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Mercredi 15 novembre 2006

**Standing committee on
estimates**

Ministry of Public
Infrastructure Renewal

**Comité permanent des
budgets des dépenses**

Ministère du Renouvellement
de l'infrastructure publique

Chair: Tim Hudak
Clerk: Katch Koch

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
ESTIMATESCOMITÉ PERMANENT DES
BUDGETS DES DÉPENSES

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*The committee met at 1612 in committee room 1.*MINISTRY OF PUBLIC
INFRASTRUCTURE RENEWAL

The Chair (Mr. Tim Hudak): Good afternoon, Minister, Deputy and members of the committee. We are here to resume the consideration of the estimates of the Ministry of Public Infrastructure Renewal. There are a total of two hours and 21 minutes remaining.

When we adjourned yesterday, the government had 11 minutes remaining on the clock in their rotation. We begin with Mr. Delaney.

Mr. Bob Delaney (Mississauga West): Thank you very much, Chair. Welcome back again, Minister.

I'd like to pick up on something we were discussing when we left off the last time. It was my pleasure to stand with you a year ago August when we unveiled phase 2 at Credit Valley Hospital. That gave my community of western Mississauga, which is the fastest-growing part of the fastest-growing city in Canada, something that it very desperately needed. We had a new hospital 21 years ago, just shortly after I moved to Mississauga, which at the time had 365 beds and capacity for some 2,700 births per year. In the last calendar year, I believe the number of births at that hospital was approximately 5,100, and it has a desperate need for new bed space. So it was our pleasant task at the time to announce to the hospital community that we would begin construction of phase 2, A and H blocks at Credit Valley beginning in fiscal year 2007-08, which is fast approaching.

What I'd like to explore with you is some of the ways in which—and we can pick up pretty much where we left the discussion off the last time—our current means of alternative financing and procurement differs from what is commonly known as a P3, which of course this is not. As our hospital and our community understand, right now our hospital is publicly owned, publicly controlled and publicly accountable, and during construction we are going to remain publicly owned, publicly controlled and publicly accountable. And when the task is done, we are going to be publicly owned, publicly controlled and publicly accountable.

Could you, just for my benefit, elaborate a little bit on some of the changes between that mechanism of finance that is more commonly known as a P3 and the means which we're using to finance these desperately needed hospital projects through AFP?

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): I want to thank Mr. Delaney for the question. It was indeed a wonderful day in August last year to be able to be amongst the great people of Mississauga and talk about the phase 2 expansion of the Credit Valley Hospital. Indeed, I think we acknowledge that in the 905 region in particular, which has seen substantial growth—I believe there's an organization called the GTA/905 Healthcare Alliance. Nine of 11 members of their alliance are seeing hospital projects, new buildings, new developments, which will bring much needed services to this rapidly expanding area.

I'll get to the question on the differences between alternative finance procurement and P3s in one second, but I really want to highlight the overlay of the growth plan, outlining where and how we're going to grow and the important role that this region is going to play in the future growth and development. If you look at where we're making these key and targeted strategic infrastructure investments to be able to support the kind of growth not only that we've experienced over the past number of years but also that we anticipate will be coming over the next quarter of a century, we're doing something that other governments have only talked about, that commentators have certainly urged us to do, which is to get ahead of things, to get ahead of growth. It's very much the same as far as our method of financing the infrastructure that we need. We use a number of different methods: sharing gasoline taxes for public transit. You might want to talk about the wonderful bus rapid transit expansion program or GO train expansion in Mississauga. I know you're keenly interested in the Lisgar station.

How things are different: You mentioned one of the key factors, Mr. Delaney, which is the public ownership and public control and public accountability through the local hospital board and through the local hospital corporation. They will own the deed to the hospital. They will be accountable to local residents, as they always have been. We think that's a key cornerstone. But there are other significant differences between the previous attempts and some of the so-called P3 projects that we've seen and AFP. One is in fact transparency. You will find the request for proposal, the tenders, on the Infrastructure Ontario website, and that's www.infrastructureontario.ca. So I hope that you or members of this committee or

members of the public will go and look at those offerings, those tenders, those proposal calls. In addition, though, we post the contracts. Our first such contract, for the Montfort Hospital, I would quite proudly say, is posted on the Infrastructure Ontario website and invites public comment.

We've produced something that we call a value-for-money statement or a value-for-money report. It details quite significantly the costing of going with traditional means, if we went with this one, to be able to evaluate whether or not the residents of Mississauga, the residents of Ontario, received true value for money. In fact, value for money is one of our cornerstone principles, demonstrated sometimes in some of the so-called P3 arrangements, but oftentimes not.

I think the Premier often has an interesting way of phrasing things. He says he very much believes in the credo that you hear south of the border: "Show me." We're determined to show the people of Mississauga and the people of Ontario the kind of deals, the value for money they've achieved.

I've talked about the accountability and the transparency, but there are others as well. It's the public interest, not a private, corporate interest, or even a sector interest. It's the interest of the people of Mississauga, the people of Ontario, in having access to lowering wait times and having access to modern medical services in state-of-the-art facilities that is driving this investment and this unprecedented infusion of dollars in building and health capital forward.

The last, of course, is the process itself. It must be fair, it must be open and transparent, and it must be efficient so that we can move quickly. I was told—and I do stand to be corrected—that from the first tender being issued to commercial close, we were six months. Our first deals, of course, were quite prescriptive in nature. More complex deals I think will take a longer period of time, but we want to be very quick in the process element so that we can get shovels in the ground and get the infusion of dollars as quickly as possible, because communities have been desperate for these kinds of investments.

Those are our five key principles and significant ways that AFP does differ from NDP and Conservative P3 arrangements.

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Mr. Delaney: Chair, how am I doing on time?

The Chair: You have two minutes left, Mr. Delaney.

Mr. Delaney: I have two minutes left. Okay.

In a very brief two minutes, with regard to another thing that concerns me personally on infrastructure, which is the expansion of that Milton corridor, is there anything you can tell me with regard to our success in getting Canadian Pacific Railway to get as interested as the government of Ontario is in the expansion of that Milton corridor?

Hon. Mr. Caplan: There's nothing, regrettably, that I can share with you. That question is much more appropriately before the GO board and the Minister of Transportation, but I can tell you that in our growth plan we

see significant growth and access to the GO spine. We'd like to see, for example, out to Peterborough, up to Barrie, out to Guelph—and of course that runs through Milton—and Cambridge and Waterloo region and down to—my good friend from Niagara will want to know—the Niagara region as well.

What we'd like to try to achieve is a 3% ridership growth per year in GO. To help that along, very quickly, we've entered into an agreement with the federal government on the 10-year capital plan for GO, a \$1-billion investment in upgrades and expansion of our GO service. I would venture to say, Mr. Delaney, depending upon the type of partnership we're able to enter into with our federal colleagues, that that is a meaningful first step.

The Acting Chair (Mr. John Yakabuski): We'll now go to the official opposition for 20 minutes of question-and-answer.

Mr. Tim Hudak (Erie-Lincoln): I do want to convey to the minister on behalf of the official opposition best wishes for a very happy birthday.

Hon. Mr. Caplan: Thank you very much. I did wish you a happy birthday on All Saints' Day, November 1. Of course, I'm much older than you, but thank you.

Mr. Hudak: So my first question is to the deputy. Deputy, is the minister 35, or is he older?

Ms. Carol Layton: Just a wee bit older.

Hon. Mr. Caplan: I'm certainly not ashamed of my age. I can't believe I've made it this far. I'm 42 today.

Mr. Hudak: Happy birthday.

Hon. Mr. Caplan: Thank you very much.

Mr. Hudak: Now that the birthday celebrations are done—

Hon. Mr. Caplan: Oh, no. I'm hoping, with my wife and my two lovely boys, Benjamin, who's 10, and Jacob, who's six, to be able to celebrate with them this evening. So I'll convey your good wishes.

Mr. Hudak: Absolutely.

Minister, I'm going to go back to the agencies side of the ministry. I don't know if Joyce Barretto wants to join at the front.

Hon. Mr. Caplan: Joyce, actually, has been working very hard. She's got this week off, fortunately, so we'll have somebody else. Barbara Hewett or—

Ms. Layton: Barbara Hewett. Sure. It depends on the agency.

Hon. Mr. Caplan: It depends on which agency, but we do have people here.

Mr. Hudak: Okay. We can start with the OLGC.

Hon. Mr. Caplan: OLG is Barbara Hewett.

Mr. Hudak: Thanks. I'll ask Ms. Hewett about the bingo revitalization program. What sites are currently up and running for the bingo revitalization program?

Ms. Barbara Hewett: There are four sites currently operating. I've got to go off the top of my head. There's Kingston, Barrie, Sudbury and—

Mr. Hudak: Peterborough.

Ms. Hewett: —Peterborough. Thank you.

Hon. Mr. Caplan: And the fifth one is Mississauga, I believe.

Mr. Hudak: Is there a fifth one?

Hon. Mr. Caplan: I believe the fifth one—not yet?

Ms. Hewett: There isn't a fifth one open yet.

Hon. Mr. Caplan: Not yet. I believe we have plans for a fifth.

Mr. Hudak: And what have we learned from the bingo revitalization program to date?

Ms. Hewett: The ones that are operating at this point have shown an increase in revenues and they've sustained the business. They've demonstrated some positive returns. We find that the municipalities and the charities that are engaged, and the operators, are finding it a positive experience, so the indications are good.

Hon. Mr. Caplan: If I might, I'll very quickly add that I've never played bingo myself, but I understand that the introduction of something that we call e-bingo, or an electronic board—just for the interest of the committee members, one of the things that I've been told is that the profile of traditional bingo players has been mainly female and that in fact men have been a group that has been very attracted to the new sort of atmosphere created by these e-bingos. I think, as Barbara has indicated, they've seen some increase in revenue in the short time that they've been implemented.

Mr. Hudak: Do we know what the increase in revenue—you're the director, correct?

Ms. Hewett: Yes, I'm the director of gaming and alcohol policy.

Mr. Hudak: I'd ask of the director, what has the increase been in—

Ms. Hewett: It's around 15% to 20%, I think, in revenues.

Mr. Hudak: Wow. The OLG has reviewed the four sites?

Ms. Hewett: They are constantly reviewing them, yes.

Mr. Hudak: Do they do a formal report to government?

Ms. Hewett: They report to our minister and to us periodically.

Mr. Hudak: Have they done a formal report to the ministry?

Ms. Hewett: They haven't filed a formal, comprehensive written report, no.

Mr. Hudak: When do you expect that?

Ms. Hewett: We haven't put a date to that at this point in time.

Mr. Hudak: The lottery and gaming corporation, in their four-year plan, fiscal 2005-08, say that they will "evaluate and deliver summary conclusions to government in spring 2006." Did they fail to do so?

Ms. Hewett: They reported regularly to the minister and to the deputy as well.

Mr. Hudak: This is pretty specific, though. Did it deliver summary conclusions to government in the spring of 2006? It's on page 30 of their business plan. They've either done that or they've failed to do so.

Ms. Hewett: I think it depends what you mean by "summary conclusions." As I said, they've been report-

ing regularly. They haven't filed a formal written report that would be made public, if that's what you're asking.

Mr. Hudak: One would think, if they're going to deliver summary conclusions, that that would be some sort of formal report, not simply a "things are going well" or an oral report. That would be a formal report, I would think, by that kind of language.

Ms. Hewett: I'm sorry; I'm not quite sure how else to answer the question.

Mr. Hudak: Basically, you've said that they've responded to you verbally and they've given you some numbers on the increase but there has been no formal report submitted.

Ms. Hewett: They've responded in briefings and presentations and so on.

Mr. Hudak: So there are some written presentations.

Ms. Hewett: Yes.

Mr. Hudak: Would you be so kind as to share the results with the committee?

Ms. Hewett: I certainly will.

Mr. Hudak: Are you satisfied that the OLG has fulfilled their goal here, which was to deliver summary conclusions to the government in the spring of 2006?

Ms. Hewett: I'm not aware that the minister or the deputy—and certainly I'm not—is dissatisfied with the reporting relationship, with the information that they've provided, with the regularity, the monitoring of the program that they're demonstrating.

Mr. Hudak: We obviously expect the Ontario Lottery and Gaming Corp., which is a significant corporation delivering significant revenues to the province, would follow through on its business plan. Its business plan says very clearly that they would deliver summary conclusions to the government in the spring of 2006 with respect to the bingo revitalization program. So it's not only the reporting relationship. I'm asking if there has been an actual report that has been delivered.

Hon. Mr. Caplan: I think the director has answered that.

Mr. Hudak: So there hasn't. Basically, that's the director's answer.

Hon. Mr. Caplan: Director Hewett has said that there is an ongoing relationship and a flow of information, but there has not been a formal report which has been delivered per your question.

Mr. Hudak: The director did indicate that there have been some formal presentations in a written form to the ministry, so I'm simply asking that those be produced for the committee's benefit.

Ms. Hewett: With a proviso that some of the presentations have some commercial sensitivity; but other than that, I would say, certainly.

Mr. Hudak: Super. If you want to blank out some commercial sensitivity, that's fine; take out the black marker. But I am curious as to how that project is going. I think the minister knows that Fort Erie has a substantial bingo industry, as does Niagara Falls, and if it's true that it has gone as well as has been indicated to you through the OLG, I'd certainly like to see that expanded, then.

My concern is that the OLG is actually fulfilling its business plan that it produced for the ministry back in 2005.

1630

Hon. Mr. Caplan: It is the intent to evaluate the success or the shortcomings of the bingo revitalization strategy, but it is an industry, as you well know, especially in the border communities, that has experienced some significant decline over time. The hope is that the revitalization effort will result in greater traffic and support for the local communities. If that can be achieved, the hope is that we can be in a position to expand in communities across the province. There may be next phases to the pilot, depending upon the data and the analysis that the OLG provide. I'm certainly very happy to provide to this committee, as Director Hewett has undertaken, the information that we have and what has been produced and shared with us.

Mr. Hudak: Super.

Page 33, again, of the OLGC's four-year plan has the budget for projected revenues from the various businesses that it conducts. The net profit, from the 2006 forecast to the 2007 budget, is down \$250 million. Even more disturbingly, the cash flow to the province is down some \$600 million. What's surprising, given that environment—and I can appreciate that there are some concerns in the border areas—is a \$600-million reduction in cash flow to the province, and corporate services are increasing expenses from \$113 million to \$185 million. I'd say to the director, how does the OLGC justify to the ministry a \$70-million increase in corporate services, while the net profits are diving by \$600 million?

Hon. Mr. Caplan: I'm happy to—

The Acting Chair: If I could interject for one second, could I have the director give us her name once more for the purposes of Hansard. We didn't catch it the first time.

Ms. Hewett: I'm sorry; it's Barbara Hewett.

The Acting Chair: Thank you very much. Go ahead.

Ms. Hewett: So I guess the question relates to an increase in the corporate services?

Mr. Hudak: In the light of the significant loss in profit that has taken place.

Ms. Hewett: Right. There are fixed costs, of course, in corporate services. There's some realignment in there, as I recall. I don't have the breakdown in my hands at the moment. We can certainly provide that. But there was some realignment within the corporation. Also, they launched a business optimization project which required some short-term funding, staffing and so on to do a review of the operating costs and to do an analysis and provide the board with some long-term advice on measures for improving the efficiency in the corporation, maximizing some of the business lines and so on. So that's a significant portion of that, as I recall.

Mr. Hudak: What do you mean by "realignment"?

Ms. Hewett: I'm going off the top of my head, so we can certainly provide the confirmation for the committee, but there were some expense areas that were moved into

the corporate services areas from previous years. I'm sorry, I don't recall offhand what those were.

Mr. Hudak: If you don't mind—I appreciate there's a level of detail—getting back to the committee. The concern I have, Minister, as you can see, is that we're seeing a reduction of \$600 million in cash flow to the province projected into 2007 from 2006 values. We've had layoffs at Casino Niagara; we've had significant layoffs at Casino Windsor. And in the midst of that, you see some \$70 million in increases on the corporate side. The administrative side of the OLGC is fattening while they're laying off people who are working at the border sites. You would have seen this document, as director responsible for agencies. Did the ministry accept this business plan with that kind of corporate increase while profits were falling?

Ms. Hewett: Did we formally accept the report? No, we didn't.

Mr. Hudak: Were concerns registered with this type of decision-making?

Ms. Hewett: We've been working with the agency to look at the long-term plan and provide some advice to the minister on whether, in fact, the report should stand as is or whether the minister may want to request modifications. A decision on that hasn't been made.

Hon. Mr. Caplan: Mr. Hudak raises, of course—there are several impacts. In fact, I think revenues had begun to decline around 2001-02 and there has been some pressure, not surprisingly. You saw the advent of cross-border casinos in Michigan and in the Niagara area on the American side. You've seen a change in the security policies flowing across the border. That has had some impact.

More recently we've also seen, of course, a rather rapid rise in the value of the Canadian dollar, which does affect competitiveness. There are a number of different factors that are contributing. I think it's important as well—the member did reference that there were, unfortunately, some layoffs at Fallsview in the Niagara area. Of course, Mr. Hudak is well aware that that was specifically due to a project of automation, a ticket in/ticket out system and table-touch system for table games, that is being implemented.

I know that Mr. Hudak, as the former minister responsible for OLG, would be familiar with these initiatives and with the need for the business to modernize and implement—

Mr. Hudak: Mr. Chair, I'd appreciate—

The Acting Chair: Minister, I'm going to turn it back to the member of the official opposition.

Mr. Hudak: My concern, obviously, is that in the midst of this significant reduction in revenues, the administrative side is fattening up. I find it hard to believe that there's not a better answer from the minister or his staff. I mean this with respect, but my goodness, you're losing \$600 million in cash for the province and you're seeing a \$70-million increase in corporate services. It's almost a 50% increase from where they were in the previous year.

Let me make another point. Layoffs of full-time workers at the three commercial casinos: Windsor is scheduled to reduce its workforce by 522 employees between 2006 and 2007; Rama, 130 employees; Niagara, 143 employees, for a total of, if I do my math correctly here, 795 employees. So almost 800 families and individuals are going to lose their jobs, and I wonder how many layoffs are taking place at corporate services.

Hon. Mr. Caplan: First of all, as Director Hewett indicated, the business plan that came forward from OLG—because it was presented doesn't mean it was necessarily accepted. Some were and others were not, and some of the realignments that Mr. Hudak has indicated have not been accepted or acted upon. I can't predict what's going to happen well into the future, but I can tell you that some of the elements in the business plan were not accepted by the government.

Mr. Hudak: Maybe I'll ask through the director: I think my numbers are accurate with the projected reduction of the workforce at those three commercial casinos. What's happening at corporate services? Are they increasing personnel or decreasing personnel?

Ms. Hewett: I'm sorry, I don't have that number in front of me.

Mr. Hudak: On page 67 they talk about the number of FTEs at corporate services. There are 47 additional jobs in corporate services and 43 additional jobs in something called gaming support, which sounds to me like another administrative position. So you have some 90 additional jobs happening in the central administration. I'm sure that's a big part of the \$70-million jump in the budget of corporate services. So how do you justify to the 800 or so families that have lost their jobs that corporate services is beefing up by 90 more individuals?

1640

Ms. Hewett: How do I justify it? OLG has 12,000 employees, and there's realignment happening in a number of areas. The minister mentioned ticket in/ticket out, which has an impact on the casino floor. They have different initiatives at the head office, including things like security, IT and so on that account for job changes there.

Mr. Hudak: So they're asking people at the casinos to accept layoffs because they're going to ticket in/ticket out, a loss of business due to the Smoke-Free Ontario Act etc—800 or so employees losing their jobs and 90 more individuals being hired in administration. Something called realignment is taking place, which seems to be fattening up the centre at the OLG. Minister, surely you must have rejected part of this report and said that it's actually unacceptable for 800 individuals to lose their jobs while 90 more are working in administrative functions.

Hon. Mr. Caplan: I think I've already indicated that parts of the plan presented by OLG have not been accepted by the government, particularly as they related to some of the realignment in the commercial casino operations. I think I've already indicated that in an earlier answer to Mr. Hudak.

Mr. Hudak: So when you said that you did not accept parts of this plan, was that done orally, or was there a written letter from the minister saying that you did not accept parts of this plan?

Hon. Mr. Caplan: I don't believe there was a written communication, but certainly orally in my conversations with officials in my ministry as well as officials at OLG and the board.

Mr. Hudak: Who did you convey that message to, that parts of this plan were not acceptable?

Hon. Mr. Caplan: The parts related to potential layoffs and potential realignments? I'm trying to think back to who was in attendance. I'd have to go back and review, but I do know that elements were not accepted. I'm not really certain I could provide a direct accounting for who was present during those conversations.

Mr. Hudak: Back to Ms. Hewett: Were you in the room when the minister rejected parts of the OLG plan?

Ms. Hewett: I was not, but I'm aware that he did. It was communicated to me by his staff.

Mr. Hudak: I'll ask the deputy if she was in the room when the minister communicated his dissatisfaction with the plan.

Ms. Layton: I was not in the room, but I certainly heard it directly because of the relationship that we have, where the minister and the chair and I meet with the CEO. The CEO and I met shortly afterwards, and it was related to me as well.

Mr. Hudak: Was there a letter from the deputy, then, to the CEO and chair of the OLG that the minister was dissatisfied with this plan?

Ms. Layton: It wasn't a letter. But could I just provide one bit of clarification on one thing that you're referencing in that document? The reference you have in there on page 67 around the FTE analysis, the 59 positions and changes? What they do say in this report—and bear in mind this is an internal document that this agency, which is a government enterprise agency, works through. This is a document where they indicate that there are no additional hires in respect of 2007. What you are seeing in that 53 is the full-year impact of vacancies that were filled in 2006, which is how they're clarified. I just want to make sure that's in the record.

Mr. Hudak: Sure. So sometime in 2006, these positions were filled up and reflected full year in—the point's the same: You're seeing about 800 people losing their jobs at the casinos and the OLG is hiring all these new positions administratively.

The minister has said that he rejected parts of this plan. You conveyed that to Mr. Brown and to the chair of the OLG. You didn't put it in writing. How did they respond to you?

Ms. Layton: Because we have monthly updates—it's an ongoing relationship, it's an ongoing liaison that we have. There are telephone calls, there are certainly meetings that we have on a regular basis between the minister, the chair, myself and the CEO, and likewise with the staff as well. That's how we do a fair amount of our communication.

I guess the point I'd make there again is that this is a document that was done by the agency reporting to the board of directors. The board is an autonomous entity, in a sense. The chair, though, has a responsibility to report to the minister. It was in that context that this report is provided, but it's also in the—

The Acting Chair: Deputy Minister, I'm going to have to stop you there. Time has expired. I apologize for not giving warnings that it was coming.

We're now going to move to Mr. Tabuns of the third party. He will have 20 minutes of questions and answers.

Mr. Peter Tabuns (Toronto–Danforth): Minister, one of your responsibilities is outlined in this results-based plan briefing book: "Continue to advance the revitalization of Toronto's waterfront to transform it into an urban treasure." Can you tell us what your ministry did to block the Portlands Energy Centre from going forward, if anything?

Hon. Mr. Caplan: I can tell you that as a government, we believe Portlands Energy Centre is critical to meeting energy supply needs. Our ministry did not block it; in fact, we support the construction of something which will provide Torontonians with the energy supply they require now and in the future. I would just say that it would seem foolhardy to me to build a revitalized neighbourhood but not give them access to electricity in order to light the homes, to heat the businesses or to make sure that those neighbourhoods are safe. Mr. Tabuns may disagree with me, but we'll have to agree to disagree.

Mr. Tabuns: You know that the TWRC opposed the Portlands Energy Centre?

Hon. Mr. Caplan: I understand that.

Mr. Tabuns: Do you have any authority over the TWRC?

Hon. Mr. Caplan: As you're well aware, there is a chair who is jointly appointed by the three shareholders, federally, provincially and municipally. Each of the shareholders has four members that they nominate to represent the individual shareholders on the board. So I don't have authority over the board—they are an autonomous board—but of course I do meet on a pretty regular basis with the four provincial members on the Toronto Waterfront Revitalization Corp.

Mr. Tabuns: Does your vision of the waterfront include the development of energy-from-waste plants on the waterfront?

Hon. Mr. Caplan: I don't believe that was something I recall being contemplated in the waterfront revitalization plan.

Mr. Tabuns: So would you oppose the development of an energy-from-waste plan on the waterfront?

Hon. Mr. Caplan: It's a hypothetical question, so it's rather difficult to answer until I see a proposal. I am aware that in countries around the world, some of the most environmentally sound regimes, certainly in Sweden and Germany, have integrated waste management technology within their community design. I know that my colleague the Minister of the Environment has taken great effort to assist the city of Toronto with a

solution to the waste issues they face. Of course, that's a responsible thing for the provincial government to do.

Mr. Tabuns: So you see energy from waste as an environmentally responsible approach to dealing with the waste issue?

Hon. Mr. Caplan: We can canvass my personal views, but there's no official Ministry of Public Infrastructure Renewal position on waste management. I think your question would be far better put to the Minister of the Environment.

Mr. Tabuns: Well, you're responsible for the revitalization of Toronto's waterfront; you're responsible for continuing to advance the revitalization. Energy-from-waste plants have been a constant issue at that waterfront. A number have been defeated over the years. If you have provincial responsibility, I would like to know if you, as the provincial authority responsible, would be opposing energy from waste in this waterfront, given your concern or your direction to see revitalization occur?

Hon. Mr. Caplan: Mr. Tabuns, you ask a hypothetical question. I don't believe that there is a proposal in front of the Ministry of Public Infrastructure Renewal, the city of Toronto or the Toronto Waterfront Revitalization Corp. for such a regime.

I can tell you the wonderful successes that we've had in revitalizing the city of Toronto waterfront. For example, construction has begun on the Don River Park and to revitalize the precinct known as the west Don lands, an 80-acre area of downtown which has been a brownfield, lying fallow for so many years. You would know it if you'd been to the Distillery District on the other side of Cherry Street. You will see what I call the most beautiful pile of rubble that I've ever seen, and that building demolition began in March 2006.

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We've seen other tremendous successes on the city of Toronto waterfront in partnership with Mayor Miller and with federal colleagues—I want to give them their due—whether that's the central harbourfront revitalization, the Mimico Park, or Port Union park. The harbour's edge project has been a tremendous success, has drawn visitors down to the waterfront, helped to revitalize life down there. The western beaches watercourse: This past summer I hope you had a chance to attend the International Dragon Boat Championships hosted down on the waterfront. It drew literally hundreds of thousands from around the world to this world-class event.

There's much more that I could talk about, but I know that you'll have some additional questions. Perhaps I'll be able to highlight some of the other wonderful accomplishments in revitalizing Toronto's waterfront in a few short years, because there's so much more yet to come.

Mr. Tabuns: Your answers have been very useful, I have to say, for the record.

Hon. Mr. Caplan: Thank you.

Mr. Tabuns: I intend to make my neighbourhood well aware of them.

Minister, you've expressed support in the past for changing the Toronto Waterfront Revitalization Corporation Act to allow for elected representatives to be a

minority of the board. You agreed that such a board make-up would lend to a greater public accountability and would hasten successful implementation of Toronto's waterfront plans. When will you be bringing forth amendments to the act?

Hon. Mr. Caplan: I believe I already have and that they have been passed by the Legislature. The mayor of Toronto currently sits on the board of the Toronto Waterfront Revitalization Corp. I'm surprised you're not aware of that, Mr. Tabuns.

Mr. Tabuns: Which act was that?

Hon. Mr. Caplan: I believe that was passed—when was the amendment; that's the actual act—in the 2005 budget bill. That's actually another wonderful success, and it brings much-needed accountability. Now, of course, our federal partners at the time indicated absolutely no interest in having federal representatives. So it is possible for municipal or provincial members—I don't believe it's appropriate for me or for provincial members to sit, and we will not be taking a seat on the Waterfront Revitalization Corp. But I know the culture at the city of Toronto. Whether it's the TTC, the police services or other boards or agencies that they work in, it's often the accepted practice that the policy-makers, the political leaders, do sit on the board of directors. In this case, Mayor Miller has been a member of this corporation, I think, for about a year now and has provided excellent leadership. I look forward to his continued participation in working with us to revitalize the waterfront.

Mr. Tabuns: Minister, when will you put forward a name for consideration for the Ontario seat that is currently vacant on the board, and will this person be appointed from the energy sector?

Hon. Mr. Caplan: Again, I think you're mistaken, Mr. Tabuns. The four members—and I'll be corrected if I'm wrong, and if there is a series of questions on the waterfront, I'll ask John Howe to step up—I believe, are Ross McGregor, Kevin Garland, Bill Charnetski and Vivien Dzau.

Mr. John Howe: That's correct.

Hon. Mr. Caplan: So there are no vacancies. Now, there are or there were two federal vacancies which have, I believe, recently been filled. I believe the board is at full complement presently. Again, I'm surprised you're not aware of that.

The Acting Chair: I'm just going to get your name and title for Hansard, please, sir.

Mr. Howe: John Howe, director, municipal infrastructure branch.

The Acting Chair: Thank you very much, sir. I guess Mr. Tabuns had another question.

Mr. Tabuns: Thank you. The provincial government has an appointee on the Toronto Port Authority Board—

Hon. Mr. Caplan: I don't believe so. In fact, that's a federal agency. I don't believe that there is any provincial participation.

Mr. Tabuns: Have you heard of Michele McCarthy, chair appointed by the Ontario Ministry of Transportation for a three-year term?

Hon. Mr. Caplan: I believe I once met Ms. McCarthy at a social function, but I don't believe that she is a provincial appointee. I've met her once; other than that, I've never met her before.

Mr. Tabuns: She has been appointed by the provincial government.

Hon. Mr. Caplan: Well, she may have been appointed to another position by the provincial government, but I don't believe there are any provincial appointees on the federal port authority.

Mr. Tabuns: As far as I know, there is.

Hon. Mr. Caplan: With respect, the information that you had around a provincial vacancy, the information that you had around elected officials was incorrect. So for this one, perhaps, with respect, Mr. Tabuns, you may want to clarify whether or not that's the fact, because I don't believe that that's the case.

Mr. Tabuns: I'll pass you this page from the website for the Toronto Port Authority: "The following board member was appointed by the Ontario Ministry of Transportation, for a three-year term:

"Ms. Michele D. McCarthy, Chair."

Hon. Mr. Caplan: I'm certainly not aware or familiar—

Mr. Tabuns: Now you know.

Hon. Mr. Caplan: And—

Mr. Tabuns: Do you have a position on the expansion of the island airport?

The Acting Chair: Mr. Tabuns, did you want that filed with the committee?

Mr. Tabuns: Sure, that would be fine. You can file it with the committee.

Hon. Mr. Caplan: In fact, the island airport is specifically excluded from the waterfront. It falls under the purview of the federal government. Of course, rather famously, the municipal government, led by the mayor, has some very strong views. The province is not a party to any of the decisions being made around the past, present or future expansion plans or otherwise of the Toronto Island Airport.

Mr. Tabuns: So even though your responsibility is for continuing to advance the revitalization of the waterfront and even though this government appoints the person who is currently the chair of the Toronto Port Authority, you don't have a position on the island airport?

Hon. Mr. Caplan: I think I just answered that question, Mr. Chair, that the island airport, when the partnership between the federal, provincial and municipal governments to form a revitalization effort and a revitalization corporation, and the funding—that particular area was specifically excluded because it is solely under federal and municipal jurisdiction. The province has absolutely no interest in getting involved in conversations around the expansion, because there is, I believe, 3,000 acres—2,000 acres; I apologize—of Toronto waterfront that is the focus of my attention and efforts, and, as I've mentioned, a couple of the projects, which I'm so absolutely delighted that we've moved ahead with.

Mr. Tabuns: No position. Thank you.

Hon. Mr. Caplan: You're welcome.

Mr. Tabuns: On another matter, the Watertight report: The water strategy expert panel you appointed in 2004 reported in May 2005. That's about 18 months ago. We couldn't find a response to the expert panel from you or your government. Can you give us an idea of when you'll provide Ontarians with a full response to the various recommendations made by the expert panel?

Hon. Mr. Caplan: I had a chance to talk about this yesterday in a response to Ms. Mitchell. I'm quite pleased with the efforts that we've made to date. The time that I've taken, and I kind of relate this to the work that we did on the growth plan, was literally two years working with municipal leaders, environmental leaders, development, business and industry leaders and the general public in building a plan that I think is undoubtedly one of the premier strategies in North America for growth planning and development. Something as critical as our water resources, as our water investment needs, as the kinds of things that I believe do need to be addressed because they have not been the subject of the kind of provincial attention—I dare say municipal attention and federal attention as well. I'm prepared to spend the time. So last year—or, rather, earlier this year—I had an opportunity to sit down with the board of directors of the Association of Municipalities of Ontario to talk to them about next steps. I've taken great pains to meet with the Ontario Municipal Water Association and the Ontario Water Works Association. I believe we have today at Queen's Park members from the Ontario Sewer and Watermain Construction Association. I've met, and continue to meet, with these and many others who are very interested in water, in public policy, in investment strategy. So we are putting together our very best efforts to build the kind of consensus, to build the kind of plan, and I look forward to continuing to work on a water investment strategy in collaboration with these partners, people who understand the importance of finally getting the kind of investment and support in this sector that is required.

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Mr. Tabuns: So when? I asked initially, when? So when will you bring it forward? I'm sure you can talk with a lot of people for a long time.

Hon. Mr. Caplan: I think that's certainly a fair question. As I did indicate, I spent two years on the growth plan, and I'm prepared to spend the time that it takes to work with our municipal partners, our sector partners. I'm certainly interested in those who are interested in developing it. There are many complex issues between how, why, staging—all kinds of matters. The approach that I and the Ministry of Public Infrastructure Renewal have taken is to work to build, to the greatest extent possible, the kind of consensus, the kind of collaborative approach. So I think it would be a mistake to say that we'll have something done on this particular date if we can hammer out something with our sector partners. I'm committed to doing that and, to this day and well into the foreseeable future, will remain resolute—

Mr. Tabuns: So you have no target date for coming back with a response, is that correct?

Hon. Mr. Caplan: I don't have a specific date I can share with you, because it is a work in progress.

Mr. Tabuns: Okay, so there is no date.

The water strategy expert panel advocated an investment of more than \$30 billion over the next 15 years to overhaul aging sewer and water systems and to expand them to handle population growth. Could you tell me the total amount of funding your government has spent to date—not in the future, but to date—overhauling aging sewer and water systems and expanding the existing systems?

Hon. Mr. Caplan: Off the top of my head, I can't provide that, but we can follow up and provide it. We do provide significant dollars through a number of different supports, whether that's strategic infrastructure funding that we made available. The Canada-Ontario municipal rural infrastructure fund, a very successful program that we have brought forward, has brought significant investment in Ontario's water and waste water systems. I would be—

Interjection.

Hon. Mr. Caplan: Okay, let's see. We did inherit some programs under the previous government, particularly the Ontario small town and rural fund. Over the period of time that it's funding: 213 municipalities, \$309 million.

Millennium Partnerships: Again, another partnership fund with the federal government, which includes planned provincial water and waste water investments between 2006-07 and 2009-10; over this period of time, a \$28-million investment in London, Waterloo region, Niagara region, Hamilton, Windsor and Sudbury. We don't have all of the data before that period of time, but I can work on getting it to you.

We provided \$35 million to Hamilton in 2005-06 through the strategic infrastructure fund, and \$25 million to Kingston in 2005-06 for water and waste water projects.

COMRIF intake 1: \$81.4 million for water and waste water projects and an additional \$77.5 million through intake 2; 47 municipalities received funding.

The other source of funds has been through something that we set up in the 2004 budget in the province of Ontario, something called the Ontario Strategic Infrastructure Financing Authority. OSIFA has committed \$1.3 billion—

The Acting Chair: One minute left.

Hon. Mr. Caplan: Thank you, Mr. Chair.

OSIFA has provided \$1.3 billion in affordable long-term financing for water and waste water projects to 135 municipalities. I would add that that is a rather breathtaking investment.

The expert water panel indicated that \$9 million for what they called deferred maintenance and \$25 million over the course of a 10-year period of time, perhaps a 15-year period of time, would be required. Officials working in my ministry estimate a similar kind of investment, somewhere between \$40 billion and \$50 billion over a

20- or 25-year period of time. Clearly, that is why we're taking the kinds of efforts to receive advice from the expert water panel, and also connecting with our local and municipal officials and other sector partners.

The Acting Chair: Thank you very much, Minister. We're now going to move to the government side.

Mr. John Wilkinson (Perth–Middlesex): The government doesn't have any questions at this time. We don't yield our time, but we'll stand it down for the moment in the interest of time.

Hon. Mr. Caplan: That is a very generous—

Mr. Hudak: Particularly on a birthday.

Mr. Wilkinson: It is someone's birthday, yes.

The Acting Chair: This likely would be—

Hon. Mr. Caplan: I'll stand down my rebuttal at the end, my closing remarks, if that will help.

The Acting Chair: We'll now move to the official opposition. Mr. Hudak, you have 20 minutes.

Mr. Hudak: Thank you, Chair. And maybe it's possible for Ms. Hewett to return. I do want to continue asking some specific questions about the Ontario Lottery and Gaming Corp.

First, to the deputy: You had conveyed the minister's rejection of the business plan, or parts of the business plan, to the CEO and the chair of the OLGC. So can we expect a revised plan?

Ms. Layton: I think we won't see a completely rewritten plan. We certainly have asked that there be some changes made to it, so there will be some amendments to the document, most likely as the year progresses, as we work with the agency.

Mr. Hudak: When did the meeting take place where you conveyed the minister's concerns about the business plan?

Ms. Layton: Probably a couple of months ago; I'm trying to recall when it was. I would have to double-check, though, to get it. We meet every month with them, so it would have been at one of those sessions that it would have been relayed to the chair.

Mr. Hudak: But this would have been a rather fateful meeting, I would think, right? We're looking at 800 layoffs or so at the casinos alone, and we're seeing a fattening up of the administration at the OLGC. Certainly, this would be a meeting of some significance. So when do we expect the OLGC, then, to submit their revised plan?

Ms. Layton: If this is November, probably in the next few months, towards the end of the fiscal year, perhaps March.

Mr. Hudak: Specifically, what should we look forward to, then, in terms of changes from the plan that I have in front of me?

Ms. Layton: I wouldn't have that detail right now. Some of the folks have done some analysis of it, so I wouldn't be able to give you exactly where you can expect changes. But certainly concern about the impact on communities around some of the technology changes has been expressed to the agency.

Mr. Hudak: Specifically, what parts of the business plan did you convey to the OLGC that the minister rejected?

Ms. Layton: Again, it was in a meeting and I don't think it was itemized. Could you speak to that, Barbara?

Ms. Hewett: As I recall, the primary concern was around the proposals for staff reductions in the casinos and so on, and it was that specific issue that most of the discussions related to.

Mr. Hudak: Was there concern expressed about the growth of jobs on the administrative side?

Ms. Hewett: I don't recall that. I do recall that the minister was concerned about the proposal for layoffs. I know from what his staff reported to me that he spoke with the agency about that, as did the deputy in her follow-up sessions.

Mr. Hudak: What layoffs do we anticipate, according to the existing plan, on the racetrack and charity casino side of the business?

Hon. Mr. Caplan: I don't think I'm in a position to convey that to you, Mr. Hudak, until the agency provides back to us their revisions to the business plan, which they originally brought forward but was not accepted.

Mr. Hudak: Surely you would recollect, Minister, since you obviously have expressed concern, according to staff, about the layoffs taking place, and we expect the OLGC to respond as a result, whether there were planned layoffs in the existing business plan on the racetrack and charity casino side as well.

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Hon. Mr. Caplan: I can tell you that when there were some labour adjustments, some layoffs contemplated, I expressed concern over that, and asked that that be revisited and shared with me at some future time. That has not been done to date, so I regret that I can't inform you what that is at this moment in time.

Mr. Hudak: So you do recall that there were to be layoffs in the racetrack and charity casino sector?

Hon. Mr. Caplan: I can tell you that there were proposals for labour adjustments, and I provided instruction that that be revisited.

Mr. Hudak: I'll be specific. Page 51 of the report details that actually some 124 net positions will be eliminated at the racetrack and charity casinos, and there will be new hires at Ajax in gaming support, which I mentioned. So aside from Ajax, there's actually a net layoff of 364 jobs at racetracks and charity casinos. If you total that up with the commercial casinos, that's 1,159 people who will lose their jobs.

Hon. Mr. Caplan: I don't believe that the figure you're quoting on the casino side is an accurate figure, given the fact that instruction was provided to the agency, either through officials, my staff or in direct conversation, that there was not an acceptance of that. Nor were these particular labour adjustments accepted either. So it would not be accurate to say that this is something which is coming imminently to the various venues around the province of Ontario.

Mr. Hudak: That's reassuring. And to be clear, I'm quoting from the Ontario Lottery and Gaming Corp.'s four-year plan.

Hon. Mr. Caplan: I understand. I hope you'll appreciate, Mr. Hudak, that in response to the standing committee on government agencies, because our government and the agency are very committed to full transparency, to wanting to allow that kind of oversight, we provided the committee members with the business plan. I believe that's the first time that has ever happened. We certainly do want you and all members to be made aware that simply because it appears in a plan, it does not mean that it is accepted by the shareholder.

Mr. Hudak: Let me make this point. This was for fiscal 2005 to 2008, so it was likely produced some time in 2005—maybe before 2005. About two months ago, according to the deputy, there was a response given to this report that said that parts of this business plan were unacceptable—a couple years after it was produced, but we're pleased to see that you're reacting.

Hon. Mr. Caplan: Understand that responsibility for OLG—

Mr. Hudak: Minister, let me ask you a specific question. If—

The Acting Chair: Minister, let's let the—

Mr. Hudak: Minister, I have a very specific question: If 1,159 layoffs were unacceptable, what did you say was the acceptable level?

Hon. Mr. Caplan: I did not provide direction for an acceptable level but asked for that to be revisited and for OLG to come back and have a conversation with me as the shareholder, the representative of the people of Ontario, about what they felt was reasonable. For example, on the advent and implementation of the technology file, I think they do make a reasonable case, although I want to say that it is regrettable, and provide not only good wishes but whatever support we can to those families that were affected in the particular case in the Niagara area, to the 104 people who were dislocated through the advent and implementation of technological solutions. So if they can be justified or if there is a case to do so, those can go ahead, but it is with some regret. Others I certainly want to get advice about and minimize any potential impacts on Ontarians and Ontario families to the greatest extent possible.

Mr. Hudak: Another aspect of the OLG's business plan, on page 38, talks about the impacts of the Smoke-Free Ontario Act causing a reduction in business. Will the reduction caused by the Smoke-Free Ontario Act be temporary or permanent?

Hon. Mr. Caplan: I must say, while it's still early days—I believe the Smoke-Free Ontario Act came into effect on May 31 of this year, so we're not even six months in—we'll have to be evaluating it. I know that OLG plus the operators are monitoring quite carefully what the experience has been. In fact, if you look at some of the experience down in the United States, particularly in the restaurant sector, they saw an increase in the amount of traffic and in the revenues of establishments that went this direction first. Whether that's the case here or whether it's something else, we'll be in a much better position to evaluate and to provide the kind of mitigation

that we are working to get ahead of. For example, we understand—

Mr. Hudak: That's fine. It's a simple question about whether it's temporary or permanent. The reason I'm asking, and I'll direct this back to the director, is that the OLG makes a number of assumptions. They say that in Windsor the impact of the Smoke-Free Ontario Act will be temporary. When it comes to Niagara, it's considered permanent for American patronage, and it would be four years for Canadian patronage; Rama recovers in two years. What's different about a customer who goes to Rama or to Windsor or to Niagara that they would have this type of different behaviour when it comes to the Smoke-Free Ontario Act?

Ms. Hewett: The difference is in the gaming markets in which those three facilities exist and the choices that smoking customers have to make. A significant portion of the customer base for Windsor, for example, comes from across the border. Michigan has three large casinos that are all smoking facilities. Similarly, in Niagara, there are choices across the border which are smoking facilities. So they've projected that based on looking at the market. Rama is quite a different situation, obviously, with its large Ontario customer base.

Mr. Hudak: The Detroit casinos allow for smoking?

Ms. Hewett: Yes, I'm quite sure they still do.

Mr. Hudak: And the western New York casinos allow for smoking?

Ms. Hewett: Yes.

Mr. Hudak: So why is the impact considered permanent in Niagara and temporary in Windsor?

Ms. Hewett: It relates to where the customer draw is. The Windsor casino draws a significant portion of its customer base from Michigan, and the Niagara casino doesn't depend quite so heavily on American customers.

Mr. Hudak: Let me be clear. The document for the OLG is very specific. It says that American patronage at Niagara is considered to be a permanent loss, whereas Windsor, which you said depends largely on American patronage, is considered to be temporary. So I don't understand why they have different assumptions when they both depend on American patronage.

Ms. Hewett: I think part of that has to do with the reinvestment that's going on in Windsor right now, which is expected to reposition that casino and make it a very competitive facility.

Hon. Mr. Caplan: That would be the \$400-million entertainment and convention complex. I know you and your colleagues have been quite critical of that, but we do believe that is an appropriate investment that will help stimulate and support the economy of Windsor. I think that's an important area economically for our province. I know the investment enjoys a great deal of support in the local community.

Mr. Hudak: But do you believe that investment, then, eliminates the impact of the Smoke-Free Ontario Act; that the American customers will all come back?

Hon. Mr. Caplan: I believe that—and, for example, a sports lounge recently implemented in Niagara Falls. So

there are other kinds of investments. We certainly see the impacts on security concerns. We note that there may be pressures related to a smoke-free Ontario, although I think we are still in early days, on the valuation of the dollar, the competition from border operations on the other side of the border, and we are taking mitigation strategies ahead of some of these possible impacts. I think it's hard to predict the cumulative effect of all of the different elements in all of the different markets, because they are somewhat specialized and unique. I will leave it up to people a little bit more expert than I in some of the market analysis to explain their underlying assumptions and why they believe certain markets will react in particular ways. However, I will say that it is important that the province of Ontario develop a gaming and a mitigation strategy for these competing forces, some of which are beyond our control.

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Mr. Hudak: Well, we will watch this closely, obviously, because you mentioned some enhancements to Niagara to attract patronage, yet the assumption is that it's a permanent loss at Niagara.

Hon. Mr. Caplan: Well, in fact, we have—

Mr. Hudak: If I could finish, Minister.

Hon. Mr. Caplan: Sorry.

Mr. Hudak: The assumption is that once the expansion opens up in Windsor, magically all the Americans will return. We'll see if that's true. We do hope the American patronage returns. I just want to register a concern—and hope you will watch it closely—that the assumptions have been cooked to try to justify the Windsor project. We'll watch it closely and see if in fact the expansion will attract all of the customers that the OLCG predicts.

I want to move now, Chair—and thank you, Ms. Hewett, very much for your time—to the LCBO as the next agency. Minister, is there somebody here who has responsibility for that?

Hon. Mr. Caplan: Barbara Hewett, step right up, please.

Mr. Hudak: Ms. Hewett, perhaps you could describe the bidding process that occurred that gave the Beer Store the privilege of accepting all the return bottles from the LCBO.

Ms. Hewett: You mean a competitive tender?

Mr. Hudak: Right.

Ms. Hewett: This was a non-competitive tender. A decision was taken to get this program operating as quickly as possible, and so the Beer Store was selected.

Hon. Mr. Caplan: You are familiar, of course, that procurement guidelines do allow for sole-source contracts in cases where there is justification. In this case, we have a very mature deposit-return system. I believe it operates, reportedly, with 96% efficiency. I know this question has been raised in the House, and my reply now is the same as then, that there's a need to show leadership on this file. We believe that this is a significant win for the environment and a significant win for Ontarians. It does, I believe, enjoy tremendous public support, and we wanted to get this up and running as quickly as possible.

Mr. Hudak: I guess the point I'm getting at is that when this has happened in previous jurisdictions, there's been a bidding process, and Ontario chose not to. Was it the advice of the ministry to the minister to circumvent the normal bidding process in this case?

Ms. Hewett: As the minister outlined, there's nothing abnormal about the process that was used. The procurement guidelines do allow for a non-competitive tender, which is the process that was followed in this case.

Mr. Hudak: But specifically, was it the ministry's advice to the minister to circumvent the bidding process?

Ms. Hewett: You mean the Ministry of Public Infrastructure Renewal?

Mr. Hudak: Right.

Ms. Hewett: There was a fair bit of analysis that went into supporting a cabinet decision that was taken.

Mr. Hudak: Was it the ministry's advice that the bidding process should not be followed?

Hon. Mr. Caplan: I believe that the submission was from the Ministry of the Environment and the Ministry of Finance to pursue the policy direction and the implementation. Of course, the Ministry of Public Infrastructure Renewal, with the LCBO falling under our ministry, is responsible for the implementation. So the decision to do so was supported or brought forward by other ministries and the decision was taken.

Mr. Hudak: Okay. When did contract negotiations begin with the Beer Store to implement this program?

Hon. Mr. Caplan: Early September.

Mr. Hudak: Do you know when?

Hon. Mr. Caplan: The exact date? I don't know the exact date.

Ms. Hewett: I think it was around the 20th, but we began a series of exploratory meetings with the Beer Store and then moved into a more formal negotiation stage.

Mr. Hudak: When did the exploratory meetings take place?

Ms. Hewett: I'm sorry. I don't have those exact dates.

Mr. Hudak: Around that time, September 20?

Ms. Hewett: The third week of September.

Hon. Mr. Caplan: As well, a series of meetings was undertaken with several stakeholders within the sector to gain insight and advice on how the government should approach Brewers Retail International and the kind of things that we should be mindful of as we worked toward a contract being delivered.

Mr. Hudak: So the date of the cabinet meeting when environment and finance brought the proposal to circumvent the normal bidding process took place—

Hon. Mr. Caplan: I don't have that date; I'm sorry. But it would be contained within the cabinet meeting—

Mr. Hudak: Cabinet made a decision with respect to circumventing the bidding process to award the Beer Store this contract.

Interjection.

Hon. Mr. Caplan: Go ahead.

Ms. Layton: It was in the first week of September that the actual cabinet decision was taken. The MOU was

signed on September 8, which I believe was a Friday. It was announced on September 10.

Mr. Hudak: So the exploratory discussions with the Beer Store took place after the decision was made by cabinet, the sole-source.

Ms. Hewett: The exploratory discussions I was referring to—once we had been given direction by cabinet to move into this, my involvement began, and we began exploratory discussions to begin to scope out what a contract would look like.

Mr. Hudak: Okay. So has the contract been signed yet?

Hon. Mr. Caplan: We're actually in the final stages of putting that together, and hope to be in a position in the very near future to be able to share that with members of this committee and the people of Ontario.

Mr. Hudak: Will there be a handling charge for the Beer Store for handling this?

Hon. Mr. Caplan: That will be contained in the contract. I'm happy to report on it once everything is finalized.

Mr. Hudak: So what's in it for them, then, if there's no handling fee?

Hon. Mr. Caplan: I said that will be contained in the contract and we'll be happy to share the details once everything is finalized. I just don't have anything to share with you at this point.

Mr. Hudak: Don't they kind of have you over a barrel? Basically, the Premier went out there and said, "We're going to do this." Then he said, "Minister, you go and negotiate this with the Beer Store." So you've been locked into this by the Premier, and then you say, "Okay, let's start negotiating." To use a bit of a pun, don't the beer guys have you over a barrel?

Hon. Mr. Caplan: I think that in fact the Premier showed the right leadership in taking Ontario perhaps where we should have been a decade or longer ago. Many other provinces—I believe Ontario and Manitoba, although Quebec has a bit of a funny system, are the only two without a formal deposit-return system. It's something that has been called for by environmental advocates. I note the recent Environmental Commissioner report and the line of questioning during the government agencies committee in this regard. But many others—the Association of Municipalities of Ontario have long been calling for this.

Mr. Hudak: It did put you in a bit of a tight position, I would say to the minister.

Hon. Mr. Caplan: Well, you asked the question, and I do want to provide an answer.

Mr. Hudak: I'm happy with your answer.

Hon. Mr. Caplan: Well, hold on. We have—

The Acting Chair: Minister, I'll ask you to allow the member of the opposition to ask his questions.

Hon. Mr. Caplan: Okay. In short, I disagree with the characterization of the member in that regard.

Mr. Hudak: In the Legislature, when questioned by Mr. Tory on October 3, 2006, I think the date is, Premier McGuinty said there's going to be a stamping program,

that all of the bottles that will be part of this recycling initiative will be stamped. When does the stamping initiative get under way?

Hon. Mr. Caplan: I don't know what format or how that's going to be handled. A lot of that is part of the detail informing the implementation phase. As we haven't reached finalization of that, I'm just not in a position at this moment to be able to share all those details with you, although you do have my undertaking that once we come to finalization, it is fully our intent to share the contract and to share the arrangements we've reached—aside from, of course, commercially sensitive information—with you, members of the assembly, and the people of Ontario.

Mr. Hudak: Craft brewers, as you know, Minister, are very concerned that the Beer Store is going to require space to store the different types of bottles. I have a great concern that the craft brewers have been squeezed out of the Beer Store. It's getting increasingly difficult to find craft products on their shelves. So what are you going to do? You've given the Beer Store this sole-source contract. Management in Colorado and the Netherlands and Japan are going to be very happy about the money going to their corporate coffers. What are you doing to protect the little guy, the small brewers, to make sure they don't get squeezed off the shelves of the Beer Store? Surely there must be some public policy in return for giving the Beer Store this fat contract.

The Acting Chair: Minister, if you could make this answer fairly quick. You have less than half a minute.

Hon. Mr. Caplan: Oh, my, Mr. Chair. This is a very difficult one to answer very quickly, because in fact there are 30 Ontario craft brewers. I've met with Mr. Hay and members, and have very high regard for them. In fact, the LCBO is helping a significant marketing campaign—

The Acting Chair: In fact, Minister, you're out of time.

Hon. Mr. Caplan: Perhaps I'll have additional time—

The Acting Chair: You will have some time at the end of the next section.

1730

Hon. Mr. Caplan: Perhaps I will, because I think it's a very good question.

The Acting Chair: Now we're going to turn this over to Mr. Tabuns of the third party. I just wanted to inform you that I gave the opposition 23 minutes, not 20. We're going to do the same for the third party, and then the government party will be able to sum up without interruption. Mr. Tabuns, you have 23 minutes.

Mr. Tabuns: Okay. Where we left off was the question about funding to date for overhauling aging sewer and water systems and expanding existing systems. So can you provide to this committee the funding the government has provided over the past three years for sewer and water systems only under the following programs: COMRIF, the Ontario Strategic Infrastructure Financing Authority, the Ontario small town and rural infrastructure development program, and the Canada-Ontario water supply expansion program? Can you commit to giving us those numbers?

Hon. Mr. Caplan: I think I did in an earlier answer in quite significant detail. However—Mr. Chair, I believe I did provide answers in significant detail—I will, once again, provide it. On the Ontario small town and rural, including water and waste water projects since the third quarter of 2003-04 to the end of 2005-06, planned investments in 2006-07, 2007-08 and 2008-09: Over this period of time, \$309 million invested in 213 municipalities in Millennium partnerships. I believe you referred to that as the Canada-Ontario agreement.

Planned provincial water and waste water investments between 2006-07 and 2009-10: Over that period of time, a \$28-million investment is being made in London, Waterloo region, Niagara region—

Mr. Tabuns: No, I'm not interested in the future. I asked about the last three years.

Hon. Mr. Caplan: Okay. As I said, as I indicated, we've been unable to obtain all of the investment data under the Millennium Partnership since 2003, so I did indicate \$20 million in CSIF in 2005-06.

The Acting Chair: Minister, I'm going to give some leeway to Mr. Tabuns.

Mr. Tabuns: Since you didn't have the data, I just ask that you provide it at a later point.

Hon. Mr. Caplan: The question was specifically if I could provide the data on all these programs, and I'm trying to do so. So please—

Mr. Tabuns: Over the past three years.

The Acting Chair: Mr. Tabuns has advised us that he's satisfied with that answer at this point and he wants to move on.

Hon. Mr. Caplan: Well, I've only given two of the programs.

The Acting Chair: Minister, I'm sorry, but I do have to give some latitude to the third party here.

Hon. Mr. Caplan: Okay. Well, if you don't wish me to answer, Mr. Chair, that's fine.

Mr. Tabuns: Minister, your water strategy expert panel called for the establishment of an Ontario water board. Are you planning to establish one, when, and do you have a plan for its structure and what its powers are going to be?

Hon. Mr. Caplan: Well, in fact, this is one of the areas of keen interest to our partners in the water sector, municipal folks for sure. I'll tell you in all candour, Mr. Tabuns, that one of the areas where municipal officials have expressed concern or reservation has been in regard to their experience with the Ontario Energy Board. They're making our ministry very mindful of the fact that the heavy-handed regulatory environment and structure that was imposed is something that they don't feel worked particularly well in that sector. Our undertaking to our municipal officials is to work together in the collaborative fashion that I described earlier to be able to deal with the recommendations that the expert panel came forward with. As you can appreciate, there is a wide variation in opinion among a number of the sector players and a number of the stakeholder interests. So this is an area where we're continuing to build and try to

achieve some of the consensus that I've talked about earlier. This is an area of ongoing work.

Mr. Tabuns: So are you planning to establish an Ontario water board?

Hon. Mr. Caplan: As I say, the expert panel provided recommendations to the government. It is up to the government and, most importantly—

Mr. Tabuns: Well, it is up to the government. Are you planning to establish one?

Hon. Mr. Caplan:—most importantly, to our municipal partners, because these are municipal systems involved, and we think they ought to be able to have significant input and help and assistance in putting together the water sector strategy.

Mr. Tabuns: So are you planning to establish a board?

Hon. Mr. Caplan: I don't think it's fair to say that any specific decisions have been taken. We are still working to build and achieve the kind of collaboration and consensus-building that public infrastructure renewal has been well-known for. This is an area of ongoing discussion with our municipal partners.

Mr. Tabuns: So, no decision at this point?

Hon. Mr. Caplan: I think that's what I said.

Mr. Tabuns: The Watertight report talked about the need to have consumers pay the full cost of water and sewer services. As you're well aware, some communities are in more difficult financial straits than others. Do you think Ontarians, especially those on fixed incomes, should be paying the full cost for hooking up water or sewer services? If you don't think that's the case, what are you proposing to do about it?

Hon. Mr. Caplan: You would be aware, Mr. Tabuns, that we have the Sustainable Water and Sewage Systems Act currently on the books in the province of Ontario. You'd be well aware that that falls under the carriage of the Ministry of the Environment. The Ministry of the Environment and the minister were in Ottawa this past summer and undertook, with municipal representatives, to move forward on the technical consultations around the regulation-making and implementation of that act. I think your question is a valid one, but it is much better put before the Minister of the Environment.

Mr. Tabuns: Okay. So, not your area.

Hon. Mr. Caplan: Well, we have a specific act—

Mr. Tabuns: If it's not your area, that's fine.

The Chair: Mr. Tabuns, go ahead.

Mr. Tabuns: I got the message: not your area. Just cleaning up some business, yesterday, on the question of electricity reduction, you presented a piece of paper and you read from it. Is that now tabled? Can we all have copies of your answer to my questions about the 10% reduction in cost etc.?

Hon. Mr. Caplan: Indeed. In fact, there's a great deal more, Mr. Chair, that I'd like to share.

Mr. Tabuns: You don't have to share it. What I'd like to know is: Is the documentation available to be given to us?

Hon. Mr. Caplan: Well, I—

Mr. Tabuns: That's all I need to ask, Mr. Chair.

The Chair: You're looking for it to be tabled with the committee, Mr. Tabuns?

Mr. Tabuns: Yes.

The Chair: Okay.

Mr. Tabuns: That's it.

Hon. Mr. Caplan: I take the oversight of this committee very seriously, so I would like to provide answers to—

The Chair: This is a specific request of Mr. Tabuns through the Chair to have that tabled. I appreciate that, Minister.

Hon. Mr. Caplan: We certainly have answers to several questions that Mr. Tabuns or other members have raised, and, Mr. Chair, they will be tabled with the clerk in response to the questions that we're able to provide answers for.

The Chair: Okay. Thank you. Mr. Tabuns—

Hon. Mr. Caplan: Some were in other ministry areas.

Mr. Tabuns: Great. That's good. Thank you.

Hon. Mr. Caplan: You're welcome.

Mr. Tabuns: The growth management plan: One of the items here was the development of sub-area assessments. What's the timetable for production of those sub-area assessments, and will there actually be a framework so the decisions made within each of the assessments will be based on the same principles?

Hon. Mr. Caplan: In our early draft, we came up with sub-area assessments as a possible methodology to be able to deal with questions of gross land supply, employment lands—a whole host of other matters falling under the growth plan. We received a great deal of feedback on this, from the initial draft to the time of the final plan. Municipalities in particular but also some of the other stakeholders did impress upon us that they thought it would be far better for us not to pursue sub-area strategies but rather to do the individual work, as I mentioned, in those two areas and several others: definition of built boundaries, delineation of urban growth centres. Brad, have I missed any others?

Mr. Graham: No, that's okay.

Hon. Mr. Caplan: That's primarily it—that we could undertake that level without doing what they perceive to be regional plans or smaller regional plans. So in fact we agreed with municipalities; we agreed with the folks who indicated that to us, and we have begun the body of work through the Ontario Growth Secretariat on some of those other pieces. That was a concept which was proposed and abandoned in the final plan; but the body of work, the scientific basis, is proceeding.

Perhaps, Brad, you could give us a current update on where we are in some of that work.

1740

Mr. Graham: Yes. There were a couple of what we call technical analysis pieces that we needed to do. One was the delineation of the 25 urban growth centres that are included in the plan. We worked in close consultation with municipalities on the general size and scope of those areas but are leaving it to municipalities to actually delineate and define lines, the boundaries of the UGCs.

The other piece of work relates to a question you had yesterday on intensification and the delineation of the built boundary, and I think you cited Neptis's work—

Mr. Tabuns: Yes.

Mr. Graham: —in looking at that. One of the points they made quite effectively in their commentary on the growth plan was the fact that there isn't consistent or good data on the built boundary. We've been working, as a matter of fact, with Neptis and others—private sector consultants, developers, industry representatives, environmental interests, as well as municipalities—in coming up with what I think is going to be a leading-edge methodology and data-monitoring system. We are soon going to be releasing that, over the next couple of weeks, which for the first time will actually provide a consistent and transparent built boundary—that is, where the concrete stops—so that we can measure more effectively the 40% intensification and greenfield activity. That's something that's just been lacking; so that's fairly imminent.

The Sudbury work that you referred to earlier is pieces of work where, similarly, there isn't good information or we needed to delve down in further detail with our partners. Those include areas like the employment land analysis—the land budget, which is important. What's the future of land demand going to be in the greater Golden Horseshoe, given the 3.7 million people and 1.8 million jobs, as well as the intensification strategies that are outlined in the plan? As you'll appreciate, the application of that will vary, so we really have to work with our municipal partners so that when municipalities are moving forward with boundary expansions, for example, we'll have a good understanding of the kind of overall quantum of land that would be required if you achieved not just the numerical targets of the growth plan but also the other related policies. So that's a piece of work we'll do.

The employment land analysis is another piece that's very important, because unlike residential areas and lands where there's a good understanding and a common database of residential demand and supply, that isn't the case on the employment lands. That's a piece of work we really want to accelerate so that we have a common understanding at the municipal level, as well as ourselves, as well as with developers and others, and we have a good understanding of the stock of employment lands as well as the future demands and how that should be mapped with infrastructure, including its requirements for infrastructure, as well as its locations around 400-series highways.

Hon. Mr. Caplan: Market demand, that kind of thing.

Mr. Graham: Exactly, and we just don't have that kind of information.

Similarly, we're going to be working with MTO in developing—the growth plan includes a higher-concept transit and transportation concept map, drilling down with MTO and the GTTA on specific phasing of the transportation corridors and the like that are included, as well as issues like natural systems and agricultural lands, where we have higher direction. The PPS provides good direction, but we need to provide I think a bit more

clarity and consistency to municipalities across the greater Golden Horseshoe.

All of those, the technical work I mentioned—the UGCs and the built-boundary work—is more immediate, I would say; probably over the next couple of months. The more substantive pieces of work—the employment lands and land budget—will probably take about a 12-month period, because we have to really engage the best and brightest minds on that, not to achieve a consensus and agreement per se but a consensus in the methodology and approach and the understanding. Because these are, as I said, issues that we all know are important. They often get debated anecdotally, but I think to provide the kind of science we need as well as the kind of rigor we need, that's something we really have to delve down into, and in fact in some instances, as I mentioned, with the built boundary, build a new set of data that doesn't exist right now.

Mr. Tabuns: Thank you.

Minister, you know, it's been an interesting process for me. I'm still relatively new here.

Hon. Mr. Caplan: Me too.

Mr. Tabuns: This is the second round of estimates I've gone through. I started off asking you about adaptation. You are responsible for setting in motion \$30-billion worth of investment over the next five years, if I remember correctly, and \$100-billion worth over the next roughly 20 years. So in fact you are going to have major impact on the built form of this province, and if you make mistakes, they're going to be pretty expensive mistakes.

The fact that the Environmental Commissioner appears to have been correct that there is no adaptation plan—and certainly nothing that has been presented here indicates to me that you, as a political leader, are giving your staff direction to ensure that whatever is built with that \$100 billion is set up so that it can deal in a very robust way with very substantially changing circumstances over the next few decades—gives me great concern. Because you, Minister, may well be setting us up for very expensive failures of infrastructure systems in the future if you aren't planning for them. Maybe we're lucky; maybe the dice will roll the right way and we'll be fine. But if you, Minister, don't actually set direction for staff on this issue, they won't be able to give us the answers that we need.

I've dealt with people at the city of Toronto who came from the Ontario public service. I've found them extraordinarily capable and professional. They take political direction. They give political advice. But you, Minister, need to give them direction to prepare for adaptation. The Environmental Commissioner has spoken to it. You've been asked questions about it here. I would hope that you would take that whole matter quite seriously.

On the question of sprawl—

Hon. Mr. Caplan: The member is entitled to use his time however he wishes—

Mr. Tabuns: I am.

Hon. Mr. Caplan: —I take it. But may I say I disagree with the member.

Mr. Tabuns: That's fine. I'll go on. I disagree with your entire approach to all of this, but I have to say, Minister, as a person who can take up time in question period, you're extraordinarily good.

Hon. Mr. Caplan: Well, thank you.

Mr. Tabuns: It's a political skill, not one that's appreciated by a lot of people in the outer world, but I watch it. It's somewhat like, in my youth, watching people who were analyzing Pravda: Kremlinologists. They tried to deduce what was going on in Russia by looking at what wasn't said in the papers. To the extent that you don't speak to an issue or you spend time talking about things that are of no consequence, I get a sense that, well, here's an area where there isn't an answer or there will not be an answer.

In terms of sprawl, again, I think you've got people coming forward who are pretty sophisticated—the answer we just got—about the depth or shape of the problems that we're going to face in understanding how to develop the urban region. It's pretty good. But you're not giving political direction. You don't have a plan. You don't have a target for avoiding increase in travel times.

I said, I think yesterday, when I watched the failed climate change plan of the past Liberal government in Ottawa, you could tell they had no idea how they were going to get to where they said they wanted to go. In fact, when the Commissioner of the Environment and Sustainable Development reported on the Liberal climate change plan, they said that it wasn't going to go anywhere; it wasn't going to have the impact it was supposed to have. Their comments were that, at a minimum, to actually have a plan that would have impact, the following things need to be done: Those involved clearly understand and agree to their roles and responsibilities; there's an overall implementation plan which sets out concrete, results-based targets and timetables for both short and long term; there's a results-based monitoring system in place to assess progress; adjustments are made as required to achieve targets; an overall performance information is tabled in Parliament to assist in its oversight role.

Minister, you don't have targets. You don't have a sense of where you want to go. You're not telling people where you want to go. We're just going to drift forward on a business-as-usual basis, so that travel times will become longer and longer, the cost of sprawl, gridlock and congestion will become higher and higher, and this area will become less and less attractive for investment and job creation. Until you actually take your political responsibilities seriously, we know that's where we're going to wind up.

You were asked yesterday about aggregate and the protection of natural areas. Your response was that what you brought forward wasn't legislation. It was a plan; it was a policy document. It didn't protect natural areas. Then you went on to talk about the need for lots more aggregate. I would say that anyone who follows conservation in this area will know that your government's approach is one of not protecting natural areas of water flow but of making sure there's an awful lot of aggregate

out there to support the highways that you will build to support the sprawl that we will all have to deal with.

1750

I don't have more to say, Minister. I have to say that it's been instructive to go through this process. I think you're taking us in a direction that long ago, in Los Angeles and in other cities, was shown to be disastrous. I don't see you showing any indication of wanting to take us anywhere else.

The Chair: Thank you, Mr. Tabuns.

Hon. Mr. Caplan: If I could have a—

The Chair: He didn't actually ask a question, but you do have some time for wrap up. Mr. Tabuns ended his time early; therefore, the remaining time can be with the government members.

Mr. Wilkinson: I just want to ask the minister, is there anything you'd like to add between now and 6 o'clock?

Hon. Mr. Caplan: I'm very happy to wrap up the time, if that's acceptable, although I'm rather disappointed with Mr. Tabuns's comments. I produced a plan which is supported by—I hope you're familiar with John Norquist, president of the Congress for New Urbanism; Glen Murray, chair of the National Round Table on the Environment and the Economy; Joe Berridge, partner in Urban Strategies. I will say this: Any time you do produce a plan for infrastructure where there has been none before, or a plan for growth and development when there has been none before, you're of course always subject to potential criticisms. I would say directly to you, Mr. Tabuns, that you would have at least a modicum of credibility if you produced your own plan. I find your comments lacking in credibility. I will certainly stack up the support of people like Parris Glendening, Glen Murray—I'm sure you're familiar with Mike Harcourt—for the kind of plan that we have come forward with over the comments and criticisms that you've made, although I do accept that we are in a democratic system and there will be different points of view.

Ultimately, though, it will be the people of Ontario who will decide who truly has a plan for this province. To date, I have not seen one from you or from your party. I hope you will have the courage to put the ideas you have and the claims you make into some kind of a format. When and if that day ever comes, I tell you, as sure as I'm sitting here, that I will be proud to compare the bulk of the work, the plan and the vision that this government has delivered for this province with anything that you can come up with.

Thank you, Mr. Chair, and I appreciate the oversight of this committee. As I said in my opening comments, I take the role of this committee very seriously in holding the government and me as the minister responsible for public infrastructure renewal to account for the expenditures of vast sums of public dollars. I want to thank all of the members of this committee for the diligence and

work that they put into the examination of the estimates of the Ministry of Public Infrastructure Renewal.

The Chair: Before we get to the vote, thank you, Minister, Deputy Minister and all the staff from the Ministry of Public Infrastructure Renewal for taking the time to meet with the committee. It's been four days of hearings. That's a lot of time out of the ministry's schedule, so we appreciate your responses to our questions. I thank members of the committee for their time in the review of the estimates for public infrastructure renewal. You're welcome to stick around for the very exciting votes about to transpire.

Are committee members ready to vote on the estimates?

Shall vote 4001 carry? It carries.

Shall the estimates of the Ministry of Public Infrastructure Renewal carry?

Interjection.

The Chair: It's a recorded vote.

Ayes

Delaney, Hoy, McNeely, Wilkinson, Zimmer.

Nays

Tabuns.

The Chair: That carries.

Shall I report the estimates of the Ministry of Public Infrastructure Renewal to the House? It is carried. So I will report the estimates of the Ministry of Public Infrastructure Renewal to the House.

Members of the committee, that does conclude the estimates for the year 2006-07. The clerk and I will be in touch with members for the next session of estimates. I do want to thank the clerk and his team as well for their hard work in carrying us through. How many hours did we do?

Interjection.

The Chair: A lot of hours. So we thank the support team here as well as the clerk's office. Folks, have a good evening.

Mr. Delaney: On a point of order, Mr. Chair: I understand from discussions with the whip that it is not often that the estimates committee completes all of the ministries to which it is assigned. We commend you on actually completing this job from start to finish.

The Chair: Well, that's kind, although, in fairness, my colleague Mr. Jackson is the one who began the process and I just—

Mr. Wilkinson: He started it.

The Chair: He started it and I just came in to finish it off. But that's very kind of Mr. Delaney.

My friends, the committee is now adjourned.

The committee adjourned at 1756.

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