that, I just want to put forth an amendment, because there was an order in council for the Ontario Securities Commission, Susan Wolburgh Jenah. In that circumstance, because of what's happened with Mr Sorbara and with respect to the Ontario Securities Commission and a company that he was involved with, and the fact that he did not relay that information to the Premier when he first became aware of it in December but relayed that information to him last Wednesday, we didn't have any knowledge that there was anything that could have involved the Ontario Securities Commission.

I'm not taking anything away on the face of Ms Jenah's qualifications, but I do take exception to the fact that now we're in a position that there is something surrounding the Ontario Securities Commission. I would put forth a motion to amend the report of the subcommittee,

that the official opposition party would like to interview Susan Wolburgh Jenah, because I think it's important and relevant at this stage with respect to the Ontario Securities Commission, seeing what's happened with Mr Sorbara and his lack of communication with the Premier.

**The Acting Chair:** There's a point of order here from Mr Gravelle, and then we'll go to Mr Bisson.

**Mr Gravelle:** On a point of order, Mr Chair: I don't know how you can amend a subcommittee report that already is in place. This is the report. You can't amend, after the fact, a subcommittee report that did not include that as part of its report.

1110

**Mr Tascona:** No, that's not my understanding of the rules.

**The Acting Chair:** My understanding is that we've followed the standing orders up to this point. What is before us is a subcommittee report.

**Mr Tascona:** I'm asking for an amendment.

**Mr Gravelle:** I don't see how you can amend a report that has gone forward. The meeting took place and—

**Mr Tascona:** It has not gone forward.

**Mr Bisson:** Mr Chairman, on a point of order: We can do anything by way of unanimous consent here in the committee. I would move for unanimous consent in order to amend the subcommittee report.

**Mr Tascona:** We want to add Ms Jenah to be a person selected by the official opposition party to interview. That's our request, that's our amendment, and we would seek unanimous consent.

**The Acting Chair:** OK, you have put your motion forward. Is there any more discussion on that?

**Mr Gravelle:** It seems to me that's a separate item. We're dealing with a subcommittee report that took place and recommendations were made or not made. This is the report of that particular subcommittee. Whatever else Mr Tascona wants to do is a separate item, it seems to me, as opposed to being part of that report. Is that not true, Clerk?

**Clerk of the Committee:** The subcommittee report has not been adopted by the committee as yet.

**Mr Gravelle:** So we can still debate it?

**Clerk of the Committee:** It is debatable and amendable.

**Mr O'Toole:** That clarifies it for me. It comes back from the subcommittee to the committee to be debated and potentially amended.

**The Acting Chair:** We have a motion moved by Mr Tascona. I guess you require unanimous consent here.

**Mr Tascona:** That's what I understand from the clerk and from Mr Bisson, and I accept that.

**The Acting Chair:** Do we have unanimous consent? I heard some noes on the right here.

**Mr Tascona:** Recorded vote.

**The Acting Chair:** I've been advised by the clerk there is no vote on unanimous consent.

Is there a motion to adopt the report?

**Mr Tascona:** Recorded vote.

**The Acting Chair:** We can record this vote.

### Ayes

Gravelle, Mossop, Parsons, Qaadri, Smith, Zimmer.

### Nays

Bisson, Scott, Tascona.

**The Acting Chair:** The motion is carried.

The second report is dated February 19—Mr Bisson?

**Mr Bisson:** I was going to say this a little bit earlier, Chair. I just wanted you to understand why I voted in opposition to your particular nomination to that position. I haven't got a problem with you personally. My problem, just so you and members of this committee know, is that this committee is normally chaired by an opposition member. It is the oversight committee that oversees all appointments the government makes. When David Peterson set up this committee some years ago and when Bob Rae was Premier, when Mike Harris was Premier, when Ernie Eves was Premier, it was always chaired by an opposition member so that we can give a sense to the public that there is no ability for the government to utilize its majority and utilize the Chair to get what it wants. I just want to put on the record that I really don't like the idea of this committee going forward having a government member chair it. What we're doing is overseeing the appointments of the government when it comes to committees. I just want to put on the record that it's not in opposition to you as a member—I'm sure you do fine work and you're an honourable member—but I don't like the process. This should be, for the record, a committee chaired by the opposition, and in this case it should be the Conservatives.

**The Acting Chair:** Thank you.

We have the report of the subcommittee dated Thursday, February 19, 2004. Is there any discussion? Is there a motion to adopt? Mr Gravelle? Thank you. All those in favour? All those opposed? The motion is carried.

I'm advised there is a third subcommittee report dated February 26, which was handed out, I believe, today. It basically provides for the intended appointees.

**Mr Tascona:** Can I just ask a question to the clerk, through you, Mr Chair? For February 20, 2004, certificates that were received, were there any from the Ontario Securities Commission?

**Clerk of the Committee:** I can check the certificate. No, there was not.

**The Acting Chair:** Do we have a motion to adopt the February 26 report? Mr Gravelle? Thank you. Any discussion? All those in favour? Opposed? That carries.

## INTENDED APPOINTMENTS

### JAN CARR

Review of intended appointment, selected by third party: Jan Carr, intended appointee as member and vice-chair, Ontario Energy Board.

**The Acting Chair:** Now we can move on to the appointments review. First is Jan Carr, intended appointee as member and vice-chair, Ontario Energy Board. You may come forward, Mr Carr. As you may be aware, you have an opportunity, should you choose to do so, to make an initial statement. Subsequent to that, there are questions from members of the committee. We will be commencing those questions with the opposition party first, then rotating to the third party and then over to the government party. Welcome, and if you want to, you can make an opening statement.

**Mr Jan Carr:** I do have a few words, if I may. I'll read them for you.

First of all, thank you again for the opportunity to outline my experience with regard to the OEB appointment that you're considering. My credentials are those of an engineer who has spent his entire professional career in the energy industry. I believe you have my resumé before you, and you therefore know that I am not bringing specialized knowledge in the work of an economic regulatory agency, which is what the OEB is. My understanding in applying for this appointment is that I will be contributing as part of a team of varied skills and experience. My understanding is that it is the collective responsibility of that team at the Ontario Energy Board to ensure that the users of electricity and gas in Ontario are served in a way that is fair and sustainable.

As I mentioned, my formal education is in the engineering discipline, and that education culminated in specialization in electrical power engineering. From university I joined the Saskatchewan Power Corp in Regina, which at the time provided both electricity and natural gas service to the entire province of Saskatchewan. I then established an independent consulting business which completed a large number of technical research and development projects in the area of electricity distribution and utilization for the Canadian Electricity Association in Montreal.

A few years later, I joined one of Canada's largest and longest-established engineering companies, Acres International of Niagara Falls. There I became vice-president of electric power systems and over a period of many years have been responsible for planning, design and construction of electric power facilities throughout the world. Most recently, I have been managing director of Barker, Dunn and Rossi, a partnership which straddles the US border and advises electricity sector clients throughout North America and around the world on business and strategic planning, mergers and acquisitions, and policy and regulatory affairs. My resumé lists many of the specific assignments and projects I have worked on, and of course I would be happy to go into more detail if you wish.

This is how I put bread on my family's table, but I believe equally important to your consideration of my appointment to the OEB is the experience I have gained from what amounts to a parallel career. This began in earnest with my running in the municipal elections and getting elected as a commissioner of Niagara-on-the-

Lake Hydro, the electric utility owned by and serving the town of Niagara-on-the-Lake. I was re-elected two times and became chairman of the commission, a position from which I resigned when I moved with my job to Toronto.

I served on the board of directors of the provincial Municipal Electric Association and was also chair of the Niagara region utilities caucus within the association. I was appointed as a member to the government's advisory committee on competition in Ontario's electricity sector. That is better known as the Macdonald committee, because it was chaired by the Honourable Donald Macdonald. Since that time, I've had a keen interest in the restructuring of Ontario's electricity sector.

I have served on the board of directors of both a publicly traded independent generation company and a company which manages the investment of public sector pension funds in electric transmission systems as well as other regulated infrastructure assets. Most recently, I chaired the Toronto Board of Trade's electricity task force, advocating for the interests of some 9,000 member businesses, most of them small businesses with less than a dozen employees.

**1120**

I hope you will see in this experience the potential for my making, through the OEB, a useful contribution to the betterment of electricity and gas services to the general public and businesses of Ontario. I offer a strong understanding of the technical, business, financial and customer service aspects of the electricity industry. This understanding has been gained from more than 30 years of first-hand involvement in all aspects of the industry. That involvement has been from a wide range of perspectives, including those of utility employee, publicly elected commissioner, private sector board member, stakeholder advocate and professional business adviser.

I look forward to your favourable consideration of my appointment to the OEB and I'd like to thank you for this opportunity to present my credentials.

**The Acting Chair:** We'll now move to the official opposition to ask questions for 10 minutes.

**Mr Tascona:** Welcome, Mr Carr. In the intended appointment of vice-chair, I want to refer to a Toronto Star article of February 14, 2004, where you were interviewed. You indicated that you're going to be resigning your post as managing director of the consulting firm Barker, Dunn and Rossi. Is that correct?

**Mr Carr:** Yes.

**Mr Tascona:** What will your relationship be with that firm when you're on the Ontario Energy Board?

**Mr Carr:** I will have no relationship with the firm. I'm presently a part owner of the firm and a partner in the firm. I'm completely selling my shares and interest and everything else in the firm.

**Mr Tascona:** So you will be totally not part of that firm?

**Mr Carr:** That's right.

**Mr Tascona:** You're also quoted in the article as saying that many firms that appear before the Ontario Energy Board are clients of Barker, Dunn and Rossi. You

are quoted as saying that for a period you'll "be barred from making decisions involving former clients." For what period would you be barred for that?

**Mr Carr:** I honestly don't know the answer to that, because I have not read the precise conflict-of-interest guidelines. I've only read a summary of them. My understanding is there's a blackout period of a year, but I'll obviously take guidance from the chair of the OEB on that matter.

**Mr Tascona:** That would mean you wouldn't be the vice-chair on hearings in front of your former clients for a year, if that's correct. Would that also involve full board discussions and discussions with other vice-chairs on hearings that you do not chair? Do you know that?

**Mr Carr:** I don't know for certain, but as I say, I would take guidance from the chair of the OEB on that. What you're suggesting sounds appropriate.

**Mr Tascona:** Mr Chair, through you to the clerk, is there any way we could get information from the Ontario Energy Board in terms of what period a person would be recused from appearing in front of their former clients? Because not only Mr Carr but the other two people who are appearing before us are active consultants in the energy field. Can we obtain that information?

**Clerk of the Committee:** The committee is free to ask for information.

**Mr Tascona:** I would like to ask for that information if we could get that.

**The Acting Chair:** Can we do that at the end of the question period here?

**Mr Tascona:** OK, if we can put that on the record.

**The Acting Chair:** We'll put that on the record and we'll deal with it after we finish the question period.

**Mr Tascona:** I just have one further question. You're also quoted in the article as saying that the Ontario Energy Board will be "a little more proactive—raising issues and initiating hearings." What do you mean by that?

**Mr Carr:** I guess that was a very specific statement picked up by the reporter, but the general context of it was that one of the observations I have, not just with respect to Ontario but because I have been involved in a number of other jurisdictions that have restructured electricity systems, is that obviously restructuring requires certain entities, certain agencies and the utilities themselves to change their modus operandi. Often forgotten in that is the need for the regulator to also adopt a different approach to the processes that they use and so on. It's not a relinquishment of what they traditionally have done, but there are additional responsibilities. It's just basically a broadening of the scope of interest.

**Mr Tascona:** You said "raising issues and initiating hearings." Is there any specific area that you think they should be doing?

**Mr Carr:** Basically, consumer protection is probably the area that most often gets overlooked. I mean "consumer" in the broadest sense, including some of the larger consumers: industrials, small businesses and so on.

**Mr Tascona:** How did you become aware of this appointment?

**Mr Carr:** Actually, I was approached by the chair.

**Mr Tascona:** Of the Ontario Energy Board?

**Mr Carr:** Yes.

**Mr Tascona:** Being who?

**Mr Carr:** Howard Wetston.

**Mr Tascona:** I have no further questions.

**Mr O'Toole:** Thank you very much, Mr Carr. I read with a great deal of respect your presentation and your resumé. Certainly, that leads to the questioning basically that Mr Tascona was following up on. Being in an important position like vice-chair, the sort of blackout period by the conflict rules would leave you rather in limbo. Don't you think it would be appropriate to be a director in a general sense before moving to vice-chair? I'm asking that as a question.

**Mr Carr:** My understanding is, the only distinction between a vice-chair of the board as contrasted to a board member is nothing more than being part of the team that guides, if you like, the internal operation of the Ontario Energy Board. My understanding of it is it does not involve any distinction with regard to interface with the outside world compared to a board member. The chair, of course, enjoys a different relationship.

**Mr O'Toole:** I have a great deal of respect for Howard Wetston as well, having come from the OSC, the Ontario Securities Commission, as a regulator in that climate and with no prior direct relationships with potential persons who may be coming to the Ontario Energy Board. I just feel that—no reflection on your quality or background at all, except that in this role—what does the role pay as the vice-chair? You're resigning a fairly significant directorship in which you have a major interest. What does the job pay?

**Mr Carr:** My understanding is \$300,000 a year.

**Mr O'Toole:** Three hundred thousand dollars. Now, you're going to be basically in limbo for a year, technically, because any of the discussions—having served in public office, elected office, I might say, in those roles there are conflict guidelines as well. So in a general sense you'd be quite familiar, not specifically to the OEB, but most of these are relationship issues with respect to either financing or rate hearings or other considerations that are very much related to return on investment, technically, and what does the application stand for, what are the drivers that this rate application is about?

**Mr Carr:** My understanding is that we're talking about blackout periods that involve specific clients who have been clients, in my case, of Barker, Dunn and Rossi recently. That does not represent anything like the majority of participants in the Ontario electricity and natural gas industry.

**Mr O'Toole:** So you would be resigning yourself to no contact with clients for a year, clients that you historically had relationships with?

**Mr Carr:** That's correct. That's my understanding. As I say, I have not read the conflict-of-interest guidelines of the Ontario Energy Board in detail. I have dis-

cussed those, obviously, at a general level with the chairman, and my understanding is that he is the one who satisfies himself, as chair, that everything is order.

**Mr O'Toole:** I'm just going to respond to a couple of other areas, if I may, time permitting. One is the work you did with the Macdonald commission, as it is referred to. That certainly was a tidemark within the current climate we find ourselves in. I think it was a commendable report. I'm quite familiar with it, certainly as a reader, not as an author like yourself. Do you think they identified the structural deficiencies in the old Ontario Hydro system—that is, the generator, transmitter, distributor? Do you think their work is respected and, going forward, is the right decision?

**Mr Carr:** I think the times have changed, so I would be surprised if the Macdonald committee, reconstituted, would come up with exactly the same recommendations it did. At the time, I believe they were the correct recommendations.

**Mr O'Toole:** In that respect, one of their major headlines from that was the amount of stranded debt, once they did the capital actuarial calculation and then looked at the inability of the existing capital infrastructure to support the debt load. Do you think their definition of stranded debt was correct?

**Mr Carr:** I don't recall the stranded debt.

**Mr O'Toole:** About \$20 billion.

**Mr Carr:** No, sorry, I mean I don't recall the definition of stranded debt precisely. But a lot of that has to do with how the spinoff or the successor companies are valued, because really, what it is, is the total debt less the commercial debt taken by the successor companies. At the time of the Macdonald committee report, there was no formal valuation done of Ontario Hydro. That occurred subsequently.

1130

**Mr O'Toole:** That's not my understanding, but I wouldn't like to confront you with that. It's my understanding they did identify that this amount of capital supports this amount of revenue, and this is the debt it can support. One of the important decisions you're going to have to make is, what's the residual effect of the electricity financing authority? That's the new line that's been set up in the budget, public accounts. The revenue projected on that on the 0.7 cents, which is the debt retirement piece, is a significant increase in the overall price of electricity. It's probably in the order of 20%, just that one piece alone. At 0.7 cents of a rate that's four cents, it's significant.

**Mr Carr:** Sure.

**Mr O'Toole:** I don't think people even understood that. I don't think as government we communicated it that well. So I do believe it is a go-forward issue, even more so when this current government is going to devalue those assets, ie, the coal generation, which is about 20% of generation. To just wipe that out, that's virtually a difficult choice—sustainable forms, etc. What's your view in terms of the go-forward policy position of the government on the abandoning of coal by 2007?

**Mr Carr:** First of all, as you correctly say, that is a matter of government policy and it's not therefore something that the OEB will be involved with. It will take direction from the government on that. But I am on record as saying that the policy of phasing out coal on a very short time scale is going to present a challenge.

**Mr O'Toole:** We also changed legislatively—at least, it's my understanding—and strengthened the role of the Ontario Energy Board. Going forward, the Ontario Energy Board—as you say, the regulator—will have a much more important role in the setting and maintaining of rates, and also investors in the market. Some of the new rates that are going to come into effect March 1—the local electricity distribution companies are going to add 9% to their rate as of, I believe, March 1. Is that not correct?

**Mr Carr:** I don't believe so. To be honest with you, I don't know the details of this, but certainly some changes are going to occur March 1. My understanding is, it was primarily related to the electricity commodity as contrasted some of the other things.

**Mr O'Toole:** That's April 1. On April 1, their new rates click in from 4.3 to 4.5. I guess my question is—

**The Acting Chair:** Mr O'Toole, before you go on any further, we've gone past the 10 minutes for the official opposition. If you can wrap up very quickly.

**Mr O'Toole:** I'll just wrap up by asking one further question, and I mean this respectfully. Do you believe that the Ontario Energy Board should have a much stronger position in the marketplace going forward, or should the IMO have a different role?

**Mr Carr:** I think the first question is, is the marketplace going forward? This is a matter of government policy.

Insofar as there is, the Ontario Energy Board's role is to ensure that the public interest is being appropriately served by the structure, and if that includes a market, then it would include some involvement in the market. But I don't think it would be appropriate under any policy that I've thought of that the Ontario Energy Board become a market operator or a participant in the market or anything like that. It's an oversight responsibility, as I say, from the perspective of ensuring the public good is met.

**The Acting Chair:** We'll move on down to the third party for questions.

**Mr Howard Hampton (Kenora-Rainy River):** Yes, I do have some questions for Mr Carr, and I must say, I'm quite interested in your answers.

Your application states that you worked on Ontario's electricity industry restructuring that led to the opening of the market. Do you feel that the restructuring and market opening was a success?

**Mr Carr:** The restructuring and market opening a success? I think it's clearly not a success, by the situation that we're presently in. Let me leave it at that.

**Mr Hampton:** On November 16, 2002, after the former government put a rate cap in place, you told the National Report, referring to the open market, "I think

it's a good system. I still believe in it." Is that your position today?

**Mr Carr:** Yes. I think markets are competition. Competition is the result of providing choices to both suppliers and consumers, which is a flexible way of ensuring that users of electricity—we're talking of electricity here, but it applies equally to gas—have the advantages that can be offered through new technology. The technology isn't just supply technology; it's also conservation and load management and things like that. So I do believe it is. Having said that, clearly, the particular structure that we have has some flat spots, to put it mildly.

**Mr Hampton:** In conclusion, I can state, then, that your continued position is that you believe in the open market.

**Mr Carr:** I believe that markets can play a useful role.

**Mr Hampton:** You were critical of the rate cap that the former government put in place. I was critical of it too. In fact, I voted against it because I believed it was completely phony. It was an attempt to hide the issue until after the election. Now we've seen the rate cap that was put in place by the former government replaced by another rate cap put in place by the new government. Are you equally critical of that rate cap?

**Mr Carr:** No, I'm not. I think the present government in fact handled it very correctly. The problem with a rate freeze—I guess we have no disagreement on that; there's a problem with it—is if you simply unfreeze the rates, you have to have some other mechanism setting prices. I think it is that mechanism of setting prices that is absolutely important to get right. You cannot get that right in a matter of weeks. It's going to take some considerable time to arrange an appropriate method for setting prices. In the interim, the government merely changed the frozen price in the direction closer to what the real price is. In that regard, I think it was a very positive move.

**Mr Hampton:** So, you see the Liberal rate cap as permitting the move back to open markets, then?

**Mr Carr:** Not necessarily. It's buying time while reducing the degree of subsidy that is being provided by taxpayers to electricity users.

**Mr Hampton:** So, from your point of view, because there will be a lower subsidy, it is better than a rate cap which necessitated a higher subsidy.

**Mr Carr:** Exactly.

**Mr Hampton:** So you are, in principle, still opposed to rate caps. It's just that this is a lesser evil than the earlier one.

**Mr Carr:** Exactly.

**Mr Hampton:** On September 13, 2003, you told the Toronto Star, "I find both the Liberal and Conservative policies lacking.... They don't have a consistent set of principles. In fact, they don't have principles." That was September 13. Since you are now going to be appointed to the board by the government—it would seem—can you tell me what the new-found principles are?

**Mr Carr:** The debate that was reported by the Star—I say "debate," because it was obviously a discussion with

a reporter involved—was as much around, "When is a policy not a policy, and when is a policy just a collection of ideas?" The point I was making was that there were collections of ideas out there, but they weren't necessarily, even internally, self-consistent, and therefore it could not be called a comprehensive policy.

I think the government, as I see it, is in the process of putting some structure in place, of getting internal consistency among the ideas. But I don't see, in my opinion, that that has happened yet.

**Mr Hampton:** In the same article, the Star reports that you are skeptical about the Liberal plans for a phase-out of coal-fired plants in 2007. Can you tell us why?

**Mr Carr:** As I mentioned earlier, I think it's a very ambitious timetable physically.

**1140**

**Mr Hampton:** You also said, "To replace that much generation in that short a time, people should be digging holes right now. That isn't happening. There isn't even a plan for it."

This sounds almost scary. On the one hand the government says it has a policy to close the coal-fired stations by 2007. You are going to be one of the leading people now—I assume, if your nomination proceeds—on the regulator. Is that still your opinion? Government policy says to close the coal-fired stations by 2007, and you're saying that nothing is happening that will enable that to occur?

**Mr Carr:** Since that statement, things have happened. The government has in fact set a process in motion. It's still a challenge. I forget the date of that particular statement, but at the particular time there was no activity. Subsequently there has been activity started.

**Mr Hampton:** You opposed the investigation into cost overruns at Pickering, something which has now been disclosed as being certainly in excess of \$1 billion; some would say that, going forward, it may be in excess of \$2 billion. Can you tell me why? You're going to be at the energy board. It would seem to me that this was a pretty big issue. Why would you be opposed to an investigation where there seemed to be not just negligence but there may have been malfeasance; there may have been misuse of public money?

**Mr Carr:** I honestly don't recall being opposed. If you have the quote, I'd appreciate it.

**Mr Hampton:** This is what you said, I believe—Jan Carr, Canadian Press, November 14, 2002: "By holding an inquiry, you're essentially distracting the attention of management and the other people who are involved with the actual work." That was the quote from Canadian Press.

**Mr Carr:** The context being not so much holding an inquiry but holding an inquiry at that particular point in time. What date was it again?

**Mr Hampton:** The quote I'm given here is the end of 2002.

**Mr Carr:** At that time we were desperately short of the Pickering unit coming on line. My thought was that rather than hold an inquiry about the costs, get the thing

on line. That was what was required at that time. That's the context of that.

**Mr Hampton:** So you would not have held the Pickering inquiry?

**Mr Carr:** No, I didn't say that. It's an issue of timing. That was not the appropriate time to distract the team that was trying to put the generator back on line with an inquiry. Let them get the unit on line, perhaps, and then hold an inquiry, which is in fact I guess what's happened.

**Mr Hampton:** The Premier has said that he wants a mix of private and public systems. So as I understand it, there will be some public provision of power, there will be some private long-term contracts—or least this is the latest scheme—and there will be some market.

I just want to read one of your quotes. You said this in the National Post on November 18, 2002: "You need one thing or another. You either need a vertically integrated, tightly regulated monopoly system or you need a very competitive, very open market-driven system. But we were sort of dithering around with something that was trying to be halfway between the two, and that does not work."

**The Acting Chair:** Just before that's answered, Mr Hampton, we're about nine minutes into your questioning, so there's about a minute left.

**Mr Hampton:** It seems to me that if I take your comments and I now listen to the new government where, even more than the former government, they want public, some market and some long-term contract not necessarily open to the market, it seems to me that there's more dithering or there is more trying to have it both ways.

**Mr Carr:** I think there is in fact a change. The change is that the policy in September 2002 was absolutely that we have a market. That's what the legislation said; that was the structure that existed. But in point of fact, we did not have any competition because of a number of factors. Therefore, we were relying solely on a market structure without in fact giving it effect. That was the dithering.

The situation at the moment is that the market is clearly not performing, in the sense that needed new investment in generation is not happening. Therefore, non-market-related intervention is absolutely necessary. You're reading a thing which was, what, a year and a half ago? Things have changed since then.

**Mr Hampton:** One of the remarkable things in public life is that you're responsible for everything you've said and everything you've written.

**Mr Carr:** Oh, yes. I guess all I'm really saying is that certainly the context has changed. It is an enormous challenge to have both a market system and a non-market system operating together in a synergistic fashion. I still would say that.

**Mr Hampton:** I guess my ultimate question would be, how do you effectively regulate when you have both a non-market and a market system and, as you say, they don't work? You're the regulator.

**Mr Carr:** It's a challenge, indeed. Anything is possible, but it is a challenge. This is where we're at. We have challenges regardless of which way we tackle it.

**The Acting Chair:** We'll move on now to the government members. We have five minutes, because five minutes were used up by the initial presentation. So we have approximately five minutes of questions.

**Mr Shafiq Qadri (Etobicoke North):** Mr Chair, first of all, thank you very much for this opportunity to welcome Dr Carr to this committee. Before I begin, I'd like to actually compliment the leader of the third party for wishing to assume responsibility for all past statements and actions. We'll hopefully hold him to that, with regard to the previous third party governments in this province.

Dr Carr, I think this committee is very privileged to have an individual of your calibre and capability. Just a quick perusal of your own resumé and curriculum vitae shows us that you've had vast academic, practical, business, industry experience, even extending to governance.

What I was interested in asking is, with this global exposure that you detail here, I'm sure there must have been situations—for example, in the west coast of the United States—which were very similar or analogous to what's going on in Ontario today. I was wondering if you might share with us some lessons that you might be able to project on how some of the issues played out on the ground there, for example, with regard to challenged power supply, the mixing and matching of generation, transmission and distribution and the purchasing of excess power.

**Mr Carr:** Yes. One of the challenges there always is in these things is the transferral of knowledge from one jurisdiction to another, because the context varies, as you can appreciate. What works there doesn't always work here, and vice versa.

If you retreat to a high enough level, you can draw some useful conclusions for Ontario. Among others is stability of policy. It is critically important, in an industry which has a very long time frame in terms of its business cycle, that policy be stable. That is where your confidence comes from. It is confidence of those who are investing in new generation. It is confidence of the users of electricity who are building businesses or making decisions about where to locate businesses, if they can have that confidence. That's but one example—as I say, a pretty high-level one.

**Ms Monique Smith (Nipissing):** Thank you, Mr Carr, for being here with us today.

I just had a question. Over the last 20-some years, you've had a lot of experience as a public policy consultant. I'm sure in that role you've played the stakeholder advocate, and probably before this board, if not involved in preparing presentations for the board, but advocating in front of the board. I wonder why, at this time, you'd like to actually be on the board.

1150

**Mr Carr:** Actually, I have never appeared before the Ontario Energy Board, just as a small point. I believe that

one of the problems we've had—and again, back to the previous question about the lessons that can be learned—is that all of these restructuring efforts are built from the top down; they all start with a supply problem or pricing in the wholesale market, and they spend an inordinate amount of time with wholesale issues. In point of fact, the purpose of all these structures is to serve customers, to serve the users of electricity, and the Ontario Energy Board's fundamental mandate is basically the betterment of electricity and gas service in the public interest, as I said in my introductory comments. I think one of the attractions to me is the opportunity to participate in building the thing from the bottom up rather than the top down, making sure this whole structure responds to what the users of energy want, rather than what the supply industry thinks it would like to have.

**The Acting Chair:** Ms Mossop? We have just two minutes left.

**Ms Jennifer F. Mossop (Stoney Creek):** OK, then I'll make my question short so that your answer can be a bit longer. You've mentioned the need for policy stability, which is pretty tricky when you're dealing with politicians. The winds of politics have been battering hydro for quite some time. I was wondering if you could expand a bit on the goals you have in this role and for the role of the OEB going forward.

**Mr Carr:** I believe that, clearly, government sets policy and, clearly, the OEB, among many other agencies, follows government policy. So, in anything I say I don't mean to imply that the OEB should be taking a hand in guiding the policy. But I do believe there's an appropriate division of responsibilities. The energy industry is a very intricate industry, and I think putting the fine detail on what amounts to implementation of government policy is a role the Ontario Energy Board, among other public sector agencies, can make a valuable contribution to. I guess, broadly speaking, that is one of the goals I would have personally.

**Ms Mossop:** Should government—

**The Acting Chair:** I'm going to have to cut that off. We've run out our 10 minutes there.

Thank you, Mr Carr, for your presentation and answering questions.

**Mr Bisson:** On a point of order, Mr Chair: I think there are a number of other questions I'd like to ask, because I thought the answers we got through all three parties raise a whole bunch of other questions, and I'm wondering if the committee would like to extend the amount of time we have with this gentleman before the committee.

**The Acting Chair:** We would need unanimous consent on that.

*Interjections.*

**The Acting Chair:** No.

**Mr Bisson:** Then I want to invoke under rule 106(e)(8) that we delay this appointment for further consideration next time we meet and that we call this gentleman back.

**The Acting Chair:** I understand you can defer for a maximum of seven days.

**Mr Bisson:** That's right. We can come back later or we can do it now.

**The Acting Chair:** So you're putting forward the motion to invoke that section?

**Mr Tascona:** Recorded vote.

**Mr Bisson:** No, no. The standing order is pretty clear. I will just read, the standing order says under 106(e)(8), "At the conclusion of the meeting held to review an intended appointment, the committee shall determine whether or not it concurs in the intended appointment. Any member may request that the committee defer its determination to the next meeting of the committee, but in any event no later than seven calendar days."

**The Acting Chair:** Can we continue with the other—

**Mr Bisson:** Yeah, sure, we can deal with this later.

**The Acting Chair:** OK. We'll put this down and then consider it later.

Thank you, Mr Carr.

**Mr Bisson:** I'm just trying to help. He turned real quickly on the Conservatives; I want to protect the Liberals that he doesn't turn on you as fast.

I'm just trying to help, Monique.

**Ms Smith:** You're so helpful, Gilles.

**The Acting Chair:** Thank you.

#### ERMA BLANCHE COLLINS

Review of intended appointment, selected by official opposition party: Erma Blanche Collins, intended appointee as member, Education Relations Commission.

**The Acting Chair:** Erma Blanche Collins is the intended appointee as member of the Education Relations Commission. I would like to call her to come forward now.

Again, I will make the same statement I made earlier, which is that you have an opportunity, should you choose so, to make an initial statement. Subsequent to that, there are questions from members of the committee. We will be commencing questions with questions from the official opposition and go in rotation with 10 minutes each allocated to the other parties. We started our last interview with the official opposition, so we'll start this one with the third party, then go to the government party, and end up with the official opposition.

Good morning, and welcome.

**Ms Erma Blanche Collins:** Thank you, Mr Chairman. Mr Chairman and members of the committee, I appreciate the privilege of appearing before you.

My basic qualification for appointment to the Education Relations Commission is the fact that I spent 38 years of my working life in the education sector, in the elementary, high school and college levels, and as teacher and administrator.

I cannot pretend to be up to speed on the Colleges Collective Bargaining Act, the Education Act or the Labour Relations Act at this point. However, the greater part of my adult life has consisted of simultaneously

holding down a full-time job while volunteering or studying for a master's degree, or writing a textbook at one point. That kind of workload has necessitated my being organized, disciplined and focused. These attributes mean that I can readily learn what I need to learn.

Re conflict resolution experience, during my 32 years at George Brown College I was quite frequently asked to participate on student appeal committees because I was widely regarded as fair and unbiased. From my last set of student evaluations, here are two quotes supporting the attribute of fairness: "Ms Collins is very capable and she was the best teacher we had. She went beyond the call of duty to make sure we all had a fair chance of passing this course." The second: "On a scale of 1 to 10, I would definitely give this teacher a 10 because she was fair in the way she marked our tests, and she gave people a second chance."

In addition to the fact that you know my academic credentials, two quotations from performance evaluations done at the end of my first year of chairing a department at George Brown College will further illustrate my overall abilities. A professor wrote: "Given the fact that Erma had much to learn in a short period of time, she has coped admirably. In addition to her ability to deal with events in a calm and efficient manner, her special talent lies in the way in which she deals with people. She is always able to make her position clear while taking the viewpoints of others into consideration; she can make an unexciting option agreeable by exercising her sense of humour; and she can be reassuring when necessary. In short, she is using her capabilities to expertly fulfill the demands of her position." My boss wrote: "Organizationally very efficient and responds extremely well to the many conflicting demands placed upon her."

My resumé lists 15 awards and recognitions. My unsolicited nominators, mostly from the volunteer sector, usually cited my commitment and the excellent quality of my work.

To summarize, I believe that I am educated and experienced in the field of education, and that I have a number of transferable skills that would enable me to make a worthwhile contribution. As well, I am always willing to learn.

**The Acting Chair:** Thank you for those comments. We'll begin our questioning with the third party.

**Mr Bisson:** Thank you very much for coming before our committee. I don't have a huge objection over your appointment. I guess I've got a couple of questions. The first question is, why this committee? Why would you be interested in this particular commission in regard to teachers' bargaining? Is there a particular interest?

**Ms Collins:** Actually, I have always sought opportunities to widen my volunteer commitments. As you can see, there are pages on my resumé of volunteer things, and I sent in a resumé in Peterson's time, and Bob Rae's.

**Mr Bisson:** But this particular committee.

**Ms Collins:** Because I am educated, because I have a background in education. I actually said that I would be

willing to serve on any commission that deals with community services or education services, including this one.

**Mr Bisson:** So not specifically this one. You wanted something in education. How did you finally get contacted, that you were selected for this particular commission?

**1200**

**Ms Collins:** The public appointments office contacted me.

**Mr Bisson:** Were you a bit surprised it was this one? Were you looking for something different?

**Ms Collins:** I wasn't surprised, no. I think I'm qualified.

**Mr Bisson:** No, that's not my argument. I'm just wondering where it comes from. You say in your comments that you've had a lot of experience at George Brown—I'm the father of a daughter who went to George Brown, a good college; she did a nursing program there—and that you were seen as somebody who was fair and unbiased. Obviously, that's the crux of this commission. What's your particular view on the right of teachers to strike?

**Ms Collins:** I believe that most workers have the right to strike or should have the right to strike; not because a strike is a good thing, because I have been on both sides of a strike situation when I was at George Brown. In 1985, I was a teacher, and in 1989, I was an administrator. I don't think either teachers, administrators or, most of all, students like strikes, but I think if a worker believes he or she has a bargaining chip, that makes the worker a little more empowered. Quite often, teachers are not really willing to use this strike thing, but I just feel that if they are not empowered, knowing that they have this chip, they will take it out on the students, work to rule, and the students are the losers in the long run.

**Mr Bisson:** So you don't oppose the right of teachers to go on strike?

**Ms Collins:** No.

**Mr Bisson:** Because I think that would be pretty fundamental to this. I just wanted to make sure. Just for the record, I agree with you. I think not only teachers but most people see a strike as a last resort when they're not able to get somewhere. Let's hope that's always the case.

I didn't get a chance to look in detail at your resumé, but I noticed as I went through it that you have some managerial experience and you've done some bargaining. Did you do any bargaining from the union side as well?

**Ms Collins:** No, I was not on the bargaining committee. Usually it's the union and OPSEU that do the bargaining.

**Mr Bisson:** I understood that you were, when I was looking at this quickly. Are you somewhat current on what the bargaining process is for teachers in this province?

**Ms Collins:** That I know, yes.

**Mr Bisson:** As far as that particular process, are you fairly comfortable with the current mandate of the ERC in regard to what its role is vis-à-vis the decisions it has

to make around teachers and the right to strike or length of strike?

**Ms Collins:** Yes.

**Mr Bisson:** All right, I guess that's it. I've got no questions. She's fine. It makes it by me.

**The Acting Chair:** We'll move on now to the government party for approximately five minutes, because she did use up five minutes in her initial presentation. Are there any questions from the government side?

**Mr Gravelle:** We'll waive our time.

**The Acting Chair:** OK, we'll move on to the official opposition.

**Ms Laurie Scott (Haliburton-Victoria-Brock):** Thank you for appearing here today. I'm going to re-approach this subject again. I couldn't help but notice on the application that it was completed on February 9, and then a few short days after your appointment it received cabinet approval and your name was brought to our committee. That's a very quick turnaround. Could you go over how you became aware of the position again, please?

**Ms Collins:** I was not aware of a position.

**Ms Scott:** The application.

**Ms Collins:** No, I was not aware of a particular position. I sent in an application to the public appointments committee.

**Ms Scott:** So you've been looking for a while?

**Ms Collins:** Yes.

**Ms Scott:** OK. How did you become aware of this vacancy on this board?

**Ms Collins:** I wasn't aware of a vacancy.

**Ms Scott:** How did you become aware to send it to the public appointments committee?

**Ms Collins:** That I've known for ages, as I said, because I've always been sending in my resumé.

**Ms Scott:** So you've been ongoing in the searching?

**Ms Collins:** I also went on the Net and just looked around again and sent it in.

**Ms Scott:** Well, thank you for your interest and participating.

The job requirement does have a lot to do with the field of labour relations, conflict resolution, labour law and dispute resolution, and they're perceived to be fair and unbiased. I'm not doubting your ability at all—your resumé is quite good, and I appreciate your involvement for a long time in education—but I don't find anything really in particular with the labour relations and the conflict resolution and the labour law or dispute resolution. Do you feel you have the qualities? Do you believe you can fulfill the responsibilities as a member of this board?

**Ms Collins:** Yes. I think the commission is a team and I imagine there are others who would have had that experience. My strength is on the education side, knowing what goes on in colleges, what goes on in school boards, and of course, as I indicated, I can learn quickly. I am retired. I have the time. So, yes, I think I could be brought up to speed.

**Ms Scott:** So you are retired now?

**Ms Collins:** Yes.

**Ms Scott:** Are you aware of how much this position pays?

**Ms Collins:** What I noticed on the Web is that there is a per diem, and that one meets as needed. So I'm sure I'm not in it for the money. I have a decent pension.

**Ms Scott:** You have a pension? Good.

**Mr Bisson:** That's a bit of a sore spot around here.

**Ms Scott:** Yes. On your strike position, you felt that teachers have the right to strike. Do you have any comment on the upcoming possible college teachers' strike?

**Ms Collins:** I think I should decline to answer that one, because I've studied both positions, from the OPSEU side and the council side, but I don't think I should comment on that.

**The Acting Chair:** I think we should stay away from answering that question at this point, because the strike vote has been taken on that one and we're waiting.

**Ms Collins:** I was just saying in general that people should have that option. I wasn't saying that right now I support or don't support the strike.

**Ms Scott:** OK. The last couple of questions are for me, and then I'll pass it over to my colleague. Are you a member of a political party?

**Ms Collins:** I am.

**Ms Scott:** What political party would that be?

**Ms Collins:** The Liberal Party.

**Ms Scott:** Have you ever donated money to any political party or candidate?

**Ms Collins:** I donate both to the federal Liberal Party and the provincial Liberal Party. If it's somebody I like, I have donated to the Conservative Party and the NDP.

**Mr Bisson:** Thank you for including us. We need it.

**Ms Collins:** I actually even campaigned for Zanana Akande when she was a candidate, although I was a card-carrying Liberal.

**Mr Bisson:** It's not too late for you to reform.

**Ms Scott:** I'm going to pass it on.

**Mr Tascona:** The scope of the commission's activities was narrowed to advising cabinet on when a labour dispute jeopardizes the school year. As you know, we had quite the strike in Toronto last year or the year before, I believe, with respect to the Catholic school system. Do you have any thoughts with respect to a specific time frame when a strike or a lockout would jeopardize a school year? Have you ever thought about that?

**Ms Collins:** Yes, but I think that would be in the same category as whether I should say that I want the teachers to go on strike or not go on strike now. I think, even though you are thinking of the school boards, it's the same category because—

**Mr Tascona:** Well, it's not, because you're not covered under the colleges. This has nothing to do with that. Your appointment doesn't affect that. The commission's role is to advise cabinet on when a labour dispute jeopardizes the school year. That applies to the school board. Have you ever thought about that in the past, in terms of saying, "Well, they're a little slow on the draw there," or "Maybe they should be a little quicker on the draw," in

terms of ending a dispute? Have you ever thought about that?

**Ms Collins:** I know the schools have a different semester in length than the colleges. I know that in the schools, if students miss 20 days—I think that is still the situation—they wouldn't get the credit for the course; 20 days was considered the amount not to miss. I think that worked for a while and that seems reasonable, but it could be revisited.

**Mr Tascona:** If you think it should be revisited, where would you think it should be revisited to?

**Ms Collins:** I would have to hear the opinions of everybody on the committee before—

**Mr Tascona:** You haven't formed one yet, but right now you're in favour of the status quo of 20 days?

**Ms Collins:** It works.

**Mr O'Toole:** I'm also quite interested. Your position, if you were to acquire this, would not apply to the college situation today. I'm getting an inordinate number of letters, e-mails and faxes from students who at this time of the year, with only a few months left in the actual post-secondary year, are very concerned.

My question to you is: For years it has been such—certainly the last 20 or so years in the college and probably permanently in the elementary and secondary level, where you would have a role—why can't the contracts end at the end of June and the negotiations occur during the summer so the students aren't used as hostages? I know they need to have bargaining chips. Police, nurses and other public sector people do not have the right to strike. I have two questions. First, do you favour the continuance of the right to strike? Second, are you disposed to consider changing the negotiating term from after school is finished until September 1?

1210

**Ms Collins:** I think I said earlier that I think people should have the right to strike.

**Mr O'Toole:** They would still have it. My question is not that.

**Ms Collins:** As to changing the period during which the two parties should negotiate, quite often—for example, the college process started in early 2003 and they still haven't completed the process yet. So I'm not sure that changing it to start at a particular time would necessarily get the desired end that you indicated. I think somehow people would have to be brought outside. I'm not sure they would want that, because I think they want some leverage. I'm saying that just putting it in legislation would not necessarily mean that the desired end would be reached.

**Mr O'Toole:** My question is in even more detail. I wonder if you're flexible enough, with your many years in education, to find ways to change the current system, which I think is only going to escalate, regardless of whose government, in terms of people wanting more. About 82% of the cost of education in post-secondary and in elementary-secondary is wages and benefits. I'm not sure if that should be changed or how it could be changed in the world of e-learning, the world of distribu-

tive learning. What's your position in terms of being flexible enough to consider new ways of providing instruction time for students? Are you amenable to that at all?

**Ms Collins:** I'm amenable to anything that would work to reduce the cost, because I know the pie is limited. I know that health care takes up the bigger part of the pie, followed by education. Governments are not always willing to raise taxes. Perhaps if we could raise more revenues, then we wouldn't have to be thinking of conserving how we spend money. So I guess I am flexible to look at all the ways the problem could be fixed.

**The Acting Chair:** That uses up the 10 minutes. Thank you, Ms Collins, for your presentation.

**Ms Collins:** Thank you.

#### CYNTHIA CHAPLIN

Review of intended appointment, selected by third party: Cynthia Chaplin, intended appointee as member, Ontario Energy Board.

**The Acting Chair:** We will continue now with our next appointment review. I would like to call Cynthia Chaplin, intended appointee as member, Ontario Energy Board. You may come forward. Good afternoon. I'll make the same statement I made earlier. As you may be aware, you have an opportunity, should you choose to do so, to make an initial statement. Subsequent to that, there are questions from members of the committee. We'll be commencing those questions with the government party this time and then rotating to the official opposition and then the third party, allowing 10 minutes for each. Any time you take on your statement will be deducted from the government party questioning. Welcome.

**Ms Cynthia Chaplin:** Thank you very much, Mr Chairman and members of the committee. I do have a brief statement.

I am pleased to appear before you today as a candidate for appointment to the Ontario Energy Board. As you may have had the opportunity to learn from my CV, I have over 18 years' experience as an economist in the gas and power industry. I have worked in the public sector and the private sector, both here in Canada and in the United Kingdom. I believe I offer a range of expertise to the Ontario Energy Board, particularly in the areas of regulation, regulatory processes and energy market reform, but also in the areas of economic and policy analysis and environmental policy related to energy.

A brief review of my experience will, I believe, demonstrate my qualifications for appointment to the OEB. After completing my master's degree in economics at the University of Toronto, I worked in the area of natural gas policy at the Alberta Department of Energy. My introduction to the gas industry took place at the same time that natural gas prices were first deregulated. I later moved back to Ontario and took up a position at the Ontario Energy Board in 1987.

I remained at the board for eight years, and served in a variety of progressively more senior roles, primarily as

part of the technical staff, which at that time had a public interest advocacy mandate. I led multi-disciplinary teams in a wide variety of proceedings related to gas distribution rates, DSM policy, gas facilities and Ontario Hydro.

In 1995 I had the opportunity to take up a similar role at the gas regulator in the United Kingdom, then known as the Office of Gas Supply or Ofgas. I specialized in the regulation and restructuring of gas transportation, storage and connections.

In 1997 I moved to the private sector, joining Amoco, which became BP Amoco in 1999 following its merger. I managed the regulatory function for BP Amoco's European gas and power business. My focus was on advocating effective incentive regulation and market reform for gas and power both in the UK and in Europe. I also had the opportunity to work as a senior environmental analyst, providing policy advice and expertise on the key environmental and energy policy initiatives in the UK and Europe.

Since returning to Canada in 2001, I have worked part-time as a consultant, providing research, policy analysis and strategic support to organizations such as the Ontario Energy Board, the Canadian Gas Association and Natural Resources Canada.

This is a critical time for the energy industry in Ontario. Energy issues are at the forefront of the government's policy agenda. It is the responsibility of the Ontario Energy Board to make the best decisions possible as an independent economic regulator—decisions which often balance competing interests but which further the OEB's legislated objectives and the interests of the people of Ontario. A position on the Ontario Energy Board would present me with a significant challenge—a challenge for which I believe I am qualified, and a challenge which I would take on with enthusiasm.

I would now be pleased to answer any questions you have.

**The Acting Chair:** Thank you. We'll begin with the government. Are there any questions? Dr Qaadri.

**Mr Qaadri:** First of all, thank you, Ms Chaplin, for appearing before this committee. I think just a quick read through your CV is very impressive—the breadth of your experience on multiple borders. I was interested in particular in your experience in the environmental sector in terms of preserving the environment and protecting future green space. I noticed, for example, you had some experience in Oxford, England. I was wondering what sort of sensitivities somebody of your experience would bring to the energy sector with regard to preservation and protection of the environment.

**Ms Chaplin:** Perhaps to clarify, I believe the reference you made to my CV was to some training I did on environmental policy analysis that took place at Oxford. That was not related to green spaces; that is not an area in which I have expertise or any particular knowledge.

**Mr Qaadri:** I was wondering if you might be able to expand about your experience within the environmental sector vis-à-vis energy.

**Ms Chaplin:** When I took on the position as senior environmental analyst for BP Amoco, environmental issues were at the forefront of both the UK's energy policy and also European energy policy. They were looking at a number of initiatives—for example, renewables obligations, which are legislated targets to reach particular levels of renewable energy supply within a certain period of time. I worked to assist BP Amoco in a strategic fashion to envisage how they could adapt and grow their business in a way that would be in accordance with those types of policies.

**Ms Mossop:** I'm going to refer back to the conversation we were having with Mr Carr as well, but I'm wondering if you have any specific goals for the OEB and what you see its role is in protecting the consumer—you made remarks about that—and the future direction of the OEB in terms of the energy sector in general. You must have some opinions about where you would like to see the energy sector going in terms of consumer protection.

1220

**Ms Chaplin:** Yes, as I referred to in my opening statement, most of my time spent at the Ontario Energy Board was in the technical staff group, which at that time had a public interest advocacy mandate, so we took part in hearings and took positions which we felt were in the public interest.

Going into the board as a board member, I think the board has an ambitious set of objectives in the legislation. I think they're very important objectives. In a general sense, I think it will be key for the board to help facilitate the development of effective competitive markets. Clearly there is a great deal of work to be done on the electricity side, and there are probably innovations and improvements that can be made on the natural gas side as well.

**Ms Mossop:** Touching back on some of the other issues, how do you see us going forward with market sectors as well as still being a public sector operation?

**Ms Chaplin:** I feel that the restructuring of an electricity sector is an evolutionary process. These are fundamental changes in industry structure that cannot take place overnight smoothly. Therefore, there may well be scope and a place for certain transitional measures, and that may be appropriate. To some extent those are decisions that I feel are for government policy. It would be my role as a board member to ensure that the decisions that would be within my purview met the objectives that are set out in the OEB's legislation.

**Ms Mossop:** Do you have any specific thoughts with regard to the powers the OEB should have in protecting the consumer and perhaps even keeping an eye on government policy to make sure it does not batter the industry with its winds of change?

**Ms Chaplin:** Clearly, one of the board's primary objectives is to protect consumer interests. I think it has a variety of tools already at its disposal to do that. It may be that it needs more resources to do some of those things. I know from my experience in working at the

regulator in the UK that with the market opening, customer complaints and customer-type issues—from small customers but also from large customers—are a very important aspect of the overall role of the regulator. It's important for the regulator to be responsive to those concerns which are raised. From my understanding of the OEB's legislation, it certainly has adequate tools, I believe, to address those issues.

**The Acting Chair:** Ms Smith, you had a question? We have a couple of minutes and then we have to rotate.

**Ms Smith:** Thank you, Ms Chaplin, for coming. You spoke briefly about your role at the Ontario Energy Board when you were on staff, but I note as well that you've done some consulting over the last couple of years. Could you just outline for us a bit your role in consulting with the OEB for the last couple of years?

**Ms Chaplin:** Sure. I've done what I would consider three smallish research projects for the Ontario Energy Board. I did a discussion paper for board staff on issues related to bypass. Bypass is when, for example, a large gas customer, instead of taking service from Enbridge or Union, builds a pipeline directly to TCPL. I did a discussion paper for them on some of the issues around that.

I did a small piece of research looking at other jurisdictions and how they deal with facilitating connections of small generation to distribution systems on the electricity side.

I also helped them do a bit of a staff brainstorming and discussion paper on how the board might further the objectives of promoting energy conservation, energy efficiency and load management, not looking at the DSM side but looking at their licensing, code and rule-making practices to determine if there was scope there to perhaps change the way those were done to further their objectives.

**The Acting Chair:** We'll move on now to the official opposition.

**Mr Tascona:** Ms Chaplin, I want to thank you for coming before the committee today. Can you tell me if you're going to be appointed as a full-time member?

**Ms Chaplin:** Yes, I am.

**Mr Tascona:** Can you tell me what the compensation is for a full-time member?

**Ms Chaplin:** When I had my initial discussions with Howard Wetston, the chairman of the OEB, he informed me that the civil service pay was, I believe, somewhere in the range of \$80,000, but that that was going to be reviewed. I am not aware, actually, at this point, what the proposed pay is.

**Mr Tascona:** You're currently, as I read in the Toronto Star on February 14, 2004, a self-employed consultant providing research, economic and policy analysis and strategic support on emerging Canadian and international energy issues. Is that correct?

**Ms Chaplin:** Yes, that's correct.

**Mr Tascona:** Do you have any clients who appear before the Ontario Energy Board?

**Ms Chaplin:** Yes, I do. As I mentioned in my opening statement, one of my clients over about the last year and

a half has been the Canadian Gas Association. Their main members are the local gas distribution companies in Canada, two of which, Union Gas and Enbridge, do appear before the board.

**Mr Tascona:** Are you intending to continue to practise as a consultant if you're appointed?

**Ms Chaplin:** No, not at all.

**Mr Tascona:** So how would you deal with any of your clients appearing before you at the Ontario Energy Board?

**Ms Chaplin:** I have fully disclosed my relationship with the Canadian Gas Association to the chairman of the OEB, and if it's felt appropriate, I would certainly not sit on those matters if it was perceived that that was a conflict.

**Mr Tascona:** Wouldn't you think that's a conflict for you to be in a hearing listening to a former client's application?

**Ms Chaplin:** Yes, I can certainly understand how that would be perceived as a conflict. I guess I would contrast my year and a half with them as one of several clients with the eight years I spent as a public interest advocate at the board and with the four years I spent with BP Amoco, in a sense advocating on behalf of the users of regulated systems. So I feel I've actually had a broad perspective.

**Mr Tascona:** We haven't seen the conflict-of-interest guidelines. Were you informed that you would have to disclose all your clients to the Ontario Energy Board?

**Ms Chaplin:** Yes, and I have.

**Mr Tascona:** With respect to the board itself, do you think that they should be proactive in dealing with different issues, and if so, what kind of issues?

**Ms Chaplin:** Certainly I believe that if the board has some views on how some issues might be resolved, then I think it's perfectly appropriate for it to seek views on those and to consult on those. I don't think it's always necessary for the board to wait for a problem to come to it. The board has market surveillance capabilities and broad powers of investigation, and I feel that sometimes it may be appropriate to use those.

**Mr Tascona:** Do you have any ideas on when it would be appropriate to use those? You have a lot of knowledge in this area. There must be some areas that you think should be dealt with.

**Ms Chaplin:** That may be, but having not been inside the OEB, I'm not aware of what activities may be going on. So based on my knowledge as sort of an observer of the industry currently, I don't have a particular position on what area might require them to be proactive, as opposed to looking at things—

**Mr Tascona:** No, but what about personally? You have a lot of expertise in this area.

**Ms Chaplin:** No, as I say, I don't think I have a preconceived notion as to where the board should be proactive, as opposed to responding to issues in what might be considered the more traditional regulatory sense of responding to applications.

**Mr Tascona:** Do you not think that the board should maybe be a little more proactive in protecting consumers' rights with respect to gas companies?

**Ms Chaplin:** I believe the board, in the course of its regulation of the gas companies, certainly has been protecting customer interests in terms of regulating their rates. I'm not sure if there's something particular you had in mind.

**Mr Tascona:** My view on it is that the gas companies have been looking for any way to find a way to increase what they are paid, be it through usage or be it through capital. They've made applications over the years to expand that mandate with respect to increasing the cost that consumers pay. Do you share that view, or do you not share that view?

**Ms Chaplin:** I don't necessarily share that view. I would say that there is a process in place, if they are applying for an increase in their rates, for either costs or capital projects. There is a process in place for those requests or those applications to be tested.

**Mr Tascona:** I know there's a process, but do you think those processes are something that protect the consumer or do you think those processes are something that don't protect the consumer?

**Ms Chaplin:** I think those processes can be used to protect the consumer. There may well be improvements that could be made in those processes in terms of trying to make the process more streamlined and perhaps more effective for customer interests in the long run.

**Mr Tascona:** Do you want to share with us your thoughts on what improvements would be made?

1230

**Ms Chaplin:** Certainly one of the processes that began when I was at the board, and that I know they still use, is something that's called the alternate dispute resolution process, which attempts to resolve issues outside of the formal hearing context. I have not been involved in that process recently, but from what I hear from other people in the industry whom I speak to, there is the feeling that improvements could be made in that process. I have heard from people views as to how they believe it could be improved. I have not dealt with that particular aspect myself, so I don't feel that I have a particular view at this time as to how that could be improved, but I believe that is an area that is probably open to improvement.

**Ms Scott:** Thank you for appearing here today. I represent a predominantly large rural community—Haliburton-Victoria-Brock is the riding—and we have part of the Canadian Shield in our riding. I have a large number of seniors, people on fixed incomes, a lot of farms. We don't have a lot of alternatives other than electricity, and people have really seen a significant increase in electricity bills even with the price cap. You're charged, the energy board, with developing a pricing mechanism for the future. I'm a little worried. The board membership is predominantly urban and the appointees today are all from Toronto, I believe. I just wondered, what will you do to ensure the pricing solution

developed by the energy board is something that will work for all Ontario communities, not just the urban centres? I'm asking you specifically for rural.

**Ms Chaplin:** Clearly it will be one of the board's key activities to examine what the pricing mechanism should be, and while I believe there are particular fundamental principles that should be adhered to in terms that the price should be reflecting cost, there are some key factors that also need to be taken into account. One of those, for example, is the pricing structure in terms of what price signals that may provide to people in terms of providing incentives for energy conservation and energy efficiency. There is also the issue of timing of any price changes, because that obviously has an impact on stability and predictability, which are key customer concerns. One of the overarching principles is enunciated in the board's objectives, which is to protect consumer interests.

So I feel that in the process of developing that pricing mechanism the board will need to consult with stakeholders. My understanding is that there are representatives of consumer interests. I'm not aware if there are representatives particularly focused on rural consumers, but I know there are those who represent the interests of small consumers, and I think it will be important for the board to understand their perspective directly from them and take that into account when coming to its decision.

**Ms Scott:** Thank you. I appreciate that. When you look at the board and consider the real issues, are consumers represented enough on the Ontario Energy Board? I know there is some corporate representation, but consumers, especially rural, certainly have to have a voice there, and I appreciate what you said about consulting with stakeholders.

**Ms Chaplin:** Clearly I am a consumer. I'm not a rural consumer, but I think the board has resources available to ensure that it is fully informed as to the impacts on all types of customers, rural and otherwise.

**Ms Scott:** You've represented a lot of corporations, so you have more of a corporate background as opposed to a consumer background.

**Ms Chaplin:** That is probably the perspective if you look at my immediate employments past. However, I guess I would reiterate again, when I worked at the OEB we acted as advocates for the public interest, and largely because other aspects of the public interest in terms of large users of gas often had their own representation, we usually sought to represent those who were otherwise not represented, which primarily meant representing the interests of small consumers.

**The Acting Chair:** The opposition has about two minutes left. I think Mr O'Toole had a question.

**Mr O'Toole:** Thank you for a very relevant resumé in terms of this industry. I just have two or three very quick questions in the short time that's been allowed here for me. I'm quite interested in a quick response on the experience you had in Great Britain with Ofgas, I guess it was; off-shore gas, I gather, or whatever the acronym was. They deregulated their marketplace over there for the energy package, as I understand it. Would you assess

it? Not just the gas part, but in a general sense. Has it been successful?

**Ms Chaplin:** It has been successful in the UK. It had its growing pains, and there were difficult issues that arose that had to be dealt with. But at the end of the day consumers today enjoy lower prices, both for gas and electricity, than they did before the exercise was begun.

**Mr O'Toole:** One thing: I hope you're familiar with the work done by the select committee on alternative fuel sources—I'd be happy to give you a copy of that—because they talked about looking forward to some of the policy discussions. It was an all-party committee and a unanimously adopted report. One thing they had was the renewable portfolio standards. What percentage of new sources of generation coming on the grid do you think would be, in any probability, from renewable portfolio areas of generation?

**Ms Chaplin:** I know that the current government has set a target of 5% by 2007. I know also that, as part of the tendering process, they are seeking new supplies of renewables in a fairly short time.

**Mr O'Toole:** That's good.

**The Acting Chair:** We've used up the time there. One last question?

**Mr O'Toole:** I'm going to be quick as I can here with the time left. It sounds like you're an advocacy type for consumers—at least that's what your resumé says and what your response has been today. I hear a lot from consumers in terror right now as they're looking at the local distribution companies harvesting a 9% return on their investment. That's starting today, I believe. Then in April they're looking for another small increase, but it's still about a 10% increase, when you move the rate from 4.3 cents to 5, because that translates into consumption.

Yet at the same time I have people on fixed incomes. These are, much like Ms Scott's area, kind of rural, farm, a stable income, maybe flat or lower-income, like agriculture. What would you do when it comes to shutting the power off? I don't think there is any price elasticity in the consumer side of this whole equation. They have no choice. It's priced inelastically. You've got to have the product. It's not like the price is going to get me to cut below 1,000 kilowatt hours. What position would you take when it comes to turning off someone's meter?

**Ms Chaplin:** I know the board has a role in terms of looking at the codes of practice for the local distribution companies. I would feel that there would be a number of factors that need to be taken into account. Clearly if consumers are needing assistance, there are a variety of ways to assist them in potentially reducing their load. I think one of the potential benefits of competition is trying to bring forth innovation, so that those who feel that now they can't control their energy consumption will have greater control over their energy.

**The Acting Chair:** Thank you very much. We've gone well past the 10 minutes there. I will now move on to the third party for questions.

**Mr Bisson:** First of all, let me say, an interesting CV. You've certainly come with a wealth of experience in

mostly the gas industry. I guess that's my first question. We understand that the OEB deals with both gas and hydro, but you have some experience on the electricity side. Do you feel well-rounded enough to be dealing with the various mandates of the OEB, as far as energy sectors?

**Ms Chaplin:** Yes, I do. What you've said is correct: The majority of my experience has been specifically on the gas industry side, although I have also had exposure to the electricity industry side. I feel that the technical aspects of the industries are different, but the underlying principles, in terms of how they should be regulated, I believe are the same. There is a lot of consistency that could be applied to both.

**Mr Bisson:** When did you apply for this particular appointment?

**Ms Chaplin:** I met with the chairman of the OEB shortly after he took up his post, so that was probably July of last year.

**Mr Bisson:** July 2003.

**Ms Chaplin:** Yes.

**Mr Bisson:** So you were recruited by the chair?

**Ms Chaplin:** Originally, in the course of my consulting work, I met with Peter Budd, who was an energy lawyer. I was speaking to him about work, and he asked me whether or not I would be interested in considering an appointment at the OEB. I indicated to him that I was, and my understanding is that he passed my CV on to Howard Wetston, who, as I've just explained, I subsequently met with.

1240

**Mr Bisson:** I don't know what to think of that. It's just a little bit bizarre in that way. Anyway, that's for another domain, not for here.

When were you contacted that you had actually been selected? Was there any contact between last July and whenever that date was? In other words, what was your next contact after July of that year?

**Ms Chaplin:** After meeting with the chairman of the OEB, he said to me that he was going to put my name forward to the Minister of Energy. At the time, it was John Baird. I then also met with him, and his office indicated to me that they would be putting my name forward for appointment. Subsequently, there was an election called so therefore my appointment was not made.

After the change of government, I spoke periodically to Howard Wetston to inquire as to the status of the appointment. He said, "We don't know. We'll have to wait and see." Then I was actually phoned, I guess it was several weeks ago now. It was a few days after the cabinet meeting when in fact they had nominated me.

**Mr Bisson:** So you were originally nominated by the Conservative government but now you're being appointed by the Liberals. Do you find that a little bit surprising?

**Ms Chaplin:** No, because I actually believe I was appointed on my merits, not because I have any party membership or any party affiliation.

**Mr Bisson:** First of all, I haven't got a problem with somebody having a party affiliation. I hope they do. In fact, many people of different stripes have sat on the OEB. That's not my point. My point is, were you a bit surprised to be appointed finally by the Liberals, considering you were put forward by the Tories? It's just a little bit of an odd process.

**Ms Chaplin:** My understanding was I was put forward because the chairman of the OEB was recommending me. He continued to recommend me to the new government, and I believe they were in accordance.

**Mr Bisson:** So you weren't surprised?

**Ms Chaplin:** No.

**Mr Bisson:** OK, that's all the question I was looking for. My time, my questions, that's fine. We'll talk later. We have a meeting, remember?

I'm getting to the age where I have to wear my glasses to see my own handwriting. This is getting pretty bad. I guess where I want to go with this thing is that, as I look at your particular resumé, you have some experience both on the public and private side, which I think is good—you're right; you do have credentials that come into this—and you have some electricity experience, mostly on the gas side. You left the Ontario Energy Board some years ago—I forget exactly when you were there—and you went off to the UK. Was that just an opportunity or did you leave for any particular reason when you originally left the energy board some years ago, in 1995?

**Ms Chaplin:** My attention was drawn to an advertisement that appeared in the Economist. The office of gas supply in the UK was looking for economists. I had been at the board for quite some time and—

**Mr Bisson:** That's post-deregulation in the UK?

**Ms Chaplin:** It was post-privatization. The structure for deregulation had been set up and they were in the process of implementing it.

**Mr Bisson:** Is there anything you learned there that you think is applicable back here as far as what you've seen, as far as their experiments with deregulation and privatization in the UK, as you move to this side again?

**Ms Chaplin:** Certainly. I feel whatever experience you have, you bring lessons from it. In the UK, I think it brought home the fact that the restructuring of an industry such as power, which has a very high public profile, is a very challenging activity. As I said before, it's something that happens in stages; it cannot happen immediately. And you cannot underestimate the importance of educating consumers so they understand what their choices are. Basically, you can't do too much of that. The regulator in Britain was very proactive in terms of customer education.

**Mr Bisson:** We heard earlier from Mr Carr, who's an appointee as the vice-chair. I'm just going to read the quote. He was basically saying that you couldn't do both at the same time. What he was saying is that you either need a virtually integrated, tightly regulated monopoly system or a very competitive model, and you can't have both. What's your view on that, on his particular posi-

tion, if you know what I'm talking about here, or do I need to read the whole quote?

**Ms Chaplin:** You were quoting from a position that he explained some time in the past year, not quoting from what he said.

**Mr Bisson:** Yes, based on what he was quoted, and also from the questions that were posed by my leader in regard to trying to do both at the same time, which is pretty difficult. What's your view on that?

**Ms Chaplin:** Yes, I would agree, it is difficult to do both, but as I have learned from my experience in the UK and also from my experience in the gas industry here, when you are going through a fundamental restructuring, I think it's very important to articulate what your long-term vision is and the goal you are going toward. But you need to take steps to get there, and that may require a transition mechanism and transition-type structures to facilitate as smooth a change as possible.

**Mr Bisson:** Would you consider yourself a hawk when it comes to deregulation of the energy sector?

**Ms Chaplin:** I don't consider myself an ideologue. I consider myself pragmatic, but I do attempt to adhere to the principles of economic regulation.

**Mr Bisson:** A completely open market or a regulated open market?

**Ms Chaplin:** An open market in terms of providing consumers with a range of choices, of competitive suppliers, to meet their needs.

**Mr Bisson:** So you disfavour a publicly owned, publicly controlled system of electricity?

**Ms Chaplin:** Pardon me?

**Mr Bisson:** Do you disfavour the old Ontario Hydro model? Well, I think we all disapprove of the way Ontario Hydro used to run things. That's not so much the question. But do you disapprove—

*Interjection.*

**Mr Bisson:** Well, there were problems there. I think we can all agree.

**Mr O'Toole:** Maurice Strong started it.

**Mr Bisson:** It goes back before that, but that's for another debate at another time.

**The Acting Chair:** We're down to two minutes.

**Mr Bisson:** My question is, do you favour or disfavour a publicly owned utility when it comes to delivery of electricity in the province?

**Ms Chaplin:** I certainly believe there's a place for publicly owned utilities, particularly in markets that are just growing, just emerging. Once a market reaches a certain level of maturity, I believe there are significant benefits that can be had from trying to bring in competitive forces to the supply of electricity.

**Mr Bisson:** You are probably aware that the current practice of pricing natural gas is such that a gas company or utility is able to bring back the retroactive increases they would have incurred from the year before. How do you see that particular practice at the OEB? Is that something you favour or disfavour?

**Ms Chaplin:** My understanding is that the legislation has been changed to ensure that those accounts are

cleared more frequently. I think what's important is that the price that gas consumers pay for the commodity is the actual price. It's not something that the utilities make a profit on. There has to be some mechanism to ensure that the price that's built into rates is in fact the actual price that the utilities have to pay.

**Mr Bisson:** But that's not my question. My question is, how do you feel about the old retroactivity as far as the way they used to price out natural gas?

**Ms Chaplin:** Certainly lengthy periods of retroactivity I don't believe are in anyone's interest. However, a variance count will sometimes be positive and sometimes be negative.

**The Acting Chair:** There goes the time. Thank you, Ms Chaplin, for your presentation and answering the questions.

#### PAMELA NOWINA

Review of intended appointment, selected by the third party: Pamela Nowina, intended appointee as member, Ontario Energy Board.

**The Acting Chair:** We now move on to Ms Pamela Nowina, intended appointee as member of the Ontario Energy Board. You may come forward. As you may be aware, you have an opportunity, should you choose to do so, to make an initial statement. Subsequent to that, there will be questions from members of the committee. Questions will be commencing from the official opposition. Then there will be a rotation after 10 minutes to the third party, and finally to the government to ask questions. Any time that's used up in your initial statement will be deducted from the government questions.

**Ms Pamela Nowina:** I do have a statement. Thank you very much.

First, thank you for the opportunity to discuss my nomination to be a member of the Ontario Energy Board. I couldn't be more pleased about the opportunity to serve Ontario in this position.

I'd like to give you just a little personal information about me. I have a bachelor of science degree in mathematics and computer science from the University of Windsor and an MBA from the University of Toronto. I'm sorry that Ms Scott isn't here because, although I've lived in Toronto for the last seven years and I love the city, my roots are in the small communities of southwestern Ontario where I have spent most of my life.

I have more than 24 years of experience in the regulated energy industry: 15 years in natural gas and the past nine years primarily as a consultant to the power industry. This experience has been in Ontario, Alberta, New Brunswick and the United States.

I see four key pillars to a successful power industry: adequate supply, affordability and reliability for consumers, a viable and efficient business market and leadership in conservation and environmental protection, all underpinned by consumer understanding and confidence. The first of these, supply, perhaps cannot be greatly influenced by the OEB. However, I believe the OEB is poised

to make a significant contribution to the other three. Let me give some brief examples of how my experience could be of value in doing this.

Through my roles as a utility IT executive and consultant, I have come to understand, at a deep level, the processes that drive the industry. I understand and have advised clients on how to operate more efficiently and organize more effectively. You can be certain that, as an adjudicator, I will be watching for indications of effectiveness in these areas.

I have evaluated the customer service organizations at several utilities of various sizes and have advised on possible outsourcing, divestiture and optimization of these business units while helping clients understand the potential impact on customer service and employee relations. I would feel well qualified to assess, as a board member, applications for changes in this area. I also can see where performance-based rate-making can work to effect positive change.

I understand how the restructured power market works. I was responsible for the PricewaterhouseCoopers consulting team that assisted the OEB in its role to prepare local distribution companies, retailers and other market participants for a competitive market. Our work was broad and deep in its scope. I worked directly with and facilitated the market-ready taskforce. The efforts of the OEB, the task force members and our consulting team resulted in well-tested market processes that worked smoothly at market opening—price aside—without many of the errors that frustrated consumers in other markets endured. During this assignment, I came to know the market and the market players very well, I came to understand the difference in challenges between the largest and smallest companies, and I came to understand the criticality of clear consumer communication. I believe that the skills demonstrated in this assignment will be useful in working with other stakeholder consultations, which are critical for the OEB to fulfill its mandate.

I cannot claim any expertise in conservation and environmental protection, other than experience in demand-side management in the natural gas industry. However, I have a strong belief in these principles and am well-informed as to the issues. I hope that my detailed understanding of distributors in particular will help as the OEB and others focus on demand management.

Most of my experience in natural gas has been as an employee of Union Gas; it ranged from IT management, to field management, to strategic planning. The power and gas industries are becoming more and more linked. I look forward to being involved in the regulation of both.

If appointed, I look forward to being a strong, fair and well-informed adjudicator. I consider it a privilege to use my experience and capabilities as a member of the board at this important time for Ontario. Thank you for allowing me to make this statement. I welcome your questions.

1250

**The Acting Chair:** Thank you. We'll begin our questioning with the official opposition.

**Mr Tascona:** I want to thank you for coming before the committee today. I just want to find out a few things from you. In the Toronto Star article dated February 14, 2004, it's quoted that you're an information technology executive and currently a partner in IBM Business Consulting Services. Is that correct?

**Ms Nowina:** That's correct.

**Mr Tascona:** This is a full-time member position. Do you know what you are going to be paid?

**Ms Nowina:** I had a similar discussion to the one that Cynthia had with Mr Wetston. He said that the current remuneration was around \$80,000. Honestly, he said to me that he was hoping it would be something like double that. That's the only discussion I've had; nothing concrete.

**Mr Tascona:** Were you in the same discussion with Ms Chaplin when you were told that?

**Ms Nowina:** No. They were two different conversations.

**Mr Tascona:** So your experience in consulting has been with corporate clients.

**Ms Nowina:** Yes.

**Mr Tascona:** I guess what we have today are three individuals with corporate backgrounds who are going to be appointed to the Ontario Energy Board and not any from a consumer background. That's just a commentary. I'll continue with my questions. Are you going to continue in your—is it a consulting practice? Are you going to continue as an executive with IBM?

**Ms Nowina:** No, I am not. I actually took what is, in effect, an early retirement package with IBM on October 1, 2003. As part of that obligation I'm supposed to work 25% of my time for them for one year. However, they have waived that requirement as of March 15, if I should get this appointment, so no, I will not be working for them any longer.

**Mr Tascona:** But are you going to be working in any other capacity as an independent consultant?

**Ms Nowina:** No, I will not be.

**Mr Tascona:** Are you aware of the conflict-of-interest guidelines?

**Ms Nowina:** Yes, I read that carefully.

**Mr Tascona:** What do they say? We don't know.

**Ms Nowina:** Essentially, as a consultant—it names other positions, but the consultant was the one that applied to me—any clients I consulted with who would be before the board in a hearing setting, if I had consulted with them in the previous year, I could not be involved with that hearing. For me in particular, that means I have two clients—Hydro Ottawa is one—that, given the year's time frame, I won't be able to be in a hearing where they are a participant until October 2004, and London Hydro, whom I just finished an assignment with, I won't be able to be in a hearing where they are a participant until approximately a year from now.

**Mr Tascona:** Mr Carr was quite open with the Toronto Star when he was quoted as saying, "The board is likely to play a more activist role as Ontario reshapes

its electricity system and energy markets in the next few years." Do you share those thoughts?

**Ms Nowina:** I share the fact that I think they're going to be more active and more proactive, yes.

**Mr Tascona:** How is that?

**Ms Nowina:** I think the mandate of the role is now a very strong one. Because of the work they do, the experience they have, the ability to do research and consultation with the public and the industry, I think they're in a very good position to be able to at least advise the government on issues in the industry and should take a proactive stance in that. For example, the board has just recently held a public consultation on further efficiencies in the distribution sector. There is nothing formal about that. They're not about to issue regulations on it, but they're going to be well informed as to those issues and could advise the government on policy around efficiency. I think efficiency, in distribution in particular, where I have a lot of knowledge, is really important to get the prices to the point that we want them to be and to assist consumers with prices. I think that's an important area where they can provide leadership.

**Mr Tascona:** I want to ask you a question, and it's my last question before I give it over to Mr O'Toole. From a pricing point of view, for example, in gas—because you've got experience in that area, especially with Union Gas—for a consumer who doesn't have any usage or very minimal usage at all during the summer period, yet the charges relate to the capital end and the distribution end, so you come in with a sizable bill anyway, do you think that's fair, where you don't even use the gas? Some people even shut it off during the winter because they don't want to use it. Is it fair that you get charged for the capital end and the distribution end even though you're not using it?

**Ms Nowina:** The distribution charges are based on usage—

**Mr Tascona:** I know that.

**Ms Nowina:**—so there is some percentage there. The industry has fixed costs that, if it has assets in a certain area, it has to recoup those costs somehow in order to stay viable. Is it fair? It's not like going to the gasoline station and filling up your car, and if you decide you don't want to take it out any more, you don't have to pay for it. There's an infrastructure. Maybe another example is that I'm about to install a dryer and I want to install a gas one. I have to pay the capital cost myself so this goes into my house because I want the gas dryer. The fact that I get that product means that I have to pay for the ability to get it.

I think if consumers understand it, it's fair. I think perhaps we've all failed in terms of consumers' education and them understanding the costs of their decisions.

**Mr Tascona:** Thank you for your answers. They've been very good.

**Mr O'Toole:** Thank you, Ms Nowina, for your presentation. Your background certainly is relevant. I have a couple of comments and then a question. You've mentioned, about supply, affordable and sustainable.

Safe, reliable and affordable power is kind of the thing. If you look at the history, this power-at-cost thing has been the biggest mystery ever. It has never been at cost—ever—right from Sir Adam Beck on. That's why we have the problem today of who is going to make the capital investment. But one of the things under supply, as I recall, is, there's a whole issue around supply adequacy. It's a big policy discussion. What would be the reserve capacity, in your view, for a 26,000-megawatt system?

1300

**Ms Nowina:** I'm sorry; I have no idea. That's not my field of expertise.

**Mr O'Toole:** About 5% or 10%?

**Ms Nowina:** I don't know.

**Mr O'Toole:** I think that's a question that the new generators, the suppliers of electrons in the future, will need to know, because who's going to own that reserve capacity is really the nub of the question. If it turns out to be in the order of 5,000 megawatts to 10,000 megawatts—each 5,000 megawatts represents about \$10 billion of investment. Who should own that is a critical question going forward. Should it be owned by the government and just sit there as a stranded asset, technically, until somebody really needs that one millionth air conditioner on, that peak load? Really all it is for is peak load, technically.

You mentioned that you were part of the market-ready task force. You'd be familiar with the market design committee work before the market opening in May 2001, I guess it was?

**Ms Nowina:** Yes. The work that we did with the OEB actually reported into the market design committee.

**Mr O'Toole:** Yes, that was a complete failure technically, because they didn't look at the current state. Most of the generating capacity was in either idle mode or down mode, meaning Bruce and Pickering. I wouldn't give you very good marks for that—not personally; this is not personal. We were set up like a golf ball on a tee on that thing. There's no question about it. Whoever was on that committee should have another look at it, because we delayed the opening several times until—the best advice, I guess, was from members of that market-ready group.

One last thing you mentioned, in which I'm quite interested, is some of the policy discussions going forward. One is on renewable portfolio standards. The other is on the demand-side management discussion, the DSM discussion—an extremely important discussion. When we talk in very liberal terms—I mean that in the pure sense, not the impure sense—demand-side management to me is, what tools today does the consumer actually have?

**The Acting Chair:** I just want to advise that we're at the 10-minute mark, so I'll let her answer the question.

**Mr O'Toole:** This should only take me about five more minutes.

**The Acting Chair:** We've used up 10 minutes already.

**Mr O'Toole:** Pardon me, Chair. What tools does the consumer have when it comes to demand-side management?

**Ms Nowina:** I'll answer the question in a moment. I just wanted to clarify that our work with the Ontario Energy Board in preparation for market opening was just on the distribution side. It was preparing the transactions to flow. I had no involvement in assessing supply or future supply. I just wanted to clarify. That part went fairly well.

Tools for demand-side management for the average residential customer: almost none. It simply doesn't exist. It must exist. This is a personal belief. We have to find mechanisms to allow people to make choices in terms of their usage. We don't have those mechanisms yet.

**Mr O'Toole:** I would wonder how they could incent some of the tools, like interval or time-of-rate metering. Have you any suggestions?

**Ms Nowina:** I wondered that too, and I would be really interested in looking at that.

**Mr O'Toole:** That's a very important discussion.

**Ms Nowina:** It is.

**Mr O'Toole:** Good luck on your work and deliberations.

**Ms Nowina:** Thank you.

**The Acting Chair:** Thank you for your questions, Mr O'Toole. We'll now move on to the third party.

**Mr Bisson:** I thought that comment about being set up like a golf ball on a tee was just remarkable. I guess Mike set the ball and Ernie took the swing. I'm sorry; I couldn't let that one go.

Listen, normally I like just doing questions, but I couldn't help commenting on the other issue which was raised, that by giving consumers choice, we're able to provide them with a more adequate supply of electricity at a lower price. It's interesting to note that those places where we do have public systems offer electricity at a cheaper and more sustainable rate than most other places. It's a difference of opinion. You have your opinion; I've got mine. I think, in the end, we'll probably be proven right again.

You stated in your application that you worked on the Ontario electricity restructuring that led to the opening of the electricity market. Would you say that that was a successful operation?

**Ms Nowina:** Well, obviously the market wasn't successful when it opened. When you can't get the price at the right point and you can't get adequate supply, you don't have a successful market. The work, however, that the distributors—and my hat goes off to these 94 companies, some of them tiny, tiny companies, and the workers at those companies, who moved heaven and earth for two or three years to make all the systems and transactions work. They did a great job. That did work.

**Mr Bisson:** Tell that to consumers who paid two times and three times the price for electricity. I guess I go back to it: Do you feel that that whole experiment way back when was successful at the end of the day?

**Ms Nowina:** No.

**Mr Bisson:** On January 11, 2001, you spoke at an OEB task force meeting concerning market readiness. Now, you and the other participants of that meeting not only called for the market to open, but you called for it to open quickly, by the fall. At a later meeting, you called on the OEB to create a sense of urgency about opening the market. You wanted it open even before the Conservatives did. How do you feel about that, in retrospect, and what happened with electricity prices in this province?

**Ms Nowina:** The issue around urgency at that point was that the getting ready was being dragged out for so long that it was becoming extremely costly and very confusing for consumers. The retailers were out there and had been signing up people for years, for contracts that wouldn't take place for years ahead. That was why I personally had a sense of urgency. Again, in terms of supply, I wasn't privy to that information so I wasn't aware—

**Mr Bisson:** It was pretty public information, as far as supply.

**Ms Nowina:** The level of supply at that point was thought to be adequate, so I wasn't privy to that. But that was the sense of urgency that I was referring to.

**Mr Bisson:** I come from a constituency that has the largest utility users in the province, one of them being Falconbridge electricity. They have a smelter there. You'd be aware that that uses a lot of electricity. In fact, they're the number one customer for the former Ontario Hydro. When it comes to natural gas, pulp and paper plants along Highway 11 into my riding and others utilize natural gas to a large extent. I can tell you that when we experimented with the opening of the market, it almost closed them down.

What do you have to say to the thousands of workers who were affected and can be affected by way of market opening and deregulation? How do you defend that in light of what happened in the past?

**Ms Nowina:** Again, going back to the past, I think there's the whole issue of supply. Should we have opened when supply was a question? Probably not. That was a government policy and really it wasn't the role of either the regulator I was working with or the consultants we were working with. I understand the problem, but I wasn't involved in it.

I hope whoever is involved in the decision, going forward, is going to get the supply mix right. I think there's a lot of effort going on to make sure that happens.

**Mr Bisson:** How do you feel about the comments made earlier by the gentleman who is being appointed as vice-chair, that you can't have both at the same time, that you can't have a tightly integrated market opened the way the Tories did, neither can you do it the other way?

**Ms Nowina:** First, it's a government policy decision about whether or not they want the market to be all in one direction or the other, or a hybrid. My personal opinion is perhaps a little different than the others in that I believe in the efficiency of an open market. I think overall, ideologically, it may be a good thing. But there are so many other factors when you're looking at some-

thing like power, which is so critical to the public, that I think there needs to be a really good balance of strong regulation and protection and perhaps public ownership, and it will take years. I don't know if we'll ever get to a truly open market in this.

**Mr Bisson:** That's really where my next question is going, that at the end of the day electricity, and specifically electricity for the point of this question, is vital to industries operating in Ontario competitively. So I think you've answered the question I was going to go to.

How did you come to be interested in being appointed to this particular board? Can you walk us through?

**Ms Nowina:** Yes, sure. As you can see, I worked with the Ontario Energy Board.

**Mr Bisson:** No, the actual application process.

**Ms Nowina:** Yes, I'm getting to that. Because of that, I knew Jay Young, who was then the general manager of the Ontario Energy Board. I met with him to tell him about the changes that I was making at IBM, and while I was talking to him he let me know that the board was going through some significant changes, that there would be new appointments to the board. He suggested that I contact Howard Wetston if I was interested. It sounded very interesting. I was really interested in being a help at this time—

**Mr Bisson:** When was this, roughly?

**Ms Nowina:** Fall of that year, October. It was probably November by the time I met with Mr Wetston, and Mr Wetston suggested that I apply, which I did, through the Public Appointments Secretariat.

**Mr Bisson:** Are you surprised at the speed of the appointment?

**Ms Nowina:** No.

**Mr Bisson:** No? Because, I've been around here for a while, and sometimes these things do take time.

**Ms Nowina:** I don't have that context, so I was unable to be surprised.

**Mr Bisson:** How do you feel about the need to have consumer representatives on the board?

**Ms Nowina:** On the board?

**Mr Bisson:** This is a question I'll have to go to re-search on after, once we're done with your time. As far as members of the board, you've got lots of qualifications, you've worked in the industry; that's not the question here, but the importance of having a balance of people who are consumer representatives on the board versus people who come from the industry.

1310

**Ms Nowina:** I think consumer consultation advocacy is really important.

**Mr Bisson:** No, on the board. I'm talking about—

**Ms Nowina:** On the board, I honestly haven't given any thought and don't have an opinion off the cuff, I'm sorry.

**Mr Bisson:** Do you think maybe it's important?

**Ms Nowina:** I think it's really important to hear from consumers.

**Mr Bisson:** Because, at the end of the day, as we said earlier, and as I think you recognize, the decisions made

by government by way of policy and how that's implemented by way of regulation through the board could or could not affect negatively the whole energy pricing system. It just seems to me, as a legislator, as a taxpayer and as a consumer of electricity and gas in the province, I would be interested in making sure we have people on the board who are there to represent and advocate for consumers as well as some people who understand the industry advocating their particular points of view. I just find it funny that you don't have an opinion on that.

**Ms Nowina:** While I understand your concern, I don't know the board structure well enough to comment on how it should be made up.

**Mr Bisson:** What do you see as your most important role on that board?

**Ms Nowina:** My background and knowledge is in—

**Mr Bisson:** No, you get this appointment, we say yes today; what do you think the most important thing is that you're going to be doing?

**Ms Nowina:** Adjudication, writing judgments and perhaps helping with public consultations.

**Mr Bisson:** Do you feel you have sufficient experience in order to do that part of it, which is basically the adjudication?

**Ms Nowina:** I don't have any experience in adjudication, so I'm going to need training in that. The first thing I'm going to have to do is get training in adjudication. However, I do think both by my nature and my involvement in consulting practices and working with people like the OEB when we had the task force, I am familiar with looking at different parties' opinions and coming up with judgments and providing advice. A judgment is perhaps not that much different from advice.

**Mr Bisson:** I appreciate your candour in regard to your experience in adjudication, because that is where I was going. You've actually answered the second part of the question, which is, considering that you're going to be doing work adjudicating decisions with regard to what happens in the energy field, it seems to me not only do you have to have a component of understanding the energy industry or the consumer side, you have to have a certain sense of what adjudication is all about. What kind of experience do you think you bring, other than what you have in industry—I already know that—that would give you the ability to adjudicate from the other side, being able to look at it through the eyes of the consumer, rather than just the industry?

**Ms Nowina:** Six kids.

**Mr Bisson:** That's a good one. I like that. You're good on your feet. We may want you to run it one day.

**Ms Nowina:** I really think that my experience in managing and consulting, not with just one firm but consulting with a number of firms through a task force kind of environment gives me some experience in that. But, frankly, I need the training; there's no question about that. I'm a pretty quick study.

**Mr Bisson:** I'm glad that you're candid with that and you're able to put that out front.

**The Acting Chair:** We're just past the 10-minute mark, so if you could just ask—

**Mr Bisson:** Yes, just my very last question. We know we're going to be undergoing yet another machination of new energy policy in the province of Ontario. How do you see it this time around?

**Ms Nowina:** I look forward to it. I think we have learned—

**Mr Bisson:** I'm sure you do.

**Ms Nowina:** I think we've learned a great deal from before. I'm hoping that in its implementation we can be pragmatic and thoughtful.

**The Acting Chair:** Thank you, Ms Nowina, for being present today and for taking questions. Did the government wish to ask—

**Mr Ernie Parsons (Prince Edward-Hastings):** We waive our time.

**The Acting Chair:** OK. Time is waived. So thank you for your presentation here today. That concludes the appointment reviews for today.

We now move to concurrence. I know there were some motions mentioned earlier at the commencement, so what I propose is that we bring forward first whether we have concurrence on Mr Jan Carr, the first person who was interviewed.

**Mr Bisson:** No.

**The Acting Chair:** Mr Bisson, you're not concurrent? Is there anyone who is going to move concurrence?

**Mr Parsons:** I move concurrence.

**The Acting Chair:** Mr Parsons has moved concurrence.

**Mr Bisson:** As you know, Chair, I have a motion forward, according to the standing orders, to defer.

**The Acting Chair:** So you're moving that motion, I presume; section 106(e), I believe it's paragraph 8. Are you asking for the seven-calendar-day deferral?

**Mr Bisson:** Yes.

**The Acting Chair:** All right. I'm advised by the clerk that if you request that, that's automatically permitted.

**Mr O'Toole:** What about the concurrence first?

**Mr Bisson:** That will happen at the next meeting.

**Clerk of the Committee:** It's the concurrence that's being delayed.

**The Acting Chair:** So within seven days we're going to have to meet again, if that's all right.

**Mr O'Toole:** I'd like to make it clear that the official opposition has no problem with Mr Carr's appointment.

**Mr Zimmer:** Sorry?

**Mr Bisson:** He agrees with you guys.

**The Acting Chair:** But according to the standing orders, one member—and Mr Bisson is a member of the committee—can move putting it off for seven days. We will have a chance to debate that next time we meet.

Moving on then to the second appointee, Erna Blanche Collins, do I have a motion to concur? Moved by Mr Parsons. Mr Bisson?

**Mr Bisson:** I second it.

**The Acting Chair:** OK. All those in favour? Opposed? That carries.

The third one is Cynthia Chaplin. Do I have a motion to concur? Mr Gravelle, thank you. Seconded by Mr Tascona. All in favour? Opposed? Carried.

Pamela Nowina: Do I have motion to concur? Ms Smith, seconded by Mr O'Toole. All those in favour? Opposed? Carried.

My understanding is the only one is Mr Jan Carr. We will have to meet some time before next Monday, which is seven days from now, to arrange a time to meet further on that.

Also, because of the fact that there's a 30-day deadline, it requires unanimous consent to extend the 30-day deadline for consideration of Mr Jan Carr. We need unanimous consent for that.

**Mr Bisson:** Can I just ask for a time out here? I'm asking the committee to take a 10-minute recess, according to the standing order.

**The Acting Chair:** Can I ask the reason?

**Mr Bisson:** Yes, in a minute.

**Mr Tascona:** Just before that, I had asked for the conflict-of-interest guidelines for the Ontario Energy Board. Can we make a request to get those?

**The Acting Chair:** Yes, those will be provided.

We've dealt with the other three appointments. We're only left with Mr Jan Carr. That's the only issue that's left at this point in time.

**Mr Bisson:** Chair, I'm asking for a 10-minute recess.

**The Acting Chair:** You would like a 10-minute recess. OK.

*The committee recessed from 1318 to 1330.*

**The Acting Chair:** I call the meeting back to order. I think we've used up our 10 minutes or brief recess. Mr Bisson, do you wish to comment or add anything further?

**Mr Bisson:** No. That's fine.

**Mr O'Toole:** What was the 10-minute recess for?

**The Acting Chair:** So you still are moving that request to delay seven days?

**Mr Bisson:** Yes, that's still on.

**The Acting Chair:** My understanding from the clerk is that we have seven calendar days and, if it's the seventh day, which would be next Monday, we would require unanimous consent because of the 30-day period that this application stands for. If we can pick a date today prior to next Monday, then we don't need that 30-day concentric request.

**Mr Bisson:** We could do that.

**The Acting Chair:** How are we going to pick the date, then? Should we leave it at the call of the chair or the subcommittee?

**Mr Bisson:** I think the subcommittee can meet, and the subcommittee can decide on what the date is. It's probably just as easy to do it that way, because people have to go back and look at their schedules. It's kind of hard to just do it right here.

**Mr Gravelle:** Can we hold a meeting next Monday, Clerk? Would a week today meet the guidelines?

**Clerk of the Committee:** Yes, but if we hold a meeting next Monday, we would need unanimous consent to extend the 30-day deadline.

**Mr Gravelle:** Why don't we meet next Monday, then?

**Mr Bisson:** Can we just leave it to the subcommittee and we'll just decide on date, because there may be dates of conflict that we're not aware of because we don't have our schedules with us.

**Mr Gravelle:** But we only have a week to go. That's the thing. We have seven days from this moment on.

**Mr Bisson:** It will be done with seven days, but maybe we'll do it this week.

**Mr Gravelle:** Can we not move to have a meeting next Monday?

**Mr Bisson:** You can move it if you want.

**Mr Gravelle:** Is that OK with the members? I move that we hold the government agencies meeting a week today.

**The Acting Chair:** At what time?

**Mr Gravelle:** Do we need to clarify exactly the time right now?

**The Acting Chair:** Yes. So why don't we make it 10 o'clock next Monday? Is that amenable to everybody? We need unanimous consent, then, to extend the 30-day period. All those in favour? OK. That's fine. Then a motion by Mr Gravelle to meet next Monday at 10 am—

**Mr Gravelle:** Can I make the motion that we meet at 9:30 next—

**The Acting Chair:** At 9:30 next Monday?

**Mr Bisson:** It's better at 10. This morning it was fine, but it's not always the case coming out of Timmins, as you well know, Monique. I fly Air Ontario all the time. So 10 o'clock is fine.

**Mr Gravelle:** I move that we meet at 9:30.

**The Acting Chair:** OK. There is a motion for 9:30, then, on Monday.

**Mr Bisson:** Recorded vote.

#### Ayes

Gravelle, Mossop, Qadri, Smith, Zimmer.

#### Nays

Bisson.

**The Acting Chair:** OK. That concludes the business of this committee until next Monday at 9:30.

Motion to adjourn?

**Mr Gravelle:** I move we adjourn.

**The Acting Chair:** Those in favour? Opposed? Carried.

*The committee adjourned at 1335.*







# CONTENTS

Monday 1 March 2004

<b>Subcommittee reports</b> .....	A-11
<b>Intended appointments</b> .....	A-12
Mr Jan Carr.....	A-12
Ms Erma Blanche Collins .....	A-18
Ms Cynthia Chaplin .....	A-21
Ms Pamela Nowina .....	A-27

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