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Tuesday 1 December 2009

**Journal
des débats
(Hansard)**

Mardi 1^{er} décembre 2009

**Standing Committee on
Government Agencies**

Intended appointments

**Comité permanent des
organismes gouvernementaux**

Nominations prévues

Chair: Ernie Hardeman
Clerk: Douglas Arnott

Président : Ernie Hardeman
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIESCOMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Tuesday 1 December 2009

Mardi 1^{er} décembre 2009

The committee met at 0902 in committee room 1.

The Chair (Mr. Ernie Hardeman): I call the meeting of the government agencies committee to order. Thank you all for being here.

SUBCOMMITTEE REPORT

The Chair (Mr. Ernie Hardeman): The first order of business is the adoption of the subcommittee report of Thursday, November 26. Do we have a motion to adopt the report?

Interjection.

The Chair (Mr. Ernie Hardeman): So moved.

Any discussion on the report? If not, all those in favour? Opposed? The motion is carried.

INTENDED APPOINTMENTS

DOUGLAS TURNBULL

Review of intended appointment, selected by third party: Douglas Turnbull, intended appointee as member, Metrolinx.

The Chair (Mr. Ernie Hardeman): We'll go to today's appointment reviews. Our first interview today is Douglas Turnbull, intended appointee as a member of Metrolinx. Mr. Turnbull, if you'd come forward, the seat is yours.

You will be given the opportunity for opening remarks. We will then have a rotation of questions from the three parties at 10 minutes each, at the end of which, of course, we will conclude the interview. We will start with the official opposition in the questioning.

So with that, Mr. Turnbull, thank you very much for being here this morning, and the floor is yours.

Mr. Douglas Turnbull: Thank you, Mr. Chair, and members of this committee. I appreciate this opportunity to meet with you today and to answer your questions.

Let me begin by saying what a great privilege it is to be considered for appointment to the Metrolinx board of directors. I have spent a great deal of my career working with the public sector with governments of all political stripes across Canada, and I can say that in my experience, the work of the public sector, whether as part of the professional public service, elected representatives at all levels of government or the volunteer sector, is critically valuable to Canadians, but, ironically, grossly undervalued by many in the private sector. I do not share that

view. In my opinion, the work done by the public sector has a fundamental impact on the quality of life of all Canadians.

As you can see from my biography, I've spent my career in the investment banking industry, largely focusing on advising government. Therefore, I bring a government financing and public policy perspective to the board table. I've worked in Toronto, New York and Tokyo.

I am currently the deputy chairman of TD Securities, a position I've held since 2006. In addition, I am chair of the George Brown College Foundation, where I also chair the audit committee, and I serve on the Canadian board of Orbis International, a global charity that owns and operates the world's only flying eye hospital and is committed to eliminating preventable blindness in the developing world. In 2007, I was executive-in-residence at the University of New Brunswick's faculty of business. I currently sit on the Ontario Minister of Finance's economic advisory panel.

I should also mention that I have recently graduated from the Institute of Corporate Directors' director education program at the Rotman School of Management.

I also hope to continue to serve on the customer service committee of the Metrolinx board, chaired by Mr. Nick Mutton, who was here, I think, last week. I'm enjoying the work of the board in this particular committee. I believe in the value of a strong customer-focused approach to business and think it should be an important factor in ongoing board deliberations.

If appointed to the Metrolinx board, I intend to work to the very best of my ability to make a positive contribution to transit development in the GTHA.

Thank you.

Mr. Ernie Hardeman: Thank you very much. As I said, we'll start the questioning with the official opposition.

Mr. Frank Klees: Thank you, Mr. Turnbull, for being here today and for your willingness to serve. It's a huge challenge that Metrolinx has in terms of its mandate and the plans ahead.

You have extensive experience in the financial services sector. I'd be interested in your view relative to the challenge that Metrolinx will have to fund the infrastructure plans. We know the state of Ontario's finances: a \$25-billion deficit. I see that you're an adviser to our finance minister. He's probably not listening to very much of your advice these days. From our perspective, I

think he's made some questionable decisions, but that's not for our discussion here.

I'd be interested in your views as to how Metrolinx will ultimately be able to meet the challenge of financing multi-billion-dollars of infrastructure projects in this province.

Mr. Douglas Turnbull: That is an enormous challenge. I think that's probably the biggest single issue that the board of Metrolinx is going to be wrestling with over the next several years.

The Big Move and the priorities that the board has envisaged a \$50-billion capital spend. That's only part of the challenge. The other part is the operating expenses that come with the system as it expands and builds out. This government has pledged roughly \$10 billion of that, and I think the challenge for the board and for the management of Metrolinx is to come up with the appropriate tools and the appropriate financing models in order to fund the rest of the projects. The board's mandate is to come back by 2013 with the financing proposals to the shareholder.

Mr. Frank Klees: Which really brings me to my next question: 2013 is generations away in terms of activities that happen within politics. In your private sector role, I can't imagine that your organization would lay plans for a capital project and then say, "By the way, come back three years down the road and tell us how we're going to fund this." That would never happen. It wouldn't take you three years to come up with a plan.

From our perspective, we question the motivation of deferring a funding solution for three years. Given the CVs of people like yourself and other members of the board—I've complimented the government before on their selection of board members, very capable people—surely you would be able to come forward with a funding proposal long before 2013, given the mandate.

Mr. Douglas Turnbull: That's a fair challenge to put forward. It is complex, though. The important thing is to get it right and make sure that we've looked at all the options that are available, widely discussed that, sought input from all the relevant stakeholders in the GTHA, and come up with a proposal that gets this right for the next 50 years, the next 100 years. So I would be cautious about trying to rush it, trying to get something in place too quickly that doesn't allow full discussion and full debate about what all the alternatives are.

0910

Mr. Frank Klees: What's encouraging to us is that we seem to have a very strong board directorship here of independent-thinking people, and what we're hoping is that you'll do exactly that: You'll play the assigned role of an independent director and challenge the government in terms of their timing on this. With every year that's delayed, we fall behind.

My last question to you is with regard to the budgeting. We see the \$50 billion of capital expenditures. Nowhere have I seen any reference to the billions of dollars or even the line item relating to the makeup for infrastructure that's already there and in the ground and that

will need to be addressed. Has there been discussion at the board, not just about the forward-going new capital projects, but the amount of investment that has to be made on the existing infrastructure, replacement of infrastructure, addressing the safety issues, and what that will result in? What is the line item that addresses that?

Mr. Douglas Turnbull: I'm not sure that I can recall a line item per se. I can tell you that at every board meeting I've been to—and I've been on the board since May—at every discussion there are extensive and detailed discussions about the infrastructure backlog in Ontario, the state of infrastructure, the repair that is required in all jurisdictions—this isn't just an Ontario problem—and the impact that that's going to have as we build out our projects, because they can't be done independently.

Without question, if Metrolinx is successful in implementing the Big Move and implementing its priorities, that's going to go a long way to addressing the transportation infrastructure shortfalls that we have.

Mr. Frank Klees: Thank you, Chair.

The Chair (Mr. Ernie Hardeman): Mr. Hampton?

Mr. Howard Hampton: Sorry I wasn't here for your initial presentation, but I think we have enough paper on you.

There have been several attempts at what is now called Metrolinx, if you go back over the last 15 years. When you read some of the newspaper accounts—let me just give you one. Mr. John Howe, Metrolinx vice-president in charge of investment strategies, says, on the one hand, referring to the Transit City plan to extend a series of light rail train lines, "These are the first TTC projects so to speak that would be delivered by [private financing]. And if they are successful we would see it perhaps as the model to deliver more transit projects in the region."

If you listen to TTC general manager Gary Webster, he says, "We're working with Metrolinx and Infrastructure Ontario to determine what the appropriate construction approach is, whether it's a design-bid-build, which is the normal approach the TTC has used to build major projects, or if you use an alternate financing approach, which allows you to back-end-load your costs to this"—in other words, put more of the costs into the future.

Then you also have the TTC chair, Councillor Adam Giambrone, reportedly warning that establishing a public-private partnership could delay the start of the three projects: the overhaul and extension of the Scarborough RT and the construction of the Finch Avenue LRT and the Eglinton crosstown line, which are now scheduled for completion in time for the 2015 Pan Am Games.

So there's one issue, and you have three different opinions. What's your view?

Mr. Douglas Turnbull: I don't mean to sound flippant, but I don't see those as being inconsistent. I do think that there is going to be vigorous debate on the right way to fund the projects that are coming.

I do think that there is a recognition that there is urgency—not Pan Am-related, but there’s urgency to get on with the job. There are a couple of different models that are being looked at. So my expectation is that the board is going to put an awful lot of thought, effort and research into determining what the right approach is. There’s going to have to be a lot of discussion around the negotiating tables with the various stakeholders to ensure that everyone’s objectives are met. Not everyone’s will be. Eventually, a decision is going to have to be made to proceed on one basis of financing or another, and to proceed down one track or a different one.

Mr. Howard Hampton: Just to follow up on Mr. Klees’s question, I think one of the things that is starting to puzzle people is that on the one hand you hear announcements that project X, Y or Z is going to go forward, but when you ask the question, “How is this going to be financed?”, the response you get is, “We haven’t figured that out yet.” How do you make a decision to go forward with something when you haven’t figured out how it’s going to be paid for?

Mr. Douglas Turnbull: I don’t think you do. There has to be an expectation that there is financing either available or in process. I don’t think you can say, “We’re going to do this,” and just hope that it all gets financed.

However, I would say that there is extensive research to get the financing right for the projects that have been announced and that are slated to be done. I think there has to be some goodwill amongst all parties that the group that is charged with planning the financing and approving the financing is going to do their homework and their due diligence to make sure it’s done properly.

Mr. Howard Hampton: If I may, I look around at the wreckage in the North America economy and the world economy, and I would say at least a lot of it is due to the fact that people said, “I’m going to buy something” without really figuring out how they were going to pay for it, and then other people floating financial instruments that didn’t pay for it either. So I get nervous when I read, on the one hand, an announcement that this project is going to proceed—and the project I can point to most readily is the train to the airport. So the announcement is made, “This is going to happen,” and then in the next breath I read, “But we don’t even know if the technology exists yet to do it this way.” Then, in the next breath, “And we haven’t figured out how we’re going to pay for it.” We’re talking here, as I understand it, of at least \$50 billion. So I get nervous when I hear people tossing around \$50-billion figures and then they say, “But we haven’t figured out how we’re going to pay for it,” because it sounds like a repetition of some of the sorry history we’ve experienced in the last four years.

Mr. Douglas Turnbull: I guess I would see that a little bit differently. I understand the frustration that comes from there being different approaches to funding capital projects, and that it’s not clear that there is one approach that you can make a decision on. I don’t think you can. I think that there are a number of different ways that large capital projects can be financed and have been financed very successfully in North America, elsewhere

around the world and here in Ontario. Infrastructure Ontario, for instance, which is very involved in this process, has a terrific track record of managing big, complex capital projects and getting them financed efficiently, with demonstrated public value. So, I guess I am more confident sitting around the Metrolinx board table that the financing can be arranged, and it will be demonstrated to be in the public interest in value-for-money financing.

Mr. Howard Hampton: In today’s news coverage, I think of another project that was essentially turned over to private sector management and what will be, in the longer term, private sector financing—it’s called the 407—and the head of the 407 saying to people, “Well, if you’re not prepared to pay for the road, don’t use it.” I would hate to think that that’s how our public transit system is going to end up—if you can’t afford to pay the fees, don’t use it.

Mr. Douglas Turnbull: I can’t imagine any scenario under which that would happen.

The Chair (Mr. Ernie Hardeman): Thank you very much. Government side?

Mr. Michael A. Brown: Thank you, Mr. Turnbull. We appreciate your putting forward your skill set and your background to assist in what is obviously a major challenge in the province. We have seen a number of your colleagues on the board here in front of us, and we’ll be seeing some more.

I don’t think, as Mr. Klees pointed out, that anybody can question the credentials of all the folks who have volunteered, literally, their time and their expertise to this project.

So thank you very much. We certainly value your skill set and your dedication to public service.

Mr. Douglas Turnbull: Thank you.

The Chair (Mr. Ernie Hardeman): That concludes the time allotted—not quite the time, but the questions are concluded, and we thank you very much for coming forward. Obviously, there are many challenges ahead, but we appreciate your being willing to take on solving some of those challenges.

Mr. Douglas Turnbull: Thank you, Mr. Chair.

Mr. Frank Klees: Is it possible to get Mr. Turnbull’s opinion of the impact of the HST on mutual funds before he leaves?

Laughter.

The Chair (Mr. Ernie Hardeman): That should have been part of the questions.

Our second interview is with Richard Koroscil, intended appointee—

Mr. Yasir Naqvi: Chair, there’s a vote in four minutes, so you might want to consider our voting first, before we call the next witness. We’re in your hands.

The Chair (Mr. Ernie Hardeman): That’s in four minutes. We hate to make individuals wait, but rather than starting and cutting into the presentation halfway through, we will recess. Hopefully, all of us will get back immediately after the vote to finish with this.

The committee recessed from 0923 to 0934.

RICHARD KOROSCIL

Review of intended appointment, selected by third party: Richard Koroscil, intended appointee as member, Metrolinx.

The Chair (Mr. Ernie Hardeman): Thank you all for being back and we thank Richard for being here with us this morning. We will, as we mentioned with the earlier one, give you the opportunity to make a presentation about yourself and the appointment. Then we will have questions from the three parties, starting with the third party this time. We'll make the rotation 10 minutes for each party. Hopefully that will conclude our interviews.

Thank you very much for being here and the floor is yours, sir.

Mr. Richard Koroscil: Thank you, Mr. Chairman and members of committee. It's a pleasure for me to be here and a real honour to be considered for the Metrolinx board. I've participated in the board since May and have been impressed immensely by the calibre of board members who are participating in the challenge that we face.

I'd like to touch on two things, if I may: one, my view of how important the work Metrolinx will be undertaking is to me personally and to the province of Ontario; and secondly, talk a little bit about my suitability as a board member.

In 2003, I returned to Ontario from British Columbia after 10 years being away, working with the Vancouver Airport Authority. When I arrived back in Ontario and became very involved in the transportation business in the province, I was very surprised that the province did not have what I would call a long-term, integrated, multi-modal transportation strategy, particularly considering the area that we're located in is really the heavy-industrial/commercial area of Canada and one of the largest in North America. What we found was each mode of transportation operating independently within its own silo, and no coordination between those modes of transportation.

The GTTA, now Metrolinx, began its work not long after I had arrived. Through its heavy public consultation process—which I participated in quite a bit, through the process—it developed the Big Move, the plan taking Metrolinx forward. This is a huge step, in my mind, for the province of Ontario. It really begins to talk about transportation as an economic enabler and how important it is to our provincial growth and economic diversity as we go forward. For me personally, this is a big opportunity to participate in helping grow the province of Ontario.

With respect to my background, I have 33 years in the transportation business. I'm a practitioner of transportation, most of it being in the air sector, but in the air sector we really deal with a lot of intermodal activity. I've been involved in business—private and public—in Canada and internationally, all over the world. In my previous employment with Vancouver Airport Services, we were

bidding on and building airports all over the world. Today we operate about 18, in seven different countries.

At Hamilton International, as president and CEO, I've participated in and been involved with the development of the Southern Ontario Gateway Council, and the McMaster Institute for Transportation and Logistics, the first of its kind in central Canada and an opportunity for the private sector to partner with educational institutions to focus on transportation and logistics, the gathering of data, analysis and recommendations for improvements in transportation. I also participate as a board member on the Ontario Chamber of Commerce and Hamilton Chamber of Commerce, focused very much on transportation policy.

With that, I'll thank you very much for your attention, and I'll be happy to answer any questions.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. As I said earlier, we'll start the questioning with the third party.

Mr. Howard Hampton: Thank you for your presentation. You stated that most of your experience is in air transportation: air transportation planning, air transportation operation and the financing and building of airports. Is that right?

Mr. Richard Koroscil: Correct.

Mr. Howard Hampton: So when you were with Vancouver—I just want to be clear—you worked at Vancouver International Airport?

Mr. Richard Koroscil: Correct.

Mr. Howard Hampton: And then you worked for the organization Vancouver Airport Services.

Mr. Richard Koroscil: That's also correct.

Mr. Howard Hampton: They're not one and the same?

Mr. Richard Koroscil: No. I started with the Vancouver Airport Authority. In 1996, we spun off a small subsidiary company—because we had people coming from all over the world to look at the things that we were doing here in Canada that they were viewing as being quite innovative—and created Vancouver Airport Services to be able to bid on airport projects.

Mr. Howard Hampton: So building airport facilities—

Mr. Richard Koroscil: Building and operating, yes.

Mr. Howard Hampton: —and operating airport facilities?

Mr. Richard Koroscil: Correct.

Mr. Howard Hampton: Okay. I think it would be fair to say there's a big difference, though, between building and operating airport facilities and trying to operate bus, rail, subway, commuter operations. Fair to say?

Mr. Richard Koroscil: No, I would say there are a lot of similarities. We're both in the process of moving people. It's very customer-focused. Both involve heavy capital investment in infrastructure and day-to-day operations at the same time.

0940

Mr. Howard Hampton: One of the issues that is certainly on the front page is the issue of how you move

people from Toronto airport to downtown Toronto. It wasn't that long ago one of the issues, especially when WestJet was flying in and out of Hamilton a lot, was how you move people from Hamilton airport to Toronto and the greater Toronto region. Do you have some views on those things?

Mr. Richard Koroscil: Well, ground transportation is a key component for any airport's growth. I can point to my previous employer. The Vancouver Airport Authority has now built the new Canada Line, as an example, in Vancouver, connecting the airport to the downtown city core. It is a key component in terms of long-term viability and growth.

Mr. Howard Hampton: Were you involved in that when you were in Vancouver?

Mr. Richard Koroscil: No. Actually, it happened just after I left.

Mr. Howard Hampton: Okay. Were you involved in any of the planning, any of the design, any of the engineering studies?

Mr. Richard Koroscil: No.

Mr. Howard Hampton: Okay. I'll repeat my question. It is important to be able to move people from airports to where they live and to where they work. It's an issue that's been kicked around in Toronto and the greater Toronto area for some time. Based on your experience, you must have some views about how best to do this.

Mr. Richard Koroscil: Well, all of the major airports in the world—especially when you go into Europe—you'll find rail connections going into most of them.

Mr. Howard Hampton: Subway connections in some cases?

Mr. Richard Koroscil: Subway or rail. I would view subway as being part of rail.

Mr. Howard Hampton: Okay. So you think that's the preferred way to go?

Mr. Richard Koroscil: No, I'm just saying rail is one opportunity. Other modes of ground transportation are essential, too, because you can't provide access to the many different locations that people are coming from or to just with rail.

Mr. Howard Hampton: If you were in the room before, one of the issues you can read about almost every other week on the front pages of the papers: On the one hand, projects are being announced or projects are being confirmed. Then the question is asked, "All right, how are you going to pay for this?" Usually the response is, "Well, we're still studying that." To me, it seems a bit odd. If I announce I'm buying a new car, usually I've figured out how I'm going to pay for it, but we seem to be saying, "Well, we're going to do this project, but we'll think later about how we're going to pay for it." Have you been involved in any of the discussions about how to pay?

Mr. Richard Koroscil: I think the board has been involved in discussions about how important it is to get that part of the puzzle resolved as quickly as possible.

Mr. Howard Hampton: And your view is?

Mr. Richard Koroscil: That it also needs to be resolved.

Mr. Howard Hampton: One of the major debating points is do you do this traditional public sector or do you do it by means of what is commonly called private-public partnerships. Do you have any views on that?

Mr. Richard Koroscil: Well, I think it's incumbent upon both management and the board to make sure that all avenues are researched appropriately and come forward with a recommendation that makes the most sense for each individual project.

Mr. Howard Hampton: The current chair of the TTC says he is worried because some of these projects, in his view, are urgent in terms of their timeline. He's worried that detailed discussions of public-private partnerships will take so long and will be so detailed that, in fact, the projects themselves will be put on the sideline. Your views?

Mr. Richard Koroscil: Well, I think that's part of the consideration that has to be taken when you're doing evaluation of what type of funding or financing you're going to use. It could be one element of the decision-making process.

Mr. Howard Hampton: Thank you.

The Chair (Mr. Ernie Hardeman): To the government. Mr. Brown.

Mr. Michael A. Brown: Thank you for coming today, and thank you for making your experience and skill set available to a very important board.

I think all of us are very impressed not only with your credentials but the credentials of the various members of the board. You represent a broad experience level across a lot of disciplines. I'm particularly impressed with the fact that the board has someone with airport experience. It seems to me kind of innovative but also someone that we needed to have at the table.

We appreciate your taking the time and the effort to serve the public on this important board. We will be supporting your concurrence.

Mr. Richard Koroscil: Thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much. Mr. Klees, with the official opposition.

Mr. Frank Klees: Thank you, Chair. How much time do I have?

The Chair (Mr. Ernie Hardeman): You have 10 minutes, when you start.

Mr. Frank Klees: Thank you.

Mr. Koroscil, thank you for being here. You have a fair amount of experience as a director. Traditionally, as an independent director in an organization, a public company particularly, there's a relationship that the independent director has to management and to shareholders. One of the fundamental roles of the board is to hold management accountable and to ensure that the shareholders' interests are met. In your opinion, as a director of Metrolinx, who is management and who are the shareholders?

Mr. Richard Koroscil: Management would be staff—our president and CEO, the vice-presidents and

the staff who work for them—and the shareholder would be the province of Ontario.

Mr. Frank Klees: Given that relationship, how do you deal with the issue of ensuring that the government, as represented by elected officials—that is, the minister; at the municipal level, it would be mayors and councilors. How do you deal with their role to ensure that Metrolinx is making decisions that are in fact in the best interests of—and I would go beyond. You say the government of Ontario; it really is the municipal and provincial levels of government here, and more importantly, it is the taxpayers, at the end of the day. Elected officials should always represent the taxpayers. I'm not sure that always happens. So I think your challenge, really, is to ensure that the public interest is met.

How do you avoid being guided in your decisions by the political tug of war that quite often takes place and ensure that, as a board, you're making those decisions that are in fact in the public interest versus what's in the interest of the mayor of Hamilton, for example, who has your ear and is going to be lobbying in terms of what's best? And rightfully so; that's understandable. How do you guard against that?

Mr. Richard Koroscil: I think you've kind of articulated the issue for me clearly, and that goes back to the public. Part of our responsibility, in terms of operational issues, particularly with Metrolinx, is that we're serving the travelling public that's there. So our consideration has to be, "What's in their best interests?"

Mr. Frank Klees: In the time that you've been on the board, have you ever sensed that there may be some pressure put on the board politically in terms of the decisions that the government or a mayor may want to see as opposed to what may be in the public interest?

Mr. Richard Koroscil: No, I've never sensed that conflict—not yet, anyway.

Mr. Frank Klees: And as an independent director, you will stand firm against any such suggestion of lobbying, I'm sure.

Mr. Richard Koroscil: Absolutely.

Mr. Frank Klees: And decisions will always be in the public interest.

Mr. Richard Koroscil: Correct.

Mr. Frank Klees: I have confidence, by the way, that you'll do that, which is why we have no hesitation supporting your appointment.

I do have a question. I was pleased to see your experience in air transportation, and we talk about the mandate of Metrolinx in terms of multi-modal transportation. What I thought was a huge gap in terms of its mandate was that really, there's no mention of air transportation. In the greater Toronto area and the Golden Horseshoe area, surely air transportation should have a significant role and be recognized as having that. We have a major challenge in York region, for example, with the Buttonville airport. The Greater Toronto Airports Authority has pulled funding, and the province has washed its hands of funding, yet here is a significant economic impact. The

owners of that airport have said they're going to shut it down. That leaves an incredible gap.

0950

I'd be interested in your view as to whether Metrolinx may have a role in raising an alert about the importance of regional airports. You have one in Hamilton similar to the Buttonville airport. Is there any hope, particularly given your experience, that that may be something that Metrolinx takes an interest in and at least ensures that, as we consider this massive infrastructure undertaking, the role of regional airports is taken into consideration?

Mr. Richard Koroscil: It's a very good question and a good point. In our discussions as part of the Southern Ontario Gateway Council, as an example, we, in terms of policy, took the position at the inception of the SOGC that the concept of intermodal, integrated transportation was extremely important for Ontario's economic growth and opportunity. That included all modes of transportation. I know that the Big Move and the work that the GTTA did has, in fact, talked about the connection to Pearson and the importance of that. It is one of the largest employment centres in Ontario, even for me in Hamilton in terms of the airport there being an economic generator for Hamilton and the region. Having discussions about those intermodal connections is very important and personally important to me as well. It is an important component.

I think it's one that the province, for many years, has not necessarily got involved in, and for good reason. The federal government really was responsible for aviation. They, at one point, even owned the airlines and owned and operated all of the airports. They were in the marine business, operating and owning ports and railroads; in fact, they owned railroads at one time. So we've seen a change take place in terms of governance with respect to transportation in Canada, and in Ontario in particular, where many of these assets now have been let go, but the responsibility for their long-term planning in terms of integrated strategy has not been there.

I think the province and Metrolinx, rightly so, have now taken the torch up to say, "Somebody needs to be doing this." That's one of the reasons I'm very pleased with the work that the GTTA has done in terms of its consultation. Again, I participated in that process and had ample opportunity to have input into that. I think that has put us in a good position to go forward and to be able to deal in more detail around what that really looks like as we go forward. What should that integrated and intermodal strategy be? What are the details around that? I would suspect that as we go forward in terms of Metrolinx's work, we'll see more discussion and more work being done on that.

Mr. Frank Klees: I would hope that the issue of regional airports is, in fact, taken into the loop as you consider expanding your planning in that area.

The Chair (Mr. Ernie Hardeman): The answer to your previous question is zero now—no time left.

Mr. Frank Klees: Can I ask for unanimous consent to give me another 10 minutes?

Mr. Michael A. Brown: No.

Mr. Frank Klees: No? Thank you, Mr. Chair.

The Chair (Mr. Ernie Hardeman): Thank you very much for your presentation. That concludes this presentation.

JENNIFER BABE

Review of intended appointment, selected by third party: Jennifer Babe, intended appointee as member, Metrolinx.

The Chair (Mr. Ernie Hardeman): Our third member to be interviewed this morning is Jennifer Babe, intended appointee as a member of Metrolinx. You may come forward, Jennifer. Thank you very much for coming in this morning. We appreciate your taking the time.

As with the previous interviews, we will give you the opportunity to make an opening statement if you wish. We will then start the questions, 10 minutes for each party in rotation. This time, we will start with the government caucus. With that, the floor is yours, and we look forward to hearing from you.

Ms. Jennifer Babe: Thank you. I'm very pleased to be invited before the committee this morning. In fact, I'm here again because it was November 16, 2005, where I appeared before the committee before, when I was being first considered to be an appointee to the old GO board.

I have served three and a half years on the GO board and have been on the transition board now since May, so I have roughly four years of experience, particularly on the operating side of GO, with its growth, about which I've been very excited to participate.

On GO, I served for the last several years as chair of the governance committee. You may not be aware, but in the past, management of GO had asked for the public auditor to come in and do a value-for-money audit of GO. The report was well received and the recommendations were taken to heart. I'm very pleased to have participated as the chair of the governance committee in responding back to the Minister of Transportation while GO still existed as a separate crown entity. We had addressed all of the auditor's issues, and we had all of those materials available, which were provided to amalgamated Metrolinx. I'm continuing to serve on its governance committee as we focus to do our work to put forward the recommendations of the auditor and as we have responded to them in the unique world of being a crown agency.

I'm continuing to serve not only on the governance committee but also on the audit and risk management committee. It's often said that solicitors, of whom I am one, are people who tell others what not to do because there are problems; and that is, I suppose, my viewpoint coming to the board, to raise issues and problems and contemplate problems.

I have been very desirous of being included in public service through not only my work for the last four years for GO and now Metrolinx—serving on the board for four years at the YMCA of Greater Toronto. I've been a

long-time standing volunteer and fundraiser for the United Way, and I'm the immediate past chair of the national business section of the Canadian Bar Association. I have about 25 years of involvement in service for the profession through the Ontario and the Canadian bar associations.

My personal background is probably in the resumé before you, relative to my education, and I'm now about 28 years into the practice of law in Ontario with a law firm which has 500 lawyers in nine cities, five of which are in Ontario. And I'm uniquely aware, in my role as an employer in the greater Toronto and Hamilton area, about the need for transit, not only for ourselves as employers but the need of the public for safe, clean, reliable transportation and what role that plays for our social services and a clean, healthy environment for the province.

So, again, I'm very pleased to be able to serve and wish to continue to serve. I'm therefore glad to be here this morning.

The Chair (Mr. Ernie Hardeman): Thank you very much. With that, we will move to the government. Mr. Brown?

Mr. Michael A. Brown: Again, we appreciate your putting your name forward and value your experience on the GO board before this.

This is a major undertaking, and I guess I don't need to tell you that. But we have a broad spectrum of people from various backgrounds that provide us skill sets, and more than the skill sets that are quite broad, some people with real experience, as you do, in this particular board or ones similar.

So I just want to indicate the support of the government in concurrence for your appointment and thank you very much for your public service.

Ms. Jennifer Babe: Thank you.

The Chair (Mr. Ernie Hardeman): Thank you very much. The official opposition: Mr. Klees?

Mr. Frank Klees: Thank you, Ms. Babe, for being here today.

You mentioned your role previously with GO, so obviously you're very familiar with the day-to-day operations and particularly the committees that you've been involved in there. And having been the lead in responding to the auditor's report, you're obviously familiar firsthand, as well, with some of the concerns that the auditor had and you responded appropriately. With regard to those issues that were identified by the auditor, as a director who has the responsibility, not to protect management—that's not your role. It's also not your role to protect government. As I had the discussion with Mr. Koroscil—you're really acting in the public interest.

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Are you absolutely satisfied that all of the issues that were raised by the auditor have been fully addressed and that, in fact, the public interest is being served?

Ms. Jennifer Babe: I am very heartened by the steps that have been taken in the last several years, both at GO and now implemented into the governance policies and procedures at Metrolinx. I think it reflects some of the

highest standards of what I've experienced in my career, and it certainly falls clearly within the guidelines established as the legislated mandate that has been given to GO as a creature of statute with a statutory objective, memorandums of understanding with the minister, and our policies that have been put in place.

I am very, very heartened by what I have seen in the last six months go forward, and I am extremely confident in my fellow directors to be totally mindful of their fiduciary duties, both as governed by the statute and their independence in being those guardians of that mandate and that fiduciary duty.

Mr. Frank Klees: It's a great response but it is not answering my question. I expect that from the government during question period.

My question was very specific. It related to the issues that were raised by the auditor. I'll repeat it: Are you absolutely confident that all of the issues that were raised by the auditor have been fully addressed by GO? Can you just answer that?

Ms. Jennifer Babe: Yes.

Mr. Frank Klees: Okay. Should GO be held to the same safety standards and inspection requirements for their equipment, whether it be buses or trains, that the private sector is held to?

Ms. Jennifer Babe: I don't know the requirements at law, but I believe they are under the same requirements when operating railways under the railways act, and all of the other public health and safety and transportation legislation, as are the private sector. To the best of my knowledge, they are completing the same statutory requirements.

Mr. Frank Klees: I would ask that you, as an independent director, perhaps take the time to look into that and do some research and ask for a report that you might share with your directors. It's my understanding that there really are two different levels of safety standards. One is the standards and terms of the kind of inspections that are required on a daily basis of buses that are operated by the private sector. Those standards are different from the kind of safety standards and inspection requirements that GO buses are held to.

I happen to have a serious concern about that. I have had representation in my office from operators of GO as well as operators in the private sector who have concerns that there are two different levels of safety expectations and that the safety issue is one that could create serious problems down the road.

Whether those different levels of inspections or standards have crept in over time as a result of trying to save money along the way—I hope that's not the case—or whether there is some other technical explanation for that, I happen to believe that it's unacceptable. Certainly, it also creates an uneven playing field when it comes to private sector operators participating in the transportation industry.

So if you would do that, if I can have that undertaking from you, I would appreciate that.

Ms. Jennifer Babe: I will raise it with the risk management side of the audit committee, and we will put that on our agenda.

Mr. Frank Klees: Thank you. I have no further questions. I wish you well. Thank you again for participating as a director. I realize it's a lot of time—it's a volunteer position—and we're grateful for your contribution.

The Chair (Mr. Ernie Hardeman): Mr. Hampton from the third party.

Mr. Howard Hampton: I just want to ask you some questions about your past experience and take it from there.

Having experience on the GO board, I wonder if you could tell me, in terms of GO's costs of operation each year, how those costs of operation were covered.

Ms. Jennifer Babe: There were three separate budgets relative to the GO operation. There was a capital budget for expansion, a refurbishment budget to keep things going and maintained, and then there was an operating budget. After the fare box was collected or any sundry revenues, then there was a subsidy from the province to make up the shortfall in the day-to-day operating budget on the GO side.

Mr. Howard Hampton: What costs of GO would municipalities have picked up?

Ms. Jennifer Babe: The municipalities were to provide certain amounts of money toward expansion. That has been a long-discussed issue between the province and municipalities. I believe it relates to the Municipal Act and whether their participation in growth should be funded by the existing ratepayers or by new development charges. That is a statutory issue that has to be resolved between the political sides of municipal and provincial government.

Mr. Howard Hampton: And what about the refurbishment part of the budget?

Ms. Jennifer Babe: Refurbishment, I believe, was both federal and provincial funds, and there were contributions in part from both.

Mr. Howard Hampton: And operating was fare box and the province?

Ms. Jennifer Babe: Fare box and the province.

Mr. Howard Hampton: No municipal responsibility there?

Ms. Jennifer Babe: I can't remember, but I don't believe so.

Mr. Howard Hampton: Okay. I don't expect you to know the details of this, but the TTC, in the broad picture part of things, will be part of Metrolinx—

Ms. Jennifer Babe: Actually, it won't. It may be a partner in some development, but it is a separate entity.

Mr. Howard Hampton: Okay. But TTC—how are the costs covered there?

Ms. Jennifer Babe: From what I read, as a citizen, in the press, it's a combination of seeking money from the city of Toronto and the province to backstop its shortfall in operations over and above the fare box.

Mr. Howard Hampton: You can read the debate week by week about how TTC expansion will be

covered. TTC officials have one view, it would appear. Metrolinx officials have another view. But one of the issues that has been raised with me—I think this really is a governance question. There will be significant costs in this for municipalities—maybe operating costs of buses, operating costs of the TTC—yet on the board there are no municipal representatives. I get worried whenever I see people making spending decisions that other people will have to pay for and yet the people who ultimately will have to pay don't have any representation where the decisions are going to be made.

Ms. Jennifer Babe: Metrolinx can't make the decisions for those people. Those people will be partners, whether it's Viva up in York region or whether it's the TTC in the city of Toronto as part of the expansion. Those agreements have to be negotiated with full participation by those partners, if they wish to proceed or not.

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Mr. Howard Hampton: Let's just take the current TTC expansions, which are, as I say, being discussed in the newspaper. Are you saying to me that if Metrolinx says it shall be done thus and so, the TTC can simply say, "Sorry"?

Ms. Jennifer Babe: It doesn't have to sign the agreements if it is not in favour of a decision that's being recommended by Metrolinx.

Mr. Howard Hampton: But if the TTC is not in favour of the decision that's made by Metrolinx, how does something like the Scarborough light rail—which needs to be updated, refurbished—happen?

Ms. Jennifer Babe: If there can be no agreement made on how it proceeds forward, it may be on the back burner until an agreement can be made. They have to make their own decision on how they wish to participate.

Mr. Howard Hampton: So, for example, some of the other TTC projects: If Metrolinx says it shall be done thus and so, and the city council doesn't agree, and/or officials at TTC and the city council don't agree, what happens to the projects?

Ms. Jennifer Babe: They won't go forward until there are agreements by everybody. This has to be a partnership. It isn't the objective of Metrolinx to say, "This shall be it." We can make recommendations. It comes from Places to Grow, it comes from the Big Move, it comes from GO's MoveOntario 2020. Those are all great concepts, but it has to be done in partnership with the other municipalities, their transit systems. It has to be a coordinated effort with everyone's agreement at the table.

Mr. Howard Hampton: I think this is a real issue of governance and an issue of control.

Two things would bother me that are in your legislation. We just heard the Auditor General give a devastating report about eHealth, about literally dozens of contracts going out the door that were untendered. I don't think I'm exaggerating when I say the Auditor General said \$1 billion went out the door in untendered contracts and we don't have much to show for it. Metrolinx, in the

legislation, is expressly permitted to engage in untendered contracts.

Ms. Jennifer Babe: Metrolinx has also adopted all of the recommendations, and from the audit committee we have passed, and the board has passed, all of the policies to follow all of the recommendations, as they're coming out—almost weekly now—by the province on procurement requirements.

There are times where there will be some single-source. If you are running trains on CNR's rails, CNR will tell you what they're prepared to accept, and you may have to sole-source because it's CN providing the service. Otherwise, from sitting on the audit committee both at GO and what I've seen so far at Metrolinx, it is fully transparent, audited at so many levels—federal, provincial, municipal—for their partnerships. I am not, and have not been, worried about that.

I can tell you, Mr. Hampton, that in four years of experience with the bidding process from the GO side, there hasn't been a single claim against GO for bidding and tendering in the public sector. That is just a stunning statement for me to be able to proudly say, relative to how rigorous the process has been, both at GO and continued forward in all the policies that are in place. I have every confidence in those systems.

Mr. Howard Hampton: So you're not concerned that the Metrolinx legislation expressly allows the board to engage in untendered contracts?

Ms. Jennifer Babe: I don't think it's going to happen because of the policies that the board has put in place.

Mr. Howard Hampton: The other issue—and again, the Auditor General has commented on this. We do have some experience, especially in hospital construction, with public-private financing. I'll give you an example: the Brampton hospital. The Auditor General did a report on that, and I don't think I'm exaggerating his statement when I say he said that the public-private financing model added significant costs to the project; in fact, I think you could say it added substantial costs to the project. We're talking about \$50 billion of infrastructure. So I look at what has gone on at the Brampton hospital in terms of the added costs, which nobody said were going to be incurred—everyone said, "Oh, no; this is going to come in on budget etc., etc." There were significant additions to the cost.

Then you add that to untendered contracts and then you add that to the fact that there are no municipal representatives on the board, and I wonder if we aren't putting together a potion here which has the capacity to lead us in a direction we don't want to go, to some results that we don't want to see.

Ms. Jennifer Babe: Is there a question? I'm sorry—

Mr. Howard Hampton: As I said to one of the earlier appointees, if you look at what has happened in the United States and you look at the financial wreckage that is there—Metrolinx has three things that I would consider problematic: some of the people who are going to be covering the costs—municipalities—have nobody on the board; the express capacity to engage in

untendered contracts; and, I would say, more than a fascination with public-private financing. The Auditor General has already commented on that in the context of the Brampton hospital. Aren't you a little bit concerned by the combination of those three things?

Ms. Jennifer Babe: Not at the moment, because I can tell you that we have not come to a decision as a board on such things as how—we have a statutory mandate to come up with a financing plan. That has just started.

Mr. Howard Hampton: If I read the paper—

The Chair (Mr. Ernie Hardeman): Mr. Hampton, your time is running out.

Mr. Howard Hampton: If I read the paper—your vice-president seems to have already formed some conclusions as to how, for example, the initial TTC projects should proceed.

Ms. Jennifer Babe: The board hasn't come to a conclusion yet because staff hasn't presented a policy recommendation to us yet. I know that they're out there working on it and they are looking at best-in-class in the world on what is working out there for others in transportation. They haven't given us that information yet.

The Chair (Mr. Ernie Hardeman): Thank you very much, and that does conclude the time for the interview. We thank you very much, Ms. Babe, for being here, and we wish you well in your endeavours with Metrolinx.

Ms. Jennifer Babe: Thank you.

The Chair (Mr. Ernie Hardeman): That concludes the interviews for this morning.

We will now proceed to deal with the concurrences. We will consider the intended appointment of Douglas Turnbull, intended appointee as a member of Metrolinx. Do we have a motion on concurrence?

Mr. Michael A. Brown: I move concurrence of Mr. Douglas Turnbull to the board of Metrolinx.

The Chair (Mr. Ernie Hardeman): You've heard the motion. Discussion? No discussion? All those in favour—

Mr. Michael A. Brown: Recorded vote.

Ayes

Albanese, Brown, Johnson, Naqvi, Pendergast.

Nays

Hampton.

The Chair (Mr. Ernie Hardeman): The motion is carried.

We will next consider the intended appointment of Richard Koroscil, intended appointee as member of Metrolinx. Do we have a motion?

Mr. Michael A. Brown: I move concurrence for Richard Koroscil to the board of Metrolinx.

The Chair (Mr. Ernie Hardeman): Thank you very much. You've heard the motion. Any discussion? If not, all those in favour—

Mr. Michael A. Brown: Recorded vote.

Ayes

Albanese, Brown, Johnson, Naqvi, Pendergast.

Nays

Hampton.

The Chair (Mr. Ernie Hardeman): The motion is carried.

The third concurrence we'll consider is Jennifer Babe, intended appointee as a member of Metrolinx.

Mr. Michael A. Brown: I move concurrence of Jennifer Babe to the board of Metrolinx.

The Chair (Mr. Ernie Hardeman): You've heard the motion. Discussion? If not, all those in favour—

Mr. Michael A. Brown: Recorded vote.

Ayes

Albanese, Brown, Johnson, Naqvi, Pendergast.

Nays

Hampton.

The Chair (Mr. Ernie Hardeman): The motion is carried. That concludes the concurrences.

Any other business from committee members? If not, our next meeting will be at 8:30 a.m. on Tuesday, December 8, in committee room number 1, as we sit here. Hopefully, we will see you all here then.

Thank you very much for your indulgence this morning. We got it done in time.

The committee adjourned at 1020.

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