



ISSN 1181-6465

Legislative Assembly
of Ontario
Second Session, 38th Parliament

Assemblée législative
de l'Ontario
Deuxième session, 38^e législature

Official Report of Debates (Hansard)

Wednesday 9 May 2007

Journal des débats (Hansard)

Mercredi 9 mai 2007

**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

Président : Tim Hudak
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Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 9 May 2007

Mercredi 9 mai 2007

The committee met at 1551 in room 228.

MINISTRY OF PUBLIC INFRASTRUCTURE RENEWAL

The Chair (Mr. Tim Hudak): Good afternoon, members of the committee, Minister, Deputy, friends. We are here today for consideration of the estimates of the Ministry of Public Infrastructure Renewal for a total of seven hours.

Before we begin, I would like to clarify the role of the legislative researcher with respect to the ministry before the committee today. The research officer is assigned to the committee to support the work of the members of the committee. His primary function is to research and prepare briefings, summarize submissions made to the committee, draft a report to the House and, in this case, to help committee members track the questions and issues raised during the review of estimates.

Minister, the ministry, as you know, is required to monitor its own undertakings resulting from the consideration of their estimates, and I trust that the deputy minister has made arrangements to have the hearings closely monitored with respect to questions raised so the ministry can respond accordingly. If you wish, you may, at the end of your appearance, verify the questions and issues being tracked by the research officer just to make sure that none are missed. Any questions on process before we begin?

We will commence with vote 4001. We'll begin with a 30-minute statement by the minister, followed by 30 minutes for the official opposition and 30 minutes for the third party. Then the minister will have 30 minutes for a reply. The remaining time, of course, is apportioned equally among the three parties. I will let members know in advance that I need to run back and forth to the House, and I may have some questions for the minister as well, so Mr. Yakabuski, in the absence of Garfield Dunlop, the Vice-Chair, will take the chair when he arrives. So if I get up in the middle of your presentation, my apologies, but I'm sort of in two places at once today. But I have full confidence in Mr. Yakabuski to run a fair, organized and on-time committee.

Minister, again, thank you for being here. Deputy Minister, thank you for being here as well. We do have a list of ministry staff who are on hand just behind for additional support. Minister, the floor is yours.

Hon. David Caplan (Minister of Public Infrastructure Renewal, Deputy Government House Leader): Mr. Chair, thank you very much, and good afternoon. I want to thank the committee for calling on the Ministry of Public Infrastructure Renewal. I want to introduce Deputy Carol Layton, who is here with me at this table, and we do have the great staff of the Ministry of Public Infrastructure Renewal, many of whom are here to answer questions or provide insights to committee members on the estimates of our ministry.

This process is one that I've had the privilege of going through on several occasions, and on every occasion I've emerged feeling that I've been part of something extremely worthwhile. It's a process for which I have the utmost respect, because it is a process that ultimately respects the role of government. It's a vigorous and thorough examination of the way in which the government of the day is carrying out its duties and responsibilities to the taxpayers of the province of Ontario. I welcome it not because I think we are doing a perfect job or that we have nothing to learn or no way to improve, but because I believe the Ministry of Public Infrastructure Renewal is doing a very good job, one that can only be improved by constructive questions from this committee.

There's much progress to speak of, but let me start first by setting the broad context for the truly significant body of accomplishment enjoyed by the Ministry of Public Infrastructure Renewal over the course of this mandate in general and specifically in the past few months.

When we took office some three and a half years ago, we encountered a situation that was by no means unique. It is in fact a problem that is being grappled with by most other jurisdictions, not only in Canada but around the world.

I hope that members of this committee will bear with me if I read a quote that I read to them the last time I appeared here. It bears repeating, I think, because it is an extremely useful characterization of the situation that has existed for too long in public infrastructure. John Wright of Ipsos Reid, a man whose professional life is spent assessing the public mood, addressed a leader's forum on infrastructure which we held last year. Mr. Wright said:

"The public wants a long-term view on infrastructure development and investment. It is a public that too often has witnessed infrastructure delay or decay because those decisions are oftentimes tied to a political party or entity

that simply lurches from one election to another and deals with infrastructure in that time frame.”

That’s precisely the reality that was faced when the McGuinty government took office and when I was appointed Minister of Public Infrastructure Renewal. Infrastructure is, by its very nature, expensive—hugely and, some might even say, terrifyingly so. It takes a long time to build. It takes a lot of effort and planning to maintain. So for much, much too long in this province, not enough of it was built and it was poorly maintained. Too many elected leaders chose to keep their eyes firmly fixed on the next election date instead of the needs of the next generation. The problem was put off, Band-Aids were applied, roofs were patched instead of replaced, schools got portables instead of new wings, and the infrastructure of this province began to slide into disrepair. That, as I am sure the members of this committee will agree, was a threat to our economy; indeed, a threat to our quality of life.

When we talk about infrastructure, we talk about the physical manifestation of the programs and services we all count on as citizens and residents of this great province, the programs and services that define us as a society, like the school to which we send our children so they can learn, develop and thrive. When we took office three and a half years ago our schools were shabby and neglected, as if nobody thought it important to hold them to a basic standard of cleanliness and repair.

When we talk about infrastructure, we’re talking about the hospitals, in which at some point or another we will almost all end up, looking for the kind of care and support that only the medical profession can provide. These hospitals, in many ways the backbone of our health care system, weren’t being upgraded quickly enough and new ones weren’t being built soon enough. This contributed to wait lists that were too long, emergency rooms that were overcrowded and a gradual erosion of the quality health care in which we used to take such pride in our province.

When we talk about infrastructure, we’re talking about the transit and transportation systems we depend on to help us and our goods move back and forth in our cities, from one part of this great and vast province to another, indeed from our province to neighbouring jurisdictions. Three and a half years ago, transit was barely keeping up with the demands of today, let alone preparing for the increased demands of tomorrow.

All in all, we faced a serious infrastructure deficit, one that threatened our ability to carry out our basic duty to the people of Ontario, which is to work with them to build the kind of province we all want. Our Premier and our government said that that was simply unacceptable, and we set about eliminating this deficit.

If there is something that makes me enormously proud, it is that we’ve managed to make significant progress on eliminating that infrastructure deficit while still protecting and even improving the environment in which we live. “Green” and “grow” are two concepts that people often seem to believe are at odds when you’re talking about infrastructure. That is simply not the case at the Ministry of Public Infrastructure Renewal.

I had the opportunity to go and listen to Sir Nicholas Stern, author of the British government’s Stern report on the economic impacts of global climate change. The former chief economist at the World Bank said in a recent address, which, as I mentioned, I had the privilege of attending: “I will put it crudely—you can be green and grow.”

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We have to walk a very fine line, make no mistake. As a government committed to rebuilding public infrastructure that has been neglected for far too long, while also protecting an increasing parkland and natural areas that have been unprotected and eroded for far too long, I’m proud to say that we’ve walked that line with great success.

You need look no further for an example than the greenbelt established by my colleague Minister Gerretsen, which spans 325 kilometres, from Rice Lake in the east to Niagara in the west and Tobermory in the north, protecting some 1.8 million acres of principally farmland, not to mention the headwaters of dozens of rivers and streams and the habitat of 66 endangered species.

The greenbelt makes cities within it and adjacent to it better places to live. David Suzuki himself congratulated our government on an initiative that would control sprawl; conserve nature; reduce greenhouse gas emissions; protect air, water and soil; and get us out of our cars. Dr. Suzuki also said that he hoped to see other Ontario government initiatives that would accomplish these very goals. I am pleased to say that I have taken Dr. Suzuki’s advice to heart.

Just recently, I was proud to announce that we are donating more than 200 acres of natural heritage land to communities and organizations in some of the most heavily populated areas of southern Ontario. The transfer of 10 significant green spaces—some big, some small—that stretch from Pickering to Hamilton and south all the way to Essex county will make an important contribution toward making communities complete, with places not only to live and work but to play. These properties contain a range of significant natural characteristics, such as wetlands, hardwood forests and environmentally sensitive areas.

We have also in the past few months announced that we are protecting 2,000 acres of ecologically sensitive land in Rouge Park and the new Bob Hunter Memorial Park, 650 acres of land additionally in Oakville, and we are using 180 acres of natural heritage land to create Hamilton’s newest conversation area, Eramosa Park.

In January of last year we began work in the West Don Lands, the first new neighbourhood to be developed as part of the Toronto waterfront revitalization initiative. Sustainable, green development is a top priority of that development, as it is with everything we do along the waterfront. All the buildings that are part of the West Don Lands project will be certified by the Canada Green Building Council, meaning they will have achieved mandatory sustainability standards, including high levels of energy efficiency. The West Don Lands is the largest

redevelopment of a brownfield in North America and I am extremely proud of the role that our government has had in leading this initiative.

On the subject of the Canada Green Building Council, another project of which I am very proud, the new Durham consolidated courthouse is expected to see a groundbreaking later this month. It will be built to meet the council's silver certification standard that incorporates environmentally sustainable construction practices with energy-efficient design.

I am also proud to report to the committee that our government is delivering on another of its environmental commitments; namely, reducing the consumption of electricity in buildings that are owned by the government by 10%. As of March 31 of last year, we had achieved an 8.8% reduction through a variety of programs and initiatives like energy audits, retrofits and cogeneration. Going forward, I am very confident that we will meet our 10% target.

Earlier this week I had the great privilege to announce the completion of our deep lake water cooling project, in which water from Lake Ontario is used as a reliable, safe and sustainable source of cooling for Toronto office buildings, as well as this very building which we are seated in today. We are expecting that in its first year, deep lake water cooling will save us 10 million kilowatt hours. That is enough energy to power over 1,000 homes.

These are not all huge projects, but they are all, in one form or another, environmentally positive and they clearly signal the McGuinty government's unwavering commitment to do right by the environment on behalf of the people of Ontario.

Now, all of this should be seen in the sustainable development context of one of our government's signature initiatives: our growth plan for the Greater Golden Horseshoe. This plan is one to build opportunities for the people of Ontario by creating better-planned communities with more options for living, working, shopping and playing in what is by far the fastest-growing region in Canada. Two-thirds of the province lives here already. Over the next quarter of a century, give or take a year or two, we are expecting another 3.7 million people and almost two million new jobs.

I don't think I need to explain to the members of this committee just how important it is that you have plans in place to prepare for that level of growth, because while the potential positive impacts of that growth are enormous, the threat to the environment is very serious. We're looking at a 45% increase in average commuting times arising from increased traffic congestion. Hand-in-hand with that, there would be a 42% increase in auto emissions. That is simply not the kind of growth we want to encourage, nor is the urban sprawl we would be looking at if we don't plan now for what is coming. It is estimated that we could lose 1,000 square kilometres of farmland if we took a business-as-usual approach to planning.

I dare say that nobody would want to see that. What we do want to see, however, is the kind of growth that is

environmentally sustainable, brings new investments and more jobs. We can have it if we encourage better planning practices based on coordinated population and job growth forecasts for municipalities. If we know what's coming, if we know who's coming, we can do a much better job of being ready when they arrive. We can have that kind of growth if we encourage revitalization of downtowns and city centres, making them more vibrant, people-oriented and attractive.

There was a time in this province when downtowns were the hub of every community. They were the focal point for culture and for commerce. Downtowns were where people wanted to be. That isn't true as often as it once was. We're going to make it true again.

We can have the kind of growth we want if we concentrate growth in areas where it can best be accommodated. That means reducing development pressures on agricultural lands by reducing those pressures on the natural areas by directing more growth into existing urban areas. It means ensuring that a new development is planned to create complete communities that offer more choice in housing, better transit and a range of amenities like shops, schools, entertainment and services that are closer to where people live. The growth plan for the Greater Golden Horseshoe does all of this.

It identifies 25 downtown locations in the Greater Golden Horseshoe that will be the focal points for accommodating people and jobs through initiatives that offer attractive new living options within easy access to shops and services. These centres will also support transit and the economy of the surrounding area, and it links planning for growth with planning for infrastructure so that the roads, the waste water systems, the schools and the other infrastructures are in place to meet the demands and the needs of growing communities.

The fact is that we have been enormously proud of the growth plan for the Greater Golden Horseshoe from the moment of its inception, but it never hurts to have your faith reinforced by others. So when David Crombie, former mayor of the city of Toronto, said the plan "represents the kind of leadership that Ontario has been needing for a long while," that helped confirm that we were on the right track.

Oshawa mayor John Gray also weighed in, saying that the plan "recognizes the importance of revitalizing downtowns in urban areas."

But in many ways, the most special recognition of all has come in the form of awards recognizing that our growth plan is literally a world leader. On June 5, we will be in Quebec City at the Canadian Institute of Planners annual conference, accepting their award for planning excellence. This is an award given out to the initiative that best enhances the social, economic and environmental well-being of a given community or a group of communities.

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As jury member Gary Wilson put it, the growth plan "highlights the significant care that Canadians have for their natural and built environments and the unique,

increasingly sophisticated ways in which they want to express this.”

That award comes hard on the heels of another equally impressive recognition, this from a group not only outside Ontario but outside Canada. In mid-April, the Ministry of Public Infrastructure Renewal was pleased to accept, on behalf of the government of Ontario, the prestigious American Planning Association’s Daniel Burnham Award for a Comprehensive Plan, which goes to the plan that best illustrates progress, community benefit and the contribution to the advancement of the planning profession. This is the first time a plan from outside the United States has ever won the award, and to quote Carol Rhea, the chair of the awards committee, we won it because our plan is “a landmark comprehensive plan that is both visionary and pragmatic.”

The only other thing I’d like to say about the growth plan for the greater Golden Horseshoe is that it is only the first growth plan area designated under the Places To Grow Act, which my ministry developed. I want to assure all members of the committee, Mr. Chair, that there will be others.

We are well aware, from individual communities as well as from the Association of Municipalities of Ontario, that there is a hunger for plans that help communities prepare for the growth they know is coming. We have heard, for example, from many people in northern Ontario that a plan is needed for that region. My good friend and colleague Rick Bartolucci, Minister of Northern Development and Mines, mentions it to me at absolutely every opportunity. What I can tell this committee today is that we will be making an announcement in the very near future about the next region of the province for which we will launch a growth plan.

There are a great many rural and small communities whose infrastructure needs cannot wait for the development of long-term growth plans, and our government recognizes that. The fact is that the downloading of services by both previous governments, coupled with an unwillingness to properly invest in infrastructure, has left municipalities across this province in the impossible position of trying to pay for infrastructure they simply cannot afford.

That’s why in his March 2007 budget my colleague, Finance Minister Greg Sorbara, included an additional \$70 million to be invested under the rural infrastructure investment initiative, or, as we call it, R3, which is a program we launched back in September 2006 to help rural and small communities provide safe and reliable local infrastructure. The additional \$70-million investment doubles the funds initially committed to the program to a total of \$140 million. This funding will allow municipalities to improve everything from local bridges and roads to water and waste water systems, waste management processes to energy systems and sports and recreational facilities.

In other words, it will be used on those programs and services that create and foster the sense of community that is so important in smaller rural areas.

In addition to that investment, my colleague Minister Leona Dombrowsky was delighted back in January to partner with the federal government and 72 communities right across Ontario to announce intake three of the Canada-Ontario municipal rural infrastructure fund, or COMRIF.

This third COMRIF investment of \$93 million from the provincial and federal governments will go a long way toward helping these communities enhance and renew their local infrastructure. There is now a total of 280 COMRIF initiatives benefiting Ontario communities.

The investments I have mentioned all build, of course, on ReNew Ontario, which is really our primary vehicle for tackling and reducing the infrastructure deficit. We are investing more than \$30 billion in renewing and revitalizing the province’s infrastructure, one of the largest investments of this kind in more than a generation. We have also created a crown corporation, Infrastructure Ontario, to deliver the bigger, more complex projects associated with this investment, and I’m pleased to tell you that we’re doing it on time and on budget.

Infrastructure Ontario uses the best of public and private sector expertise to expand and renew public assets. It also offers affordable financing under the OSIFA program to help public sector clients build and renew essential local infrastructure. Participants in the OSIFA loan program are collectively saving millions of dollars in interest charges and transaction fees over the life of the loans. The OSIFA program was recently broadened to provide affordable financing for all infrastructure expenditures by municipalities and by universities.

In health care, which I wish to highlight, we are providing funding for more than 100 hospital projects, many of these through Infrastructure Ontario. By 2010, we will have invested more than \$5 billion to ensure that Ontario patients can enjoy shorter wait times and better health care services in state-of-the-art health care facilities closer to home. Our health care investments under ReNew Ontario include building over 15 new state-of-the-art hospitals in communities north, south, east and west, as well as five new cancer centres.

The number of new cancer cases in Ontario is expected to double by 2028. People are going to need help and care, and we’re making it a priority to see that they get it. This is a remarkable change in direction from the previous government, which closed 28 hospitals during their time in office.

In education, we are providing the backbone of a commitment to student achievement that is literally unprecedented in this province. To accomplish what our Premier and Education Minister want to accomplish in education, we need the best physical facilities in which our children can learn and teachers can teach, and that’s where our ministry comes in. We have already undertaken roughly 6,800 urgent repair and construction projects at schools right across the province and are creating 14,000 new graduate school spaces by 2009-10. By 2010, we will have invested more than \$10 billion in ele-

mentary and secondary schools, as well as postsecondary facilities. We all understand that an investment in education is an investment in jobs for tomorrow and that we must equip our young people with the skills they need to compete in a global economy.

Earlier this year, I undertook what our office called the rebuilding Ontario tour. I travelled to many communities across the province, checking in on the capital projects that we've launched. I visited North Bay, where the construction of a new 388-bed regional health care centre began on March 24. I was in Belleville, where shovels went into the ground for the Quinte Health Care redevelopment project on March 26. I stopped by Montfort Hospital in Ottawa, where we're building two new wings and renovating existing facilities, including intensive care, maternal/newborn, mental health, ambulatory care and emergency services. That work is well underway—it began last June—and I have to tell you there isn't a better feeling I know of for a minister in charge of infrastructure than to actually see cranes, shovels and workers on a site, getting the job done.

Knowing that the work is going to get done on time and on budget isn't a bad feeling either, and thanks to the alternative financing and procurement strategy, or AFP, that we have developed for certain big projects, that is what is going to be happening. AFP transfers appropriate risks to the private sector, reduces costs by eliminating duplication and, bottom line, gets things done on time and on budget. The projects in North Bay, Belleville and Ottawa that I mentioned a moment ago are all being financed using AFP. So is phase 2 of the Sudbury Regional Hospital, which was launched on March 23, accommodating more than 400 beds upon completion. So, in fact, is the Durham courthouse, which I discussed earlier. It has the distinction of being amongst the first non-health-care projects built using the new financing method.

All these projects would not have started as soon had we relied on traditional methods. Yet, all these projects simply could not wait. But what's most important about the innovative techniques we are using is that value for money is being demonstrated. Infrastructure Ontario has done a great job executing our bigger construction projects and, using AFP to do them, it has conducted a value-for-money report and audit for all of these projects. The results are impressive. I want to give you two examples: The Montfort Hospital realized a saving of \$19 million over traditional methods; and the North Bay Regional Health Centre saved \$56.7 million.

We're getting projects built that otherwise would be languishing on drawing boards. More importantly, critical projects are being done for less than we would have paid using traditional methods. I think that's quite an accomplishment.

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No discussion of infrastructure would be complete without transportation. The simple fact is that Ontario's economic success and quality of life are dependent upon an integrated transportation system composed of first-

class public transit, well-maintained provincial highways, safe local roads and bridges, and efficient border gateways. That's why out of the \$30 billion that make up ReNew Ontario, we are dedicating \$11.4 billion to transportation. That's also why last year we introduced Move Ontario, an additional \$1.2-billion investment in public transit, including \$400 million for local roads and bridges. This initiative is supporting the expansion of rapid transit in Brampton, Mississauga, Toronto and York region and includes funding for the extension of the York-Toronto subway line, for the Brampton Accelerate initiative, for the construction of the Mississauga bus rapid transit corridor and for enhancements to the York Viva rapid transit system. Indeed, our government was pleased to finally welcome the federal government's support for these urgent projects on March 6, when Prime Minister Harper joined Premier McGuinty to confirm Ottawa's funding commitment.

But our government's support for transit and transportation doesn't stop there. This year, \$313 million is being distributed to 86 transit systems that provide service in 104 communities across this province. By 2010, the province will have provided \$1.6 billion in gas tax funding to Ontario's municipalities. We're investing \$468 million for provincial highways in northern Ontario in 2007 and 2008. Finally, the Greater Toronto Transportation Authority, which was created last year, is now up and running under the very capable leadership of former Burlington Mayor Rob MacIsaac. The GTTA is going to be key for us to develop a long-range, integrated transportation plan for the GTA and Hamilton. Indeed, the fewer people we have in our cars, the less time the people who are in the cars have to spend in them and the cleaner our air will be. To me, that is a very big deal indeed.

On the last note, on the environment: Earlier this year, our government took another green step forward with the Bag It Back deposit return program. Under this program, Ontarians can return empty alcohol containers—

The Chair: Minister, I'm going to interrupt you for just a second. Your time has expired. However, the government members will have a 30-minute segment after the two opposition parties have time. If all members agree, we could allow the minister to finish his speech—he has five pages left in his speech—and it will come out of the government members' time when their turn comes around. Does that have everybody's acceptance?

Hon. Mr. Caplan: I am certainly in your hands, Mr. Chair.

The Chair: Seeing no objections, it's okay with government members?

Hon. Mr. Caplan: All members could agree to just allow me to finish right now, if that were agreeable.

The Chair: In the interest of continuity, why don't you please proceed. The clerk and I will check the time and it will just come out of the 30-minute round for the government.

Hon. Mr. Caplan: That's great. Under this program, Ontarians can return empty alcohol containers, like wine

and spirit bottles to The Beer Store for a refund on the deposit they paid when they bought them. The Beer Store already operates one of the most successful container return programs in the world and is perfectly placed to take on this additional role. The program is expected to divert some 80 million bottles or about 25,000 to 30,000 tonnes of glass from our landfills every year and will free up space in the existing blue box program.

I've had occasion to return a few bottles to the Beer Store, and I'm sure some committee members have as well, and can testify that the program is working extremely well. I expect to have a first progress report on the deposit return initiative in July and will be happy to share this back with committee members.

I can tell you that I recently had the pleasure of attending a promotional event at the LCBO promoting the Bag It Back program and am very pleased to note that members from all sides of the Legislature participated. So it's obvious that it's a program that all three parties support—and why not?

Ontario is now the only jurisdiction in North America to have both a widespread, comprehensive blue box program and a deposit return program, and we should celebrate that leadership.

I believe I have given you a thorough overview of my ministry and what we've been up to these last few months, but there is of course one last item that does need to be mentioned. I'm talking about the Ontario Lottery and Gaming Corp. and the controversy that has arisen over the past few months since the Fifth Estate program first aired concerning the corporation and the Ombudsman's announcement that he would be reviewing the corporation. He has, as you know, since released his report. So let me say a few things.

What happened to Mr. Edmonds, and what was pretty clearly shown to have happened to other people as well, is an absolute disgrace. Both in his court case and by sharing his story with the public, Mr. Edmonds did a service to Ontarians and a service to this government by pointing out what had been going on for some time.

The Ombudsman is also to be commended for his very thoughtful and insightful report. The Ombudsman was very clear and helpful in pointing out things that should be done to better protect the public trust and ensure the integrity of the lottery system. I have been very clear in directing the OLG to implement the recommendations that he makes. I am also working closely with my colleague the Minister of Government Services to ensure that those recommendations that fall under the government's purview are implemented as well. We are also implementing the recommendations made by an independent consultant, KPMG.

Finally, with respect to possible suspicious wins, I have directed the OLG to co-operate fully with the Ontario Provincial Police in the review that they have undertaken. I am pleased that the OPP is looking into this. I do understand that they've referred the matter to the Toronto Police Service, and if they find that laws were broken, I know that they will act accordingly.

The point here is that we take—that I take—what has happened here extremely seriously. Ontarians deserve to be able to trust their public institutions. In this case, our government is doing all that it can to ensure and indeed strengthen that trust. We have acted and continue to act as a government should in the face of these findings.

As the Ombudsman has noted, the problems within the lottery system are deep-rooted and long-standing. In fact, he notes that the OLG reached a critical juncture back in 2002 and at that point acted to pursue profits at the expense of the public interest. Our government was not in power in 2002. Still, these are issues we take very seriously and we will do all that is necessary to ensure that those mistakes are not repeated.

The facts here are very simple: We learned of a situation and we have responded decisively and appropriately. The Ombudsman himself said, "I commend the minister and the government for its openness and responsiveness to my report and recommendations and for their immediate and resolute commitment to ensuring change."

Ladies and gentlemen, I want to repeat what I said at the outset: that it is indeed an honour and a pleasure to be here to participate in this process. I am conscious of the time limitations and I'm aware that you have many questions, which I intend to answer to the very best of my abilities.

I am very proud of the accomplishments of the government and of my ministry. When we talk about infrastructure, we use words like "bricks," "mortar" and "backbone." What it comes down to is that we make it possible for the government to deliver to Ontarians the things that make us a society: health care, education, the simple ability to travel back and forth; and, of course, clean water, fresh air and green space in which to wander and play.

We do these things very well, and the province is better for it. I sit before you today very proud to be associated with the McGuinty government in the great province of Ontario. Mr. Chair, thank you very kindly for allowing me to complete my remarks.

The Acting Chair (Mr. John Yakabuski): Thank you very much, Minister Caplan. We will now go to the official opposition for 30 minutes.

Mr. Tim Hudak (Erie-Lincoln): Minister and Deputy Minister, thank you very much for your attendance and your presentation today. It's also good to see the support staff from Public Infrastructure Renewal. Before I begin, I do want to welcome Brad Graham back from his trip to Philadelphia. I'm looking forward to the announcement of Mr. Graham's return with prize in hand: the third consecutive minister's statement regarding the award in the United States. And, keeping with tradition, happy birthday to Victoria Vidal-Ribas, as well. Happy birthday—

Hon. Mr. Caplan: I think that's in October. Paul Evans as well.

Mr. Hudak: I just wanted to keep the tradition going.

Hon. Mr. Caplan: Thank you.

Mr. Hudak: I think, as you can appreciate, Minister, the official opposition wants to talk about the interaction of your ministry and the OLGC in our initial series of questions, particularly how your office organizes itself. Perhaps the deputy could point me to the proper part of the estimates binder for the ministry that deals with the agencies division.

Ms. Carol Layton: I can indeed do that. It's reflected on page 35 of 63 as far as the operating expense of the agencies division. The OLG is a consolidated agency, so you would not see numbers represented in that context.

Mr. Hudak: But the part of the ministry responsible for interacting with the agencies, the lottery and gaming corporation, it is his division, found on page 35?

Ms. Layton: In terms of operating expenditures.

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Mr. Hudak: Operating expenditures.

Ms. Layton: Which is a combination of more than just, though, the OLG. It's also the other agencies they deal with. Those expenditures, which are their payroll and operating, relate to ORC and LCBO.

Mr. Hudak: Appreciate it. Minister, the organization chart on page 11 also shows the structure of the agencies and the reporting relationship. It does have a direct line to the minister. I don't see a similar reporting relationship to the civil service. I wonder if you could help me to understand how the agencies report in, in the organization chart on page 11.

Hon. Mr. Caplan: I think that refers to the chairs of the individual agencies themselves. The agency's branch, I think you'll see underneath at ADM agencies division, at the far left of the organizational chart.

Mr. Hudak: So, Joyce Barretto would be the director?

Ms. Layton: The ADM—the assistant deputy minister.

Mr. Hudak: Thank you. ADM responsible for that division is—is Ms. Barretto with us today? Is she able to come forward?

Ms. Layton: Sure.

Mr. Hudak: Ms. Barretto, nice to see you again.

Ms. Joyce Barretto: Nice to see you.

Mr. Hudak: Ms. Barretto and I have encountered each other on some happy occasions down on the Niagara Peninsula—a celebration of her father's work, if I recall correctly?

Ms. Barretto: Yes. With the Grimsby Benevolent Fund. Thank you for remembering.

Mr. Hudak: It was a very nice ceremony; it's nice to see you again. Help me understand, Ms. Barretto. In terms of your interaction with the Ontario Lottery and Gaming Corp, who reports to you?

Ms. Barretto: Actually, we have an oversight and governance relationship with the agency and we actually have a number of vehicles by which we work with the agency at a staff level. There are a number of people who interact, depending on the type of issue that we would be discussing.

Mr. Hudak: Does anybody from the OLGC report directly to you?

Ms. Barretto: No, they do not.

Mr. Hudak: So who would give you your information on what's happening at the lottery and gaming corporation?

Ms. Barretto: We would receive that through staff, through regular meetings, updates, sharing of issues notes, vehicles of that sort.

Mr. Hudak: There must be a regular liaison, if not a day-to-day liaison, with the operations of the OLGC. Who does that?

Ms. Barretto: Both myself, my director and my staff would deal with various people in the agency.

Mr. Hudak: Okay. Can you let me know who you deal with at the lottery and gaming corporation?

Ms. Barretto: We would deal with some of the staff at that agency, so it would be some of the communications issues managers. Some of those staff have changed over the last little while. Certainly, there are various levels of relationships. Obviously, the first and primary one is the chair to the minister himself, then the CEO to the deputy and then the staff at various levels to me and my staff.

Mr. Hudak: So you wouldn't have met with Duncan Brown as the CEO on a regular basis?

Ms. Barretto: No, I would not.

Mr. Hudak: Have you ever?

Ms. Barretto: A number of times over the couple of years, but not on a regular basis. The deputy would've had more opportunity to do that.

Mr. Hudak: The lottery and gaming corporation had an issues management division—somebody that would inform the ministry of day-to-day issues. Who headed up the OLGC, or, who heads up the OLGC issues management division?

Ms. Barretto: I'm not sure. We didn't deal with the people who headed up the issues. We dealt with our chief liaison, which were two staff at the time—Joe Vecsi and Jake Pastore.

Mr. Hudak: Is Mr. Vecsi no longer with the OLGC?

Ms. Barretto: He's no longer with the organization.

Mr. Hudak: And the other individual?

Ms. Barretto: Jake Pastore.

Mr. Hudak: Who replaced Mr. Vecsi?

Ms. Barretto: I'm not sure, actually. I'm not sure that he has been replaced.

Mr. Hudak: You've been in this position for a couple of years, but not—

Ms. Barretto: A year and three quarters.

Mr. Hudak: In your entire time, did you work with Mr. Vecsi and Mr. Pastore?

Ms. Barretto: My staff did work directly with them, yes.

Mr. Hudak: You also do have some people who report to you as ADM: the director of gaming and alcohol policy, Barbara Hewett. What is Ms. Hewett's responsibility?

Ms. Barretto: She's the director of the gaming and alcohol policy branch, so she supervises the staff who

work directly with both the LCBO as well as the lottery and gaming corporation.

Mr. Hudak: Who would she interact with at the OLG?C?

Ms. Barretto: She would also interact with Jake and Joe and other members of the organization, depending, as always, on the issue.

Mr. Hudak: Mr. Vecsi and Mr. Pastore—what were their titles?

Ms. Barretto: I would have to get their official titles. I don't remember them offhand.

Mr. Hudak: Is it the equivalent of a director level, or is that not a fair comparison?

Ms. Barretto: No, I don't think they have the same equivalencies.

Hon. Mr. Caplan: We'll follow up.

Ms. Barretto: We can absolutely follow up for you.

Mr. Hudak: Who, in the OLG structure, did they then report to? Who would be their immediate superior?

Ms. Barretto: I believe, for the bulk of that, they reported to an Alan Berdowski—and I don't know how to spell that.

Mr. Hudak: And Mr. Berdowski's title?

Ms. Barretto: Once again, I would have to get back to you.

Mr. Hudak: Mr. Berdowski had a direct reporting relationship with the CEO?

Ms. Barretto: I believe so.

Mr. Hudak: The deputy would meet with the CEO, who was Duncan Brown and now will be Michelle DiEmanuele until a permanent replacement is found.

Ms. Layton: That's correct.

Mr. Hudak: How often did you meet with Duncan Brown?

Ms. Layton: The traditional frequency, as expressed in the memorandum of understandings that guide us, is usually at least quarterly, but certainly with Duncan and I, whether it's the calendar year or fiscal year, we probably had eight different meetings as well as various phone calls and BlackBerry exchanges.

Mr. Hudak: You worked for Mr. Brown for how long?

Ms. Layton: He started in—sorry, say that again?

Mr. Hudak: How long were you in the position when Mr. Brown was—

Ms. Layton: I started in October 2005, so over that period I would have had probably 12 or so meetings with Duncan.

Mr. Hudak: And your predecessor? I apologize; I should remember this. Your predecessor—

Ms. Layton: Geoff Hare was my predecessor.

Mr. Hudak: How did you find working with Duncan Brown? Was he a strong CEO?

Ms. Layton: Duncan Brown was a very committed individual to the organization, somebody who certainly knew the business and somebody who I found, in my working relationship with him, to be an effective one.

Mr. Hudak: Was he well regarded in the industry?

Ms. Layton: I can only speculate there in terms of whether he was well regarded in the industry.

Hon. Mr. Caplan: I don't think we should speculate. We should only answer what we know.

Ms. Layton: I think the industry would be best equipped to answer that.

Mr. Hudak: You've been the deputy minister for how long?

Ms. Layton: I've been deputy minister for about four years.

Mr. Hudak: You've worked for a number of individuals and agencies and such. Would you rate Mr. Brown as above average, below average, excellent?

Ms. Layton: Again, I would be speculating in terms of how I'd rate it. You have different relationships with every one of the CEOs that you work with. They're all different individuals, different personalities, but what's critical in all of them—

Hon. Mr. Caplan: I believe it is the job of the board to evaluate the president and CEO of the organization—

Mr. Hudak: I understand.

Hon. Mr. Caplan: So I don't think it's really fair to ask the deputy to usurp the role of the board.

Mr. Hudak: I'm not asking in terms of the review and if she would have given him a raise and that sort of thing. The deputy is obviously very successful in the civil service and has encountered many people in high-level positions. Did you have confidence in Duncan Brown's ability to run the Ontario Lottery and Gaming Corp.?

Ms. Layton: I certainly felt that Duncan Brown, again—I guess the key point I'd make on this one is that Duncan Brown was responsible for running the Ontario Lottery and Gaming Corp. It's an arms-length agency. The best I could do, certainly, through the relationship I had with him, was to provide oversight and an appreciation of the different issues. But at the end of the day, he was the one who was the leader of that organization, and so confidence in him is best expressed, I think, through his chair and his board of directors.

Mr. Hudak: I know the chair and the board of directors aren't before us. Did the chair and board of directors do reviews of Mr. Brown's performance on a regular basis?

Ms. Layton: It would only be the chair and the board of directors who would provide that review. Duncan Brown was under contract to the chair, so the annual performance would only be in that context.

Mr. Hudak: But you would know if Mr. Brown had a performance review?

Ms. Layton: Only in the context of the fact that the agency is obligated to provide us with an appreciation of performance ranges, but it's the responsibility, again, of the chair and the board of directors to determine performance of the executives in the organizations, in particular the CEO.

Mr. Hudak: I appreciate that. The chair and the board of directors would review the CEO, and they would then determine whether the CEO was eligible for a raise or any other kinds of improvements in their compensation.

But you as deputy would have knowledge about those reviews and if Mr. Brown had positive reviews from the chair and the board of directors.

Ms. Layton: In the months leading to the departure of Duncan through mutual agreement, there was not a conversation between the chair and I on the performance of Duncan in that context.

Mr. Hudak: I guess I'd ask, then, through you, Mr. Chair, if we could have information from the ministry through the board about performance reviews of Mr. Brown: how his salary was adjusted, if he had hit those performance goals. The salaries are all on the sunshine list—we know that—because Mr. Brown was of a level that he would appear on that list, but I would like to know about the—

Hon. Mr. Caplan: I'm not sure what can be provided. We'll certainly see. I don't know if individuals' performance reviews are made public. They are related to individuals, but we'll check and see what can be made available to you.

Mr. Hudak: My experience with Mr. Brown was a very positive one when he was the CEO of the alcohol and gaming corporation. The McGuinty government then moved him to the position of CEO of the Ontario Lottery and Gaming Corp. I can't speak for those experiences, but my view of working with Mr. Brown was that he was one of the stronger civil servants that I had worked with as a minister. I am worried that Mr. Brown was made a bit of a fall guy in this situation, but what will be important—

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The Acting Chair: Could you clarify that request so that we have it clearly?

Mr. Hudak: Any kind of performance appraisals done by the lottery and gaming corporation of Mr. Brown's job performance as CEO; how his salary was adjusted from the time Mr. Brown became CEO to the time that he was released from the lottery and gaming corporation; and if there are any minutes from the board or any other information that registered dissatisfaction with Mr. Brown's job performance or, to the contrary, praise or positive comments about Mr. Brown.

The Acting Chair: So to the extent that—

Hon. Mr. Caplan: —that can be provided. I don't know how much, but—

The Acting Chair: If you don't know, I certainly don't. But to the extent that it is available, you'll undertake to provide it.

Hon. Mr. Caplan: That's correct.

Ms. Layton: Appreciating that the contract for Duncan Brown was between Duncan himself and the chair; it was a contract that was not in the existence of the Ministry of Public Infrastructure Renewal nor predecessor ministries. This is an agency that has been in five different ministries in about six or seven different years. I think the key thing here is that the governance relationship was between Duncan and the chair of the agency, not between Duncan and myself, nor between Duncan and the minister. I think we just have to appre-

ciate that any compensation or remuneration was all in that confidential context.

Mr. Hudak: Well, whatever information, Chair, that is available in that regard—

The Acting Chair: We do know that your ministry is responsible for it now.

Hon. Mr. Caplan: Correct—since June 2005.

The Acting Chair: Unless we are told differently, your ministry should be able to provide—

Hon. Mr. Caplan: Whatever it is that can be provided.

Mr. Hudak: At the very least, the level of compensation has been part of public disclosure, so we should be able to glean something in that regard.

Hon. Mr. Caplan: That is certainly a matter of public record.

Mr. Hudak: When the lottery and gaming corporation—I'm just trying to think of how they interacted. Staff like Mr. Vecsi and Mr. Pastore would liaise with Ms. Barretto and her staff at the agency's branch. The deputy would meet at least quarterly, but probably about twelve times in your tenure as the deputy minister, with Mr. Brown.

Ms. Layton: Yes.

Mr. Hudak: Did Mr. Brown meet with the minister on a regular basis?

Hon. Mr. Caplan: I would not say on a regular basis. My interaction was mainly with the chair—formerly Mr. Tim Reid, currently Mr. Michael Gough—although Mr. Brown was present on a couple of those occasions. I would probably say two or three or four, going from a little bit of memory.

Mr. Hudak: How often would you meet with the chair of the lottery corporation?

Hon. Mr. Caplan: Generally, I meet with the chairs of all of the corporations under the agency's division on a quarterly basis. From time to time, because of scheduling, it may not be exactly within a three-month period, but roughly thereabouts.

Mr. Hudak: Specifically, how often did you meet with the chair of the lottery and gaming corporation in your time as minister, would you say?

Hon. Mr. Caplan: Roughly on a quarterly basis.

Mr. Hudak: Would you mind—Minister, I know that it's something that wouldn't immediately come to mind: the number of times that you did meet with the chair of the lottery and gaming corporation and Mr. Brown.

Hon. Mr. Caplan: We'll see what we can endeavour to find out for you.

Mr. Hudak: When you had your briefings with the lottery and gaming corporation, who was present in the room?

Hon. Mr. Caplan: That's a good question. I'm not really certain who was present.

Mr. Hudak: A large number of people? Just Mr. Gough, or Mr. Brown occasionally?

Hon. Mr. Caplan: You mean when we had quarterly—

Mr. Hudak: I don't mean your own staff, sorry; I mean people from the lottery and gaming corporation.

Hon. Mr. Caplan: From the lottery and gaming corporation, generally the interactions were simply the chair and, on occasion, Mr. Brown was present. And I would always have at least one member of my staff.

Mr. Hudak: No other staff from the lottery and gaming corporation?

Hon. Mr. Caplan: I know maybe on one or two occasions there may have been somebody else, but it doesn't really come to memory right now who or how many individuals there were. Generally it was with the chair and, on a couple of occasions, with Mr. Brown.

Mr. Hudak: Ms. Barretto, if you had a concern with an issues management communication to your office, did you then contact the minister's office or would the lottery and gaming corporation do that directly?

Ms. Barretto: I'm sorry, if I had an issue that I was—

Mr. Hudak: Sorry, I should phrase that a bit better. If there was something of concern through the issues management side of the lottery and gaming corporation, would you then relay it to the minister's office, or was there direct contact with the lottery and gaming corporation?

Ms. Barretto: It was actually twofold. We would actually get information directly from the agency on issues that they thought needed to be brought to our attention. We would also talk to the agency directly and say, "We'd like to know a little bit more," or whatever that file might be at the time.

Mr. Hudak: Minister, in terms of the arrangement of your office, you have an issues manager by the name of—

Hon. Mr. Caplan: My issues manager is currently Christine Lall.

Mr. Hudak: And previous to that?

Hon. Mr. Caplan: Kevin Raymond.

Mr. Hudak: And anybody else who's been there during your capacity as public infrastructure—

Hon. Mr. Caplan: Not on the issues file.

Mr. Hudak: Describe the relationship, then, between your issues manager and the Ontario Lottery and Gaming Corp. How often would they interact?

Hon. Mr. Caplan: I'm not certain they ever interacted at all. What I can speak to is the arrangement that I had in my office. I believe that previously it was my chief of staff, Ross Parry, and currently my chief of staff, Wilson Lee, are the ones who have had the main interactions with Ontario Lottery and Gaming Corp.

Mr. Hudak: Whom would they deal with at the lottery and gaming corporation? What was the reporting mechanism?

Hon. Mr. Caplan: Generally with Jake and Joe—

Ms. Barretto: I can fill that in, if you like.

Hon. Mr. Caplan: I think Joyce might be able to—

Ms. Barretto: Yes. Let me just explain a minute on the process and how that works. As I said earlier, we would get issues raised either by the agency to us or we would ask issues of the agency. Our normal process

would be to make sure that we had advised our communications staff and they, in turn, would make sure that that was being fed up into the system in terms of who would need to know and in what order. So I'm not sure if you caught that.

Mr. Hudak: I apologize for sort of running back and forth.

So if there were an issue that may be of concern in the political sense, like cost overruns at the casino, by way of example, hypothetically there wouldn't be contact directly with the minister's office?

Ms. Barretto: More often than not we would work through the issues department and deal with people in the agency and inform the minister's office and inform the communications staff of whatever the nature of the issue was.

Mr. Hudak: So, Minister, if there was something in the newspaper, in a Windsor paper or a Niagara Falls paper dealing with the lottery and gaming corporation, would your staff follow that up with the lottery and gaming corporation?

Hon. Mr. Caplan: Generally—

Ms. Barretto: They come to us.

Hon. Mr. Caplan: No, generally they go to the agencies branch.

Ms. Barretto: Yes. Generally that would be flagged earlier in the day and it would be flagged through the normal issue system that the ministry adopts.

Mr. Hudak: Did it ever happen that there was direct contact?

Hon. Mr. Caplan: With the issues management individual?

Mr. Hudak: Yes.

Hon. Mr. Caplan: I don't believe so; no.

Mr. Wilson: Mr. Chair, how much time is left?

The Acting Chair: You have 12 minutes left, approximately.

Mr. Jim Wilson (Simcoe-Grey): Minister, I've been dying to ask you, and my constituents ask me quite frequently—particularly the case of the lady, and this is again with the OLG: A \$12.5-million prize, her brother got her the ticket somehow in Super 7, she lied in her affidavit and her ticket was expired. I've had expired tickets and have been told by the lottery corporation, "Don't even bother bringing them in. Just throw them out and don't look them up just in case you did win.

Hon. Mr. Caplan: Who told you that, Mr. Wilson?

Mr. Wilson: It's the rule.

Hon. Mr. Caplan: So you were told, but you don't know who told you that?

Mr. Wilson: Yes, but I'm asking the questions here.

Hon. Mr. Caplan: I'm just trying to understand—

Mr. Wilson: I'm not going to give away a confidential source, because she works—

Hon. Mr. Caplan: Confidential source?

Mr. Wilson:—very senior in the OLG.

Hon. Mr. Caplan: Oh, okay.

Mr. Wilson: How do you justify that, and what are you doing to recover it?

Hon. Mr. Caplan: In fact, as you're well aware, the Ombudsman, through his investigation, brought forward a number of particular cases which he identified going through the information when he conducted his own investigation. On the day of the Ombudsman's report—I believe that was March 26 of this year—I directed that all of the information, all of the files, all of the things that the Ombudsman—

Mr. Wilson: What are you doing to actually recover—

Hon. Mr. Caplan: Please let me continue.

Mr. Wilson: I've heard all this 100 times. What are you doing to actually recover it? I've never heard that.

Hon. Mr. Caplan: Please let me continue. As I was saying, I directed that all of the files, all of the information that the Ombudsman reviewed, be referred directly to the Ontario Provincial Police for their review, and they would be the appropriate ones to decide to take whatever the appropriate next steps are.

Mr. Wilson: Why wouldn't you take these people to court?

Hon. Mr. Caplan: If I may—

Mr. Wilson: Why wouldn't you take her to court?

Hon. Mr. Caplan: —Chief Fantino has determined that it is appropriate that the matter be referred to the Toronto Police Service for their review, and they are conducting that review currently. So this is a matter that is currently in front of the police.

Mr. Wilson: Why wouldn't the government take these people to court? If you know who the lady is, and you're pretty sure it's fraudulent, why don't you just go to court?

Hon. Mr. Caplan: I note, Mr. Chair, that Mr. Wilson makes a claim that we know something is fraudulent. I believe only the lawful authorities can make that determination. That's why it's appropriate that the police review these matters, decide what the evidence is, if there has been a wrongdoing, what charges should be laid and what the appropriate next steps are. I'm rather shocked that Mr. Wilson would want to circumvent the lawful process in this province.

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Mr. Wilson: You know what's shocking here is that you have up to a \$100-million scandal, you take no accountability for it at all, you don't take anything to do with ministerial responsibility, you completely rewrite the book on how things are supposed to run in a parliamentary democracy, and you have the gall to just slough it all off to the police. You don't seem to have done anything to clean up anything. You're putting the police in a horrible situation. You were supposed to manage this situation and you've done nothing to manage this situation.

Hon. Mr. Caplan: I completely reject the opinions—everyone is entitled to their own partisan political views and the member is entitled to his opinion.

Mr. Wilson: It's not a partisan political view; it's a fact out of an Ombudsman report.

Hon. Mr. Caplan: The member is entitled to his opinions. I completely disagree, not only with his stated opinion and characterizations. I think the Ombudsman, in fact, who is an independent officer of the Legislature, comments on these matters quite directly, where he commends me as the minister and commends the government for our efforts, for our openness, for our responsiveness, for taking the appropriate steps in calling in KPMG.

I'm not under any illusion that members of the Legislature in a partisan nature may have different views, but I think we should rely upon the independent view of an officer of the Legislature as well. Our police are independent. They are the proper lawful authority to make the determination as to whether fraudulent acts allegedly have been committed. I have confidence in the OPP and the Toronto Police Service.

Mr. Wilson: Minister, thank you very much. We've heard this a thousand times. I'm going to take my prerogative in questioning and cut you off.

The Acting Chair: It is the opposition's time to ask questions.

Mr. Wilson: I just have a final point.

Hon. Mr. Caplan: But I hope it's clear that the member's opinions are only that and I vehemently disagree.

Mr. Wilson: What's clear is that your government refuses to take responsibility. I was the first minister to step down.

Hon. Mr. Caplan: I disagree with you, sir.

Mr. Wilson: Well, you've taken no responsibility. You've done nothing personal about it. You're the top guy in the organization, and if you don't take responsibility, then how does everybody below you care about accountability? You're a horrible example.

Hon. Mr. Caplan: In the case that Mr. Wilson refers to, I believe a member of his staff accessed confidential billing information of—

Mr. Wilson: They didn't access anything.

Hon. Mr. Caplan: —an opposition critic for the purpose of disseminating it across the province.

Mr. Wilson: If you'd read the report from the privacy commissioner—

The Acting Chair: Minister, Mr. Wilson, we'll try to have a debate; well, we're not having a debate but—

Mr. Wilson: I stepped down and did the right thing—

The Acting Chair: —you'll ask the questions and he'll give the answers. How about that?

Mr. Wilson:—and let an independent officer of the Legislature look at the matter. I stepped down for 10 weeks. I knew I hadn't done anything wrong. I dismissed the employee, not as a scapegoat, and the report finally said that all he did was pass on a rumour. All the deputy ministers, ADMs, directors, managers, everybody that testified, said that there is no way that the minister's office had access to that information. But I did the right thing. I did what I had learned in school, not only in theology but in political science in my degrees. I did what had been done for years and years. In parliamentary tradition you step aside. You clear the air. You make an

example. So I'm going to ask you, would you do anything different from what you've done?

Hon. Mr. Caplan: I think the Ombudsman comments quite clearly—when he said in his March 26 press conference, “I conclude that they”—referring to the OLG—“put profits ahead of public service.” I think there was a point, a crossroads, in 2002. At that point, the OLG could have gone two ways: It could have said, “We'll apply the law and take the measures to act diligently.” Mr. Wilson was a member of the executive council—

Mr. Wilson: This is an extension of the House. He gives the same answer all the time in the Legislature. I don't need to hear it again. Let's get something new.

Hon. Mr. Caplan: The member asked a question.

The Acting Chair: Minister, he asked you a question.

Hon. Mr. Caplan: I'm endeavouring to do my very best to answer it. Mr. Wilson clearly, as a member of the executive council at the time, did not take the appropriate steps to safeguard the public interest. I have. As the Ombudsman notes, we called in KPMG—

Mr. Wilson: I did not take the appropriate steps? I'm going to sue your ass off.

The Acting Chair: Mr. Wilson.

Hon. Mr. Caplan: That should be withdrawn.

The Acting Chair: Order, please.

Mr. Wilson: Well, you should apologize. What do you mean, I didn't take the appropriate steps? I stepped down and took full responsibility.

Hon. Mr. Caplan: I think that should be withdrawn.

The Acting Chair: Order.

Mr. Wilson: You take responsibility for nothing.

Hon. Mr. Caplan: I think that should be withdrawn, Mr. Chair.

Interjections.

Mr. Wilson: Well, it's a \$100-million scandal and he sits there and doesn't even take any accountability.

The Acting Chair: Mr. Wilson.

Hon. Mr. Caplan: In fact—

The Acting Chair: Hold on, Minister, please.

Mr. Wilson: You never read the full quote either.

The Acting Chair: Mr. Wilson, you're asking questions. The minister is giving answers. While he is giving his answers, if you are satisfied that the answer has been given, say so and we will move on. But while he is giving his answer, we have to at least give him the opportunity to do so. If you're satisfied that the answer has been given, let us know—this is your time—we will move on to the next question. Minister.

Hon. Mr. Caplan: Mr. Chair, I think member has just alleged that there has been a \$100-million fraud perpetrated. First of all, I don't know how the member can come to that conclusion, given that he's not a member of the investigative service or a police service in the province of Ontario. I have with me a copy of the Ombudsman's report where he makes no such finding either. So if the member does have some evidence—

Mr. Wilson: He clearly in his press conference—

Hon. Mr. Caplan: He clearly did not—

Mr. Wilson:—up to \$100 million; it was reported in 74 newspapers—

The Acting Chair: Mr. Wilson, please don't interrupt the minister. If you are satisfied with that the answer has been given, let us know and we will move on to the next question. We can't have this ongoing—

Mr. Wilson: Why not? It's the only debate he's ever had. He just keeps going on and on and on.

Hon. Mr. Caplan: Clearly, Mr. Chair—

Mr. Wilson: Someone needs to take you to task.

Hon. Mr. Caplan: I'm endeavouring to provide answers. But also, the premise of the question that Mr. Wilson has raised is simply wrong. The Ombudsman has made no such allegation that the member has stated here today. If the member has some evidence, I would recommend that he come forward to the OPP or the Toronto Police Service with what he knows, when he knew it, what evidence he has to support these allegations. Either that, or, as an honourable member, I suggest that the member withdraw his comments if he cannot back them up.

Mr. Wilson: I'm not going to get into tit for tat. You know what the Ombudsman said, you know what he said in his press conference and you have failed miserably to live up to any accountability at all. This stuff peaked in 2004-05 and you say that—you just brush it aside. You take no responsibility for it all.

Hon. Mr. Caplan: In fact, I do have the direct quote from the Ombudsman when he talks about the crossroads in 2002.

Mr. Wilson: You just already gave us that.

Hon. Mr. Caplan: He says the OLG could have gone two ways. We could have said we'll apply the law and take measures to act diligently. A month later Bob Edmonds surfaced and they pretended that binding law from the superior court didn't apply.

Mr. Wilson: Mr. Chairman, I'm not satisfied with this answer.

Hon. Mr. Caplan: Then it became a slippery slope. This member for Simcoe-Grey was a member of the executive council at that time, could have acted appropriately, could have taken the steps that the Ombudsman says were the appropriate things to do. These matters were brought to our attention through an investigative journalist's report and through the Ombudsman's report. My actions have been to call in KPMG to undertake a thorough review and analysis and to make recommendations; in addition to that, welcoming the Ombudsman's report.

I should tell you the status of the recommendations. Deputy, how many recommendations have been implemented already?

Ms. Layton: Twenty-two.

Hon. Mr. Caplan: Twenty-two of the 60 have been implemented. Additionally, following the allegations that the member unfortunately—

Mr. Wilson: This is just a filibuster. These are the same answers he's given in the House. I'm satisfied that I've heard his answer before.

The Acting Chair: Mr. Wilson, are you satisfied that this answer has been given? Would you like to put another question? You have one minute left?

Mr. Wilson: I just want to know, when this first broke—you must have known; we know you knew before the CBC story—what steps did you take? What did you actually do as a minister before the CBC—

Hon. Mr. Caplan: The fact is, this matter came to my attention in relation to a transcript of the interview that was conducted between the CBC and the spokesperson for Ontario Lottery and Gaming. That was provided Friday afternoon, I believe, on October 6, the Friday before the Thanksgiving weekend. The transcript was read over the weekend and on the Tuesday it was brought to my attention—approximately two weeks prior to the airing of the program.

Of course, the questions did not fully talk about all of the allegations or the substantive matters, but what my request at the time was, especially to the OLG—

The Acting Chair: Thank you, Minister. We've run out of time.

Hon. Mr. Caplan: We'll come back to it, I'm sure.

The Acting Chair: I'm sure we'll be back.

Hon. Mr. Caplan: I'm happy to do so.

The Acting Chair: We will now move on to the third party, Mr. Hampton.

Mr. Howard Hampton (Kenora–Rainy River): Chair, what time is it?

The Acting Chair: It is 5 o'clock, on this clock.

Mr. Hampton: I want to thank the minister and deputy minister and staff for being here. I want to ask some questions about Infrastructure Ontario. I guess the first question I'd like to ask is this: In terms of the Ministry of Public Infrastructure Renewal, who are the people within the ministry who have oversight over this area and who would liaise with Infrastructure Ontario?

1700

Hon. Mr. Caplan: It is twofold. We do have an infrastructure policy branch that does considerable work as far as preparing the work for the capital budget, the annual budget cycle and the preparation of the ReNew Ontario plan, but the main liaison with Infrastructure Ontario is through the agencies division, and we have ADM Joyce Barretto here to answer questions that you might have.

Mr. Hampton: I see a number of ADMs, so I take it that the ADM for agencies branch, Ms. Barretto, would have primary responsibility?

Hon. Mr. Caplan: She's right here.

Mr. Hampton: Would any of the other ADMs have responsibility for working with—

Hon. Mr. Caplan: Yes. As I mentioned, one of the branches of the ministry is the infrastructure planning and policy division, which does work on the capital plan submissions and on the policy related to infrastructure. I believe in this document it probably lists Paul Evans as the ADM, but we do have—

Interjection.

Hon. Mr. Caplan: Oh, we have acting ADM Bill Hughes, who heads up that division, here as well. So it would be those two.

Mr. Hampton: Those two? No one else?

Ms. Layton: Actually, let me just add a little more to that. Those are the primary contacts, but you can appreciate that with this particular agency, which is doing projects that are public works projects in the case of, for example, courthouses and government buildings, the liaison is largely through the agencies division, Joyce Barretto, but in the context of the broader public sector sort of projects that it's doing, like hospitals, it would be through Bill Hughes of our infrastructure policy and planning division. But I would also indicate, because I would like to give fair acknowledgement, the team of people who actually did most of the heavy lifting on the initial set-up of this agency, because it is a fairly new agency, just over a year. That's actually a smaller team of people which is called the strategic asset management unit. It was the team of people under Mahmood Nanji that provided a lot of the work, supported by our legal services branch as well as our corporate services branch, in terms of working through things like legislation, regulatory changes, mandate expansions—because we also merged the Ontario Strategic Infrastructure Financing Authority into the agency. That was huge work that required the skills of our human resources folks. So in many ways most of the ADMs that you see on that org chart have had some sort of association with the agency.

Hon. Mr. Caplan: As well as the ORC.

Ms. Layton: And certainly the ORC. The other point to make there—

Hon. Mr. Caplan: The Ontario Realty Corp. has quite a relationship—

Mr. Hampton: Okay. I think I get enough of a picture for now.

I want to ask you how many—you call them P3 hospital projects; I call them profit-driven privately financed hospital projects. How many P3 hospital projects have been announced?

Hon. Mr. Caplan: There are no P3 projects. There are two that were started originally by the previous Conservative government. The Royal Ottawa Hospital and the William Osler hospital are the only P3 projects. We have a different methodology—it's called alternative finance and procurement—which is quite a bit different from both New Democrat and Conservative style of P3s. It's rooted in—

Mr. Hampton: Chair, that's fine. So how many alternative finance hospital projects have been announced?

Hon. Mr. Caplan: About 40?

Ms. Layton: I think it's about 35 different projects that are out there in terms of the actual announcements, 35 hospitals that we're working on, and so in some context there's some of them where we've had ground-breaking, others where we've—

Mr. Hampton: Do you have a list of those?

Hon. Mr. Caplan: They're on the website.

Ms. Layton: The website of Infrastructure Ontario.

Mr. Hampton: So everything that's on the website, that's it?

Hon. Mr. Caplan: There's not just hospitals. There is also Durham courthouse, GTA Youth Centre—

Mr. Hampton: I'm concerned about hospitals now. Could you identify each of the announced alternative financing hospital projects for which a winning bidder has been selected, as well as who the winning bidder is?

Hon. Mr. Caplan: Sure. To date, I believe we've had four. There's the Montfort Hospital. We'll try to get you the winning bidders. There's been the Sudbury Regional Hospital. There's been the North Bay Regional Health Centre and there's been the Quinte Health centre as well. There are some which are in the tendering or the various bid stages currently, but there has not been a project agreement which has been reached yet.

Mr. Hampton: The North Bay alternative financing—profit-driven, private-finance hospital contract—has been finalized, right?

Hon. Mr. Caplan: That's correct.

Mr. Hampton: Have the contracts on any of the other profit-driven, private-finance hospitals been finalized? And which ones?

Hon. Mr. Caplan: As I said, Montfort Hospital, the Quinte hospital and Sudbury regional.

Mr. Hampton: So those have all been finalized?

Hon. Mr. Caplan: That's correct.

Mr. Hampton: I want to focus on the North Bay project for a while. I know that the contract with the winning bidder, Plenary Health, has been posted on the Infrastructure Ontario website.

Hon. Mr. Caplan: That's correct.

Mr. Hampton: I want to ask you: Has any information contained in the contract been removed or left out of what was posted on the website?

Hon. Mr. Caplan: The only information that would be left out would be either proprietary or commercially sensitive information.

Mr. Hampton: What do you mean by proprietary or commercially sensitive?

Hon. Mr. Caplan: For example, if a particular construction company or consortium had a particular method of delivering or contracting with whomever they would that was the reason that they were able to be more competitive than others who were bidding, we would not force them to disclose to the competitors how they were able to have the winning bid and be in a more competitive situation. We would allow them to keep their proprietary know-how and ability confidential.

Mr. Hampton: I take it, then, that some financial information has been removed from the posting or was not put in the posting.

Hon. Mr. Caplan: There may well be financial information that was particular to the individual consortium which would have been set up. As well, anything that would compromise the financial interests of the province would not be disclosed.

Mr. Hampton: How could something compromise the financial interests of the province?

Hon. Mr. Caplan: Anything, for example, which would indicate credit-worthiness or—Bill, what are the elements that a consortium or company would want to not have disclosed?

Mr. Hampton: No, you referred to the province, that it would compromise the financial interests of the province. That's what I want to know.

Hon. Mr. Caplan: Okay, I think I misspoke. Like the pricing structure that they would set up—

Mr. Hampton: So, there is nothing here—you're not alleging, then, that something would compromise the financial interests of the province?

Hon. Mr. Caplan: No.

Mr. Hampton: So, we're talking about company information?

Hon. Mr. Caplan: Sure.

Mr. Hampton: So, just to be clear, then, we do not have complete financial disclosure on the Infrastructure Ontario website in respect of the North Bay profit-driven, private-finance hospital project?

Hon. Mr. Caplan: No, we do have complete disclosure, save and except for those items which would be either proprietary—

Mr. Hampton: I was very specific: We do not have complete financial disclosure? There are some financial numbers that are not included, for whatever reason?

Hon. Mr. Caplan: I think I've been very clear, Mr. Chair: Those items which would either be proprietary or commercially sensitive would not be included on a public posting of a contract.

Mr. Hampton: Chair, I'm going to ask the question again. We do not have complete financial disclosure; there are some financial numbers that are not included in the disclosure which is on the website? Yes or no.

Hon. Mr. Caplan: I think I've answered now, and I will for the third time, that all of the information is there, save and except anything which would be proprietary or commercially sensitive, which would be excluded from the posting on a public website.

Mr. Hampton: Chair, I didn't ask about—

Hon. Mr. Caplan: I think that's very clear.

Mr. Hampton: My question wasn't about proprietary. My question is: Have some financial numbers been excluded from the posting on the website? Yes or no.

Hon. Mr. Caplan: I think I've indicated, Mr. Chair, very clearly that everything is posted, save and except for anything which would be proprietary or commercially sensitive. They would be excluded and not posted in the contract on a public website.

Mr. Hampton: And that includes some financial numbers?

1710

Hon. Mr. Caplan: I must admit, I don't know the extent to which that would happen, but—

Mr. Hampton: That's why we have the staff here. So, Ms. Barretto, could you tell us—or Mr. Hughes. Are some of the numbers that are excluded financial numbers?

Mr. Bill Hughes: Yes.

Mr. Hampton: Thank you very much.

The Acting Chair: Sir, for the purposes of Hansard, because we have not had you recorded yet, could you give your name before you answer that?

Mr. Hughes: Sorry. My name is Bill Hughes.

The Acting Chair: And your position?

Mr. Hughes: Acting assistant deputy minister of the infrastructure policy and planning division.

Mr. Hampton: I should have asked you in the first place. I wouldn't have had to ask the question five times. Thank you very much.

My reading of the material is that in order to show that the profit-driven, private-finance approach makes financial sense for each profit-driven, private-finance hospital project, a value-for-money study is done to assess the costs of building the hospital using the traditional public sector model versus the costs of the final agreement with the winning private bidder. Is that right?

Mr. Hughes: Yes.

Hon. Mr. Caplan: That's correct.

Mr. Hampton: So there's a so-called value-for-money study done?

Hon. Mr. Caplan: Correct.

Mr. Hughes: Correct.

Mr. Hampton: PricewaterhouseCoopers was hired to do a value-for-money study for the North Bay profit-driven, private-finance hospital project. Is that correct?

Mr. Hughes: For the North Bay AFP project, yes. That is correct.

Mr. Hampton: Has the PricewaterhouseCoopers audit been released to the public in its entirety without any information being removed or held back?

Mr. Hughes: What's released to the public is on the IO website, so there's a value-for-money report on the IO website that has a letter from PWC. As far as I know, that's what has been released.

Hon. Mr. Caplan: I believe that's currently posted on the website.

Mr. Hampton: My question: Has the PricewaterhouseCoopers study been released to the public in its entirety without any information being removed or any information being held back?

Mr. Hughes: No, for the same reasons the minister explained a minute ago. There is commercially sensitive information and proprietary information in any of those kinds of studies, and any of that information, if publicly available, could compromise the province's ability to get a good price on future Infrastructure Ontario projects. So information of that nature is not released.

Mr. Hampton: So financial information has been excluded again in the PricewaterhouseCoopers study that was posted?

Mr. Hughes: For the reasons indicated by the minister.

Mr. Hampton: I don't care about the reasons; I just want to be clear.

Hon. Mr. Caplan: Okay. Don't confuse me with the facts, Mr. Chair.

Mr. Hampton: However, some selected information from that PricewaterhouseCoopers report has been released on your website. The document is called Value for Money Assessment. But it's not the original PricewaterhouseCoopers value-for-money study, is it?

Hon. Mr. Caplan: I don't know what you're referring to, Mr. Hampton.

Mr. Hampton: I guess I'm asking Mr. Hughes. Was there an earlier iteration of the PricewaterhouseCoopers study? In other words, was there an earlier PricewaterhouseCoopers report, and this one is a revised one?

Mr. Hughes: Not that I know of.

Mr. Hampton: So this is the original study, unrevised—

Mr. Hughes: This is a value-for-money summary.

Mr. Hampton: Yes. So it's a summary of the earlier.

Mr. Hughes: Right, with the exclusions identified by the minister.

Mr. Hampton: There's a bit of a difference between taking the original study and removing sensitive information and providing a summary. I think you would agree. There is a difference there, isn't there?

Mr. Hughes: Yes, sure.

Mr. Hampton: Okay. So the summary that is provided does a couple of things. One, it takes out some financial numbers that, for whatever reason, you feel are sensitive or, for corporate reasons, should not be disclosed. Is that right?

Mr. Hughes: Yes.

Mr. Hampton: Does the summary eliminate anything else?

Mr. Hughes: I don't know the answer to that.

Mr. Hampton: How do you mean you don't know anything else—you can't answer that?

Hon. Mr. Caplan: Well, you asked a very broad question. Do you want to narrow the question down?

Mr. Hampton: Does the summary leave anything else out?

Mr. Hughes: I haven't seen the PWC study, so I can't speak to what's left out and what's not.

Ms. Layton: If I could just jump in a little bit as well, I sit ex officio on the board of directors of the OIPC; I don't sit as a voting member. It's at those board meetings that the value-for-money study comes in, at two different points: early on, when you're dealing with estimates, and so you're working with something called an adjusted shadow bid, in the case of the AFP project, as well as with the public sector comparator; and then once the bids come in, there's a presentation that's also given that shows it based on the actual numbers that come in at the preferred bid stage. Those are presentation formats. There's no doubt that there are spreadsheets behind all of that, but the board of directors sees a presentation format. The material that is then produced to go onto the OIPC website is a report that is written for more general consumption, and therefore it is one that is written in, I guess it would be fair to say, reader-friendly terms, not unlike the excellent document that I think you probably have with you that does show how value for money is assessed through the agency.

Mr. Hampton: So I go back to my original point: What gets printed on the website has probably gone through a couple of iterations, then. Not only is it not the real study, but as you point out, this process goes through several iterations before you come up with some numbers, and some of the numbers are left out in the summary.

Ms. Layton: It's a very detailed process. There are workshops with cost consultants; there are an awful lot of different pieces to this whole method. It takes weeks to actually work through the value-for-money assessment that is ultimately released publicly.

Mr. Hampton: On page 11 of the summary, I guess it is, the value-for-money assessment, there's a chart which basically says that the base cost of the hospital project, using the traditional public sector approach, would be \$404.6 million. Is that correct?

Ms. Layton: That's in the illustration that you're looking at?

Mr. Hampton: Yes. I'm talking about the graph.

Ms. Layton: Yes.

Mr. Hampton: And the base cost of the Plenary Health profit-driven project is \$551.7 million. Is that correct?

Mr. Hughes: Also correct, yes.

Mr. Hampton: That's a \$147-million deferential. Is that right?

Ms. Layton: That's right.

Mr. Hampton: What's the reason for that \$147-million difference? You've got the traditional public sector approach on this side and you've got what you call alternative finance—or as I say, a profit-driven, private finance hospital—on this side. But just in the base cost, there's a \$147-million difference. You told me that this is a very methodical process; you go through several meetings. So you must be able to tell me, what are the things which result in that \$147-million difference?

Mr. Hughes: The primary reason for the difference is financing costs.

Mr. Hampton: Financing costs? So borrowing costs?

Mr. Hughes: Right.

Mr. Hampton: So the borrowing costs for the profit-driven private finance hospital is how much more?

Mr. Hughes: I can't speak to that because it's part of the confidential details underlying the value-for-money study, as the minister explained earlier.

Mr. Hampton: So you must know the difference in the interest rate. There must have been an assumption on interest rates.

Mr. Hughes: Yes, and the underlying interest rate assumptions used by Plenary are confidential. They're commercially confidential and they are also a matter of provincial interest because, as I explained earlier, if we released financing assumptions for any of these projects, that would give an advantage to subsequent bidders and—

Mr. Hampton: You must be able to tell me what the public sector borrowing rate that was used would have been?

1720

Mr. Hughes: We could check that. It varies—

Hon. Mr. Caplan: I believe that traditionally they do break out separately the financing cost on top of the base cost, don't they? Or do they just include it in this?

Interjection.

Hon. Mr. Caplan: They include it in there.

Mr. Hampton: So can I just ask you, what was the public sector borrowing rate assumption that was used here?

Ms. Layton: Just speaking to not the North Bay project specifically but to the guide that is on the website, the notional public financing cost is calculated at the current provincial cost of borrowing, which is the notional public sector financing rate. It's estimated through readily available data. Infrastructure Ontario uses the simple average of yields on provincial bonds with a term of one year or longer as the estimated current borrowing rate.

Mr. Hampton: I want to ask you specifically with respect to the North Bay project: To arrive at these kinds of fairly detailed numbers, you must have used a public sector borrowing rate.

Ms. Layton: Yes.

Mr. Hampton: My question is specific: I want to know the public sector borrowing rate that you used for this chart. Either you must have used it or PricewaterhouseCoopers must have used it.

Mr. Hughes: We can find that—

Ms. Layton: Yes, sure. We can give you the details—part of the methodology.

Mr. Hampton: I want to know what that is. Now, you're saying that you're not at liberty to tell what the private, profit-driven borrowing rate was.

Mr. Hughes: Right, but we can give you the public sector rate. It's publicly available; we just have to look it up.

Mr. Hampton: But I want to know what it was for this specific project.

Mr. Hughes: Understood.

Mr. Hampton: Good. Thanks.

The higher cost of borrowing for the profit-driven consortium would be a big part of that \$147-million difference in added cost?

Mr. Hughes: Yes, it would.

Ms. Layton: Absolutely. The provincial cost of borrowing is going to be better than the cost of private sector borrowing. But I would also want to note that in that base cost you see, which is comprised of construction costs, life cycle costs, the hard and soft facility maintenance costs as well as under what we call the shadow bid, which is the bid that you do with the private sector consortium, you also have to appreciate that there's a cost associated with the private sector assuming risks that otherwise aren't there. I just want to make it clear that it's not just the—

Mr. Hampton: That's fine. I'll get into the details in a second. Thank you.

I think what I heard you say is that the higher cost of borrowing for the profit-driven, private sector consortia is the major part of that \$147-million difference.

Mr. Hughes: Yes. That's in the value-for-money report.

Mr. Hampton: Okay. Then I want to ask you this: The company would also expect to make a profit; this profit-driven, private sector consortium would want to make a profit. Is that also—

Ms. Layton: They're not philanthropic organizations; we admit that.

Mr. Hampton: I just want to be clear: Is that also in the \$147-million difference? Is that where it is?

Hon. Mr. Caplan: Presumably, yes.

Mr. Hampton: No, I'm not asking about presumably. You said that this was a detailed process. You looked at this, you looked at this and you looked at this. I'm asking the deputy, who sat in on this, is the profit that the profit-driven, private sector corporation wants to make also in the \$147-million difference?

Ms. Layton: In the material I've seen, I've never seen X equals profit. You don't see it that way. Through the work of the consortium, you appreciate the base costs, and you appreciate the risks they're taking on. In the risk, therefore, there's a cost to add a value to the organization, and it would be implied in the risk numbers that they would be taking on.

Hon. Mr. Caplan: But certainly, in the base cost analysis, those factors would be a part of the difference between the public sector comparator

Mr. Hampton: Thank you. I've got an answer.

Since the deputy sat in on these meetings, I want to ask you this: I've been told, because I've talked with some of the folks who apparently have done some of this work, that there would be significant project management costs for this kind of profit-driven, private sector model and significant transaction costs. There would be a lot of legal work for lawyers; there would be a lot of work like that. Is that also in the \$147-million difference?

Mr. Hughes: No.

Mr. Hampton: It's not?

Mr. Hughes: No.

Mr. Hampton: Where is that?

Mr. Hughes: That's in the top of the graph, in ancillary costs. It's also covered in the value-for-money report. The difference is that the costs for the traditional model—transaction costs and other project management costs—are estimated to be \$5.6 million, and the costs associated with the AFP approach are estimated at \$18 million. So the difference is around \$12.4 million.

Mr. Hampton: So the project management costs and the project transaction costs are higher for the profit-driven private finance model?

Mr. Hughes: Yes. That's all explained in the value-for-money report.

Mr. Hampton: I just want to be sure.

Mr. Hughes: Okay.

The Acting Chair: Mr. Hampton, you have three minutes left, just to give you a warning.

Mr. Hampton: Why would you separate that out? Why would you separate out transaction costs?

Mr. Hughes: For added clarity.

Hon. Mr. Caplan: Mr. Hampton, one of the five principles is accountability and transparency. We want Ontarians to understand all the various elements that go into constructing a hospital and to have a fair, apples-to-apples comparison so—

Mr. Hampton: That's fine. I've heard an answer. Thank you.

The Acting Chair: Thank you, Minister.

Mr. Hampton: I just heard the minister's answer, but what I learned earlier is that there are all kinds of things you can't talk about. Why would you separate out, as a technical matter, transaction costs from the overall cost of the project? What's the rationale for that?

Mr. Hughes: I think the rationale is to be clear about what the difference in cost is. That is an area where it's possible for the province to be clear without compromising its future competitions for these kinds of projects, so in the interests of accountability and transparency, we publish it.

Hon. Mr. Caplan: As well, on a traditional build—on an AFP project—we would not produce a value-for-money report, so that's an additional cost and expense that we will have to account for, whether it's, as Mr. Hampton points out, legal accounting, some of the other—

Mr. Hampton: That's fine. I've heard enough.

As the deputy pointed out earlier, the first major part of that \$147-million difference is the added borrowing costs for the profit-driven, private finance corporation—

Ms. Layton: Right.

Mr. Hampton: —and the other major part of that is what you refer to as a risk premium on the project.

Ms. Layton: The risks that are retained by the project consortium, is what I think I said.

Mr. Hampton: A risk premium that they charge you on the project.

Ms. Layton: Actually, the value-for-money report does use the term “premium,” yes.

Mr. Hampton: It's peculiar that you would factor out transaction costs, but in the discussion nobody would say what the profit is. Would you agree with me that on a capital project like this, most profit-driven private corporations would be looking for a profit of about 15%?

Hon. Mr. Caplan: I don't think we assess or guarantee any particular profit. By the way, what individual consortiums choose—

Mr. Hampton: I've heard enough. I've heard the answer. Thank you.

Hon. Mr. Caplan: Mr. Hampton has to allow opportunity for an answer.

The Acting Chair: Thank you, Minister.

Hon. Mr. Caplan: Okay. If he doesn't want an answer, that's okay.

Mr. Hampton: You say you did detailed studies.

Hon. Mr. Caplan: He prefers not to have the answer.

Mr. Hampton: I find it hard to believe that in the detailed studies you wouldn't have said, "How much of this is going to profit?" Nowhere would anyone have said, "Here's the cost of the project, here's the additional cost of the financing—

The Acting Chair: Mr. Hampton, that is the end of your time. We are now going to suspend this to allow members to get to the chamber to vote. When we return, we will have some time left for the minister's rebuttal—

Hon. Mr. Caplan: You might convince me to go vote for it.

The Acting Chair:—so as soon as the vote is over, if we could return, that would be great.

The committee recessed from 1730 to 1740.

The Acting Chair: I call the committee to order and thank everybody for returning promptly.

Minister, you have 24 minutes left of your rebuttal. If we have agreement from the parties that we can exceed the time of 6 o'clock for a few minutes, you'll be able to get all your minutes in today and we'll still have three minutes to get to the vote.

Mr. Hudak: He can stand them down.

Hon. Mr. Caplan: I appreciate the collegial nature of the committee.

The Acting Chair: Does everybody agree to go a little past 6?

Hon. Mr. Caplan: We have to go for the vote.

The Acting Chair: I know that, but if we get going, we'd still be able to get to vote.

Hon. Mr. Caplan: Mr. Chair, we're in your hands.

The Acting Chair: Okay, you're on. It's 5:40.

Hon. Mr. Caplan: Thank you, Mr. Chair. I do have some comments. Regrettably Mr. Hampton is not here. I did want to point out to him—unfortunately, it didn't seem that he was very desirous to hear my replies to his questions—that in the P3 Highway 407, which was constructed by the New Democrats, I don't believe any value-for-money report was ever issued by the province or any of its agents—

Mr. Hudak: Was it P3 or AFP?

Hon. Mr. Caplan: No, Mr. Hudak, it was a P3, and I must say, AFP is quite different from P3.

I did want to highlight several initiatives of the Ministry of Public Infrastructure Renewal. I certainly had a chance to talk a little bit about growth planning. We had passage of the Places to Grow Act—it received royal assent on June 3, 2005—which provides the legal framework to coordinate planning for long-term growth and infrastructure investment. That was followed up very quickly—in fact, on June 16 about a year later, we did issue the final growth plan for the greater Golden Horseshoe. That growth plan, as I mentioned, received the American Planning Association's Daniel Burnham Award for a Comprehensive Plan.

I do note Mr. Hudak's very complimentary comments. I have asked Assistant Deputy Minister Brad Graham to please bring the award to the next meeting of the committee, so that all members can celebrate the wonderful

achievement of the province of Ontario. I hope that you too are here, Mr. Chair.

One of the things I'm most proud of is that while it is the Ministry of Public Infrastructure Renewal and the government of Ontario that are the recipients of the award, in my opinion it is because so many, whether it's the work of previous governments, our colleague Chris Hodgson, who started and led off, or even the government previous to that—I want to acknowledge the work in setting up Anne Golden and her task force on the GTA. I want to note that members from both sides of the legislature have had a hand in shaping the plan, but so many others, whether it's municipal officials, building and development and industry stakeholders, environmental stakeholders or just citizens.

I recall that our ministry undertook, I think, unprecedented town hall meetings and public engagement that really set this process apart from what has gone before. I do want to commend, and hope members will be interested and wish to participate—we're holding a growth summit on May 17 here in the city of Toronto. I hope you'll accept my invitation. Come and please participate.

I also want to highlight the provincial development facilitator. The office of the PDF, as we call him, was established as a corporate resource to resolve and mediate land use, environmental and growth management issues. Efficiencies and savings are realized through successful negotiation, therefore preventing issues from advancing through more costly legal processes—quasi-judicial as well. I do want to comment here and now that we are indeed fortunate to have Alan Wells, a very well known individual, quite an excellent one, who is acting in that capacity for us.

Mr. Hudak: What about Fort Erie?

Hon. Mr. Caplan: There are many issues around the province that Mr. Wells is engaged in, and I know that Niagara region is one area he is giving diligent attention to, I say to my colleague from Erie-Lincoln.

On infrastructure renewal and asset management, our Ministry of Public Infrastructure Renewal has developed and guided ministries to dedicate resources for asset management initiatives. We've increased capital planning, financing and project delivery capacity and expertise in the Ontario public service. We've finalized project announcements under the Canada strategic infrastructure fund. We've led and supported negotiation for new infrastructure programs, whether that's the third round of strategic infrastructure funding, the second round of COMRIF and the renewed highway and border infrastructure plan and, in addition, a long-term funding agreement with our federal colleagues. We've held a leaders' forum on infrastructure, which was held on October 13, 2006, where, I dare say, we drew many of the best and brightest internationally to come and plan and share ideas on how we could perform even better. In fact, on capital investment, we undertook a cohesive and strategic approach to modernizing infrastructure. Of course, the cornerstone to that is ReNew Ontario, our five-year, \$30-billion-plus infrastructure investment plan

supporting government priorities in health care, education, the environment, economic prosperity and so many other areas.

The first progress report was released on October 10, 2006. I would highlight as well for you this past fall in the fall economic stimulus package that was announced in the fall economic statement by the Minister of Finance, 3,000 projects were approved as part of that, many to replace residential spaces, maintain facilities for vulnerable populations—group homes, women’s shelters, treatment centres—outside of urban areas.

The province’s own infrastructure expenditure in 2006-07 was \$6.6 billion—historic and I believe almost unprecedented, and I say cheers to my good friend opposite. The province’s planned expenditures for 2007-08 are \$5.9 billion.

In the area of health care under ReNew Ontario, we’re providing funding for over 100 hospital projects right across the province. Over the next three years, 104 additional first-year medical school spaces will be opened in six locations. Four new satellite medical education campuses are currently being built to allow students to complete significant portions of their training closer to home. Of course, as my colleague the Minister of Health would want to note, when we can train medical personnel closer to home, there’s a much greater likelihood that they will live and continue and develop their practices closer to home, thereby, we hope, helping to remediate the very long-standing problem of under-serviced areas in the province of Ontario.

As of March 2007, the preferred teams have been selected for major alternative finance and procurement projects for hospitals in Belleville, Sudbury and North Bay. In addition, three RFPs are closed and under review for hospital projects in Mississauga, London and Toronto. RFPs or requests for qualifications have been issued for a further 10 AFP hospitals.

The government has improved access to diagnostic scans by adding seven new hospital-based MRI services in Ontario since May 2004. We’ve provided funding for expanded hours of service to MRI machines at Halton health centre, from eight to 12 hours per day, five days a week, and started construction of a new MRI service at Soldier’s Memorial Hospital in Orillia. I know we’ll commend that to our colleague Mr. Dunlop because he is very excited about that. In addition, seven old hospital-based MRI machines have been replaced with newer, more efficient ones. Since 2005, 31 old hospital-based CT scanners have been replaced and updated with the latest in CT scan technology.

Since 2005, 39 long-term-care projects have been completed; 913 new long-term-care beds have been added; more than 4,000 existing beds have been re-developed.

The government has invested \$50 million to increase the number of spaces in Ontario’s medical schools, and that means a 15% increase in the number of doctors graduating each year, starting in 2011-12.

In education, we’re creating opportunity for young people and supporting innovation by boosting the number of graduate student spaces by 55% from 2002-03 levels. In September 2006, we announced that we’ll be increasing the number of spaces by 12,000 over two years, rising to 14,000 by 2009-10.

In September 2005, the MARS Discovery District, a convergence innovation centre, was opened. Of course, I do want to acknowledge this was an initiative that was originally conceived and started under a previous government, but we do feel it is important and it is one that we do celebrate. Additional funding to support completion of the west tower was announced in the provincial budget of March 23, 2006; grants to 483 projects since 2004 for research infrastructure at hospitals and universities to match the Canada Foundation for Innovation awards; and \$350 million for post-secondary renewal.

As I mentioned, it’s important we talk about vulnerable populations: 2,400 new affordable housing units, with 2,600 affordable housing units under construction and 1,500 in the planning stage; redevelopment of four children’s treatment centres; completion of the Greater Toronto Area Youth Centre; eight court consolidation projects to improve access to justice; three new detention centres to replace aging facilities; more than 180 residents of developmental service institutions have moved into community settings; and 15,000 new child care spaces in 2005-06 alone.

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Transportation: In August 2005, we announced the northern Ontario highways strategy, a \$1.8-billion, five-year plan for highway improvement and expansion right across northern Ontario; predominantly, four-laning and expansion of Highway 11 and Highway 69. We’re investing \$3.4 billion through the southern Ontario highways program to support key transportation and trade corridors in southern Ontario, adding 130 kilometres of highway and 64 bridges and repairing 1,600 kilometres of highway and 200 bridges. New HOV lanes have opened on Highways 403 and 404, and new HOV lanes are planned for Highways 400, 417, 427 and the QEW. Of course, my friend from Erie–Lincoln would want me to mention support for and the beginning of construction on Highway 406, a key corridor through Niagara region.

We’re moving forward with our partners on the \$300-million investment in the Windsor gateway and the \$323-million investment in the Niagara and Sarnia border crossings. And Move Ontario—a \$1.2-billion investment in transportation infrastructure, including \$838 million in new funding for public transit in the GTA and \$400 million for Ontario’s roads and bridges outside of the greater Toronto area.

The rural infrastructure investment initiative: \$140 million supporting 190 projects; 376 municipalities were eligible to apply for funding under this one-time initiative. Mr. Chair, if I may, I really want to acknowledge the leadership of Carol Mitchell, my parliamentary assistant, in the work she did to make this particular initiative a tremendous success in supporting those communities

right across the province. Carol did an incredible job, and I think it's important that this committee know her very fine work there.

Investments in rural infrastructure such as roads and water continue through the COMRIF program. To date, the province has committed \$242 million toward 353 projects in 208 municipalities.

I have touched on the Toronto waterfront. This government remains committed to the revitalization of the Toronto waterfront. Work has begun on a new community in the west Don lands, and we expect to see significant residential construction by the end of this year. Continued progress on the Toronto waterfront file includes signing a contribution agreement finalizing the 10-year business plan with our two partners both at the city of Toronto and at the federal level. We've issued a developer call, and we're looking forward to announcing a successful developer for the west Don lands. We're working with the Ministry of Finance and the city of Toronto on a tax increment finance pilot in the west Don lands.

Environmental stewardship: I touched earlier on the 5,500 acres of ecologically sensitive land in the Rouge Valley; the new Bob Hunter Memorial Park; 650 acres of land in Oakville; 180 acres to create the Eramosa park in Hamilton; the new deposit-return program which was implemented beginning on February 5 of this year; and of course, I'm very pleased that the Durham consolidated courthouse is being built to meet the Canada Green Building Council silver LEED certifications that incorporate environmentally sustainable construction practices and energy-efficient design.

In addition to that, we've broken ground on a new home for the archives in the province of Ontario at the campus of York University. It too will be built, I understand, to LEED certification.

I've talked about the deep lake water cooling initiative. It doesn't seem to be as effective as we'd hoped on a day like today, but we're working on that.

Revenue generation and investment leverage: The Liquor Control Board of Ontario had again last year another record profit that they have returned to the province of Ontario, I believe some \$1.2 billion.

Interjection.

Hon. Mr. Caplan: It's incredibly impressive the work that they're doing, and I anticipate continued fine progress in that area.

We've created Infrastructure Ontario, an arm's-length crown corporation dedicated to the renewal of the province's hospitals, courthouses and other essential public assets. I cannot say enough about David Livingstone, the president and CEO, Tony Ross, the chair, and the team that they have put into place, which is doing phenomenal work to build these projects so vital to our province on time and on budget. I'm very pleased that on July 17 the Ontario Strategic Infrastructure Financing Authority, or OSIFA, was merged with Infrastructure Ontario. To date, Infrastructure Ontario, through their financing program, has committed to provide more than \$2.4 billion in

affordable, low-cost financing to fund over 1,200 infrastructure projects right across the province. We've expanded the loan program, by the way, to include municipal sports, culture and recreation projects. We've expanded criteria to include post-secondary educational institutions and municipal corporations, as well as non-profit long-term-care providers.

Under the Ministry of Finance's leadership, we've supported the Teranet IPO, which raised over \$570 million for our province. In keeping with the commitment of Finance Minister Sorbara in his 2004 budget, infrastructure indeed received the first call on those monies, and that in fact provided the initial money for the rural infrastructure investment initiative.

I note that Mr. Hampton is back, and I'm glad he's here. I want to remind him and all members of the Building a Better Tomorrow framework, a made-in-Ontario approach to engaging the private sector and financing the procurement of public infrastructure AFP projects, and the five key principles. I want to list them for you, Mr. Chair: (1) that public interest is paramount; (2) that value for money must be demonstrated; (3) that appropriate public control and ownership must be preserved; (4) accountability must be maintained; and (5) all processes must be fair, transparent and efficient.

We're also assisting the government in strategically managing public assets by unlocking value from key provincial assets. We're working with our partners in Ontario's First Nations. We've already developed an agreement in principle, and we're working toward a finalized agreement for a new revenue-sharing model with Ontario's First Nations, and I'm very excited about that. The new relationship which we do have is an incredible testament to the Premier's leadership, that we have been able to establish that and to move forward on an incredibly important file.

I would be remiss if I did not take the opportunity to talk to you about some of the outside interests who have commented on many of the initiatives of the Ministry of Public Infrastructure Renewal.

The Acting Chair: I'm just going to give you two seconds to catch your breath and to let you know that we have five minutes left.

Hon. Mr. Caplan: Five minutes. Well, that will not cover everything, but I do wish to highlight a few things.

On the deposit-return system: "The rollout of deposit return for LCBO bottles has been long anticipated by environmental leaders all over Ontario. We congratulate Premier McGuinty and the ministers for finally making this good green change. I know the people of Ontario, my family included, will embrace deposit return with the same enthusiasm to protect the planet that we display with our blue box. Congratulations." That's Dr. Rick Smith, the executive director of Environmental Defence.

Robert Wright, senior legal counsel from the Sierra Legal fund, says, "What goes around, comes around. That's why deposit return for LCBO bottles is a great step forward. Reuse and recycling reduces glass to landfills and greenhouse gases that cause climate change, and it makes people feel good about doing their part to

protect our planet. Cheers to Premier McGuinty and Ministers Broten and Caplan for making this happen.”

I wanted to talk about ReNew Ontario, because hospitals form such a key part. I know I probably only have time for one or two others, Mr. Chair, and you’ll let me know, but this one is important. This is from Hilary Short, president and CEO of the Ontario Hospital Association: “This” AFP “is an essential and timely plan to fundamentally improve capital planning and financing in Ontario. It provides an ideal platform to help advance the government’s transformation agenda for health care.” And “The ReNew Ontario plan will make it possible for many hospitals to undertake much-needed capital improvements to facilities that, across Ontario, average 43 years old. We welcome today’s important investment in the Toronto Rehabilitation Institute”—in fact, there are others—“and we look forward to further investments like these in months and years ahead.” There are others that I would like to be able to quote. Maybe I’ll leave with just one last one.

The Acting Chair: You have about two and a half minutes.

Hon. Mr. Caplan: Maybe I have time for two others. In relation to the growth plan, who, of course, would argue with the mayor of Mississauga when she says, “This is a historic plan. I commend the government for taking this bold step to make our communities strong, liveable and healthy, now and in the future”?

She also says, “The government is making real progress in building a growth plan that will help make better and stronger communities in the Golden Horseshoe region,” and, “This vision goes a long way in making growth a benefit to all. When implemented, the plan will protect the future of our communities and will be well received by the public.” That’s Hazel McCallion, the mayor of the great city of Mississauga.

But of course I want to end, for my colleague from Erie–Lincoln, with the chair of the region of Niagara, Mr. Peter Partington.

Mr. Hudak: What does he say?

Hon. Mr. Caplan: He says, “As a part of the greater Golden Horseshoe, Niagara is unique in terms of the assets and opportunities that it brings to the future growth of Ontario. Places to Grow not only addresses how we manage our inheritance from the past, but it focuses on what we can accomplish by working together in the future. Niagara plays a key economic role in furthering

the prosperity of Ontario, both as a vibrant smart growth community and as an economic corridor between two countries,” and “The growth plan for the greater Golden Horseshoe recognizes the important role of Niagara region as a gateway between Ontario and the United States. The growth plan provides an excellent opportunity for the Niagara region and the province economically. We look forward to working with the province on the implementation of the growth plan.” I couldn’t say it any better than Chair Partington. Thank you so much, Mr. Chair.

The Acting Chair: Thank you, Minister. We actually have a little over a minute left.

Hon. Mr. Caplan: Thank you, Mr. Chair. I have more—

The Acting Chair: Well, now you have less than a minute left.

Hon. Mr. Caplan: No, I have more. In fact—

Interjections.

Hon. Mr. Caplan: The members call for more. In fact, we had the Honourable Mike Harcourt, the former mayor of Vancouver and Premier of British Columbia, the Prime Minister’s external adviser on the advisory committee on cities and communities, said, “A strong and vibrant greater Golden Horseshoe is important to the future prosperity of not just Ontario, but the entire country. The province of Ontario is to be commended for putting in place such a bold and ambitious growth plan for this region. Ontario’s Places to Grow initiative will quickly become a model for urban regions across Canada.”

Do I have time for one more?

Interjections: No.

The Acting Chair: Mr. Minister, I would say—

Hon. Mr. Caplan: I have several more, Mr. Chair.

The Acting Chair: The last thing I want to do is cut you off because we’ve been having so much fun here.

Hon. Mr. Caplan: You are kind, Mr. Chair. But I do have more. I will be back.

The Acting Chair: We are done. It is 6:04. As I said, we would go until 6:04. This committee will adjourn until Tuesday, May 15, 3:30 p.m. or following routine proceedings. So we now have two minutes and 55 seconds to get to the chamber.

The committee adjourned at 1804.

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