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**Official Report  
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(Hansard)**

**Tuesday 3 December 2013**

**Journal  
des débats  
(Hansard)**

**Mardi 3 décembre 2013**

**Standing Committee on  
Government Agencies**

Agency review: Metrolinx

**Comité permanent des  
organismes gouvernementaux**

Examen des organismes  
gouvernementaux : Metrolinx

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Hansard Reporting and Interpretation Services  
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111, rue Wellesley ouest, Queen's Park  
Toronto ON M7A 1A2  
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

## STANDING COMMITTEE ON GOVERNMENT AGENCIES

## COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Tuesday 3 December 2013

Mardi 3 décembre 2013

*The committee met at 0839 in committee room 1.*

### SUBCOMMITTEE REPORT

**The Chair (Mr. Lorenzo Berardinetti):** Okay. Now that we have one member from each caucus, we can begin. Good morning, everybody, and welcome to the Standing Committee on Government Agencies.

The first item on the agenda is the report of the subcommittee on committee business dated Thursday, November 28, 2013. Do I have someone who can move adoption of the report?

**Mrs. Laura Albanese:** I move adoption of the subcommittee report on intended appointments dated November 28, 2013.

**The Chair (Mr. Lorenzo Berardinetti):** Thank you, Ms. Albanese. Any discussion? All those in favour? Opposed? It's approved.

### AGENCY REVIEW: METROLINX CONSTRUCTION AND DESIGN ALLIANCE OF ONTARIO

**The Chair (Mr. Lorenzo Berardinetti):** Today, we are continuing our agency review of Metrolinx. We have one deputation, or one presentation, the Construction and Design Alliance of Ontario.

Welcome. You will have 30 minutes for your presentation, and then we'll rotate. We'll go first with the NDP and they will be able to go for 15 minutes, and the other parties also have 15 minutes. The second rotation will be 10 minutes for questions.

You can begin your presentation. If you could just state your names beforehand for Hansard.

**Mr. Clive Thurston:** Clive Thurston. I'm president of the Ontario General Contractors Association and chair of the Construction and Design Alliance of Ontario

**Mr. David Zurawel:** Good morning. David Zurawel, manager of stakeholder relations for Consulting Engineers of Ontario.

**The Chair (Mr. Lorenzo Berardinetti):** Good morning.

**Mr. Clive Thurston:** Is that a go?

**The Chair (Mr. Lorenzo Berardinetti):** Yes, you can go for up to 30 minutes.

**Mr. Clive Thurston:** I'm new to this. Good morning, Mr. Chairman and members of the committee. Again,

thank you for this opportunity to appear before you this morning to provide comment regarding Metrolinx.

As I said, my name is Clive Thurston; I'm president of the OGCA. Today, I appear to you in my capacity as chair of the Construction and Design Alliance of Ontario, which I'll refer to as "the alliance" during the discussion.

Joining me is David Zurawel. He is manager of stakeholder relations with the Consulting Engineers of Ontario, who are also founders and members of the alliance.

The alliance is a collaborative group of 15 organizations, representing a broad cross-section of professions which design and build infrastructure in Ontario. A complete list of our membership is noted on the presentation before you.

The alliance's primary mandate is to provide input and advice to provincial and municipal governments. As construction and design industry sector experts, we seek to facilitate solutions to Ontario's infrastructure challenges.

A key element of this mandate is advocating for strategic, long-term infrastructure investment. It is our belief that stable and well-planned investment in Ontario's infrastructure is the backbone of our future economic prosperity. The magnitude of its impact must remind us that, when done deliberately and thoughtfully, and supported through evidence-based planning, spending on infrastructure is an investment and not just an expense. It is because of this issue and how it influences Metrolinx that we are pleased to have been invited here to speak to you today.

All of us here are well aware of Metrolinx's mandate to provide leadership and coordinate between the different regional transportation networks, to act as the central procurement agency for these networks and, ultimately, to run our future integrated system. For the purposes of our presentation today, we would like to speak to leadership, coordination and procurement.

Metrolinx is charged with no small task. It is responsible for creating a new transportation infrastructure system for the greater Toronto and Hamilton area. For it to be successful, the alliance believes, Metrolinx must undertake three commitments to improve or change how it conducts business when it comes to procuring its infrastructure projects. These commitments are: improved procurement processes, requiring industry collaboration; independent third party review; and project life-cycle cost funding. Underpinning each of these commitments is

the philosophy of ensuring value and return on the investment for taxpayers' dollars.

**Improved procurement processes:** The alliance believes that procurement processes have to be developed to reward design and innovation that produce value in construction. Let me state very clearly for the record that the alliance is not opposed to AFP, P3s, and bundling of projects. These are all valid and proven procurement tools. These tools can only be used with the right project at the right time and for the right reasons, supported by comprehensive market research.

Selection of the wrong project delivery method can prevent the delivery of the desired results or end up adding additional and significant costs to projects in order to attain those results.

Our members have invested a great deal of time and effort working with Infrastructure Ontario. We created a six-point bundling criteria. We encourage Metrolinx to adopt it and for Metrolinx to encourage others to use it as well.

The alliance's position is that the current AFP template is not suitable for projects that are of an order of magnitude smaller than \$100 million. Bundling projects simply to reach a financial target could, and will, ultimately eliminate any advantage that appropriate project bundling would achieve.

The alliance would like to work with Metrolinx and Infrastructure Ontario officials to review potential alternative templates that can be used to create an efficient and effective procurement tool for these smaller projects. Our fear is that applying AFP where it is clearly an inappropriate delivery model would handcuff the project procurement process and eliminate efficiencies and innovation.

The procurement process must have a mechanism to provide for long-term innovation that goes beyond what is required to create time and dollar savings during the construction process. Innovation must be allowed to create strategic cultural and commercial value and return on investment over the life cycle of our public infrastructure assets.

The alliance encourages owners and buyers of construction to involve the industry early in the procurement process. We are the design and construction experts, and we bring experience and innovation to the table that will maximize the government's return on investment. Through collaboration, we can work with Metrolinx to help it realize its desired goals. To do this, we have to be included in these projects from their beginning.

We are eager to work with the province to develop approaches to reward design and innovation, both in situations where AFPs are used and where they are not used, knowing that while P3s provide a suite of solutions, these are not a panacea. We recommend that a government agency or industry working group, tasked with the responsibility to provide a viable plan to achieve this important goal, be created.

**Independent, third-party reviews:** In recent years, when procuring public infrastructure, the provincial gov-

ernment and its agencies have relied on AFP as the delivery model. As I mentioned earlier, AFP is not a panacea for procuring construction. Each project must be evaluated on its own unique characteristics and objectives. Only then can the appropriate delivery method be selected to complete the job in the most efficient and cost-effective manner. In fact, AFP can add as much as 30% to the overall cost of a project, eliminating potential cost savings and value for taxpayer dollars at a time when they are at a premium.

For this reason, the alliance believes the government, Metrolinx and Infrastructure Ontario must be required to conduct independent market studies to determine when and whether to procure using AFP and P3 systems. They must also include the construction and design industry in its decision-making process when procuring projects.

Such evidence-based decision-making must be used to determine which projects are to be undertaken, how they will be delivered and the reasons for these decisions. Many European jurisdictions are mandating independent market studies to provide evidence-based reasoning for P3 projects and project bundling. These processes not only ensure the selection of the appropriate project delivery method, but also close co-operation of industry stakeholders and government to ensure maximized value for the taxpayers' dollars.

The alliance would like to recommend that the province, as a buyer of construction, work with the industry to develop the processes necessary to implement an evidence-based market study regime. This regime can then assess its proposed infrastructure projects and move beyond its current on-time, on-budget definition of success.

#### **0850**

To realize its prosperity potential, Ontario must begin to define its strategy in terms of life cycle impact, value and return on investment. We must begin to think in terms of starting with the end in mind, on quality design and innovation that addresses social, environmental and economic aspects of the quality of life of the citizens of Ontario. The alliance and its members are committed to partnering with you to achieve remarkable, visionary and inspirational public infrastructure.

I would now like to turn you over to Mr. David Zurawel, manager of stakeholder relations for the Consulting Engineers of Ontario, to speak to you about project life cycle cost funding.

**Mr. David Zurawel:** Thank you, Clive. Good morning, members of the committee. I appreciate having the time to speak to you this morning about an important element of public procurement. Despite its importance, it is seldom considered and rarely included in public procurement planning, and that is full project life cycle cost funding.

Current economic conditions created by the global recession and a focus on debt reduction by governments at the end of the 20th and the beginning of the 21st centuries saw public officials favour tendering processes focused on lowest-price design. This has taken preced-

ence over options offering value savings realized throughout an asset's life cycle as a product of efficient and innovative design. We contend, however, that with the government's and the public's focus shifting away from cuts and austerity to value for tax dollars, the procurement protocols must keep up with this trend.

Just as important to the public as a new piece of transportation infrastructure—whether it be a rail line, highway or bridge—is their confidence that their tax dollars were prudently spent to construct that asset, and that their future tax dollars will be prudently allocated and spent to maintain it so that it continues to provide the best value possible. Best value is realized when design alternatives are evaluated on asset life cycle costs, and it is during design that both construction and operations and maintenance cost savings are most easily achieved.

Life cycle costing is critical because public infrastructure projects are long-term investments. The best value for the taxpayer means that the asset is delivered with the least financial impact over the long term. This refers to savings realized over the life of the asset, from its construction and through its operation, as a product of the most efficient and innovative design.

Our present concern is that governments' continued emphasis to procure infrastructure using lowest-price design options will not provide the best value for Ontario taxpayers. Additionally, planning infrastructure procurement by only accounting for initial capital construction costs will not help solve our infrastructure deficit dilemma. To balance our infrastructure deficit so that Ontario can return to prosperity, procurement tools used by agencies such as Metrolinx and the government of Ontario must include both initial capital construction and asset life cycle costs.

From initial discussions with the agency, and evidenced by Minister Murray's introduction of Bill 141 on November 26, indications are that the need for and benefits of life cycle funding have been recognized. However, Ontario will not be able to live up to its potential as the engine of the Canadian economy until such a philosophical shift in government procurement is established in the broader public sector's protocols.

By way of closing, we would like to sum up by saying that we recognize that Metrolinx has a challenging mandate to fulfill during these challenging economic and political times. However, if the agency is determined to succeed in realizing its objectives, it must be committed to reforming its procurement processes, fostering innovation, increasing industry stakeholder collaboration, implementing evidence-based decision-making and maximizing its return on its investments of taxpayer dollars by implementing life cycle cost funding for its projects.

Thank you again for the opportunity to appear before you today. We would be pleased to speak to any questions that you may have for us.

**The Chair (Mr. Lorenzo Berardinetti):** Thank you very much. We're going to begin the questioning with the NDP. They'll have up to 20 minutes to ask questions—I'm sorry, 15 minutes.

**Mr. Rosario Marchese:** It's 15. Right.

**The Chair (Mr. Lorenzo Berardinetti):** It's 15. Sorry.

**Mr. Rosario Marchese:** That's okay.

I thank you both for the presentation, and I want to begin with some questions. In a question that I asked to the minister, you got the impression that Metrolinx is the decision-maker. Then you realize, as you continue with questioning, that Metrolinx works with Infrastructure Ontario. As I continued with my questions of both Metrolinx and the minister in the past couple of weeks, you realize that when the minister says—it isn't "they" that make the decision; ultimately, it's "we," the ministers, who make the decision. So one realizes that perhaps there is no independence whatsoever here, and that ultimately it's the government that has the final say.

Are you working primarily with Metrolinx, or are you working with Metrolinx and Infrastructure Ontario and, ultimately, the minister to try to move things around? What have you really done?

**Mr. Clive Thurston:** That's a very good question. In the early days, there certainly was confusion as to who was in charge.

**Mr. Rosario Marchese:** There still is.

**Mr. Clive Thurston:** There still is, to some extent. It's better, though.

The alliance members, in particular ORBA—the road builders—and the consulting engineers have been working very closely with Metrolinx; the general contractors, less so. But as I say, the CEO, ORBA and others have worked very closely with Metrolinx.

The alliance itself has had a relationship with Infrastructure Ontario since its inception. In fact, three of our groups were part of forming Infrastructure Ontario. Minister Caplan, at the time, brought in the architects, the engineers and the general contractors, and we actually had input in creating IO and moving it forward. It was out of that that the alliance was created, to continue that effort.

So, in answer to your question, certain members of the alliance work specifically with Metrolinx and report back. The alliance, as a whole, works with Infrastructure very closely—we have a stakeholder committee—and we also work with the minister's office.

**Mr. Rosario Marchese:** So you work with everyone.

**Mr. Clive Thurston:** With everybody.

**Mr. Rosario Marchese:** The problem is, based on your presentation—in all my questions, I've said to the minister that Infrastructure Ontario appears to be absolutely committed to public-private partnerships. If that is true, as I believe it is, then you have a problem in terms of trying to persuade them to look at things a little more objectively. Is that a fair point to make or a fair question to ask?

**Mr. Clive Thurston:** Yes, it's a fair question, and it has been a challenge. We have worked with them very closely. Things have gotten better. The bundling protocol we put into place is starting to take effect. Local knowledge came from our industry and was picked up by IO.

There is more change to come. We were very influential in Bill 141 on one particular item, which we have pushed for years, and that is for long-term planning, the 10-year plan, which, with Minister Chiarelli, we had a lot of input in.

**Mr. Rosario Marchese:** Okay. You speak about improving the process. You talk about independent third party reviews and that it ought to be an evidence-based market system. The problem is that Minister Murray keeps saying that's exactly what they do, if I can be permitted to quote him. He said, to a question I asked—IO, I said, is completely committed to the P3s, and Glen Murray said, “No, because it's not IO that decides which projects are P3s. Those are government decisions made, based on evidence by the ministries.”

Further, in another response to a question, the deputy minister says, “The ... point I'd want to make is that the value-for-money assessment itself is actually calculated three different times. The other point that I should make is that the IO itself—Infrastructure Ontario—is overseen by a merit-based board of directors.” God knows who they are and what they do, but they all spew out these words. It's all evidence-based, and that they have brought in a lot of experts who are presumably objective about how they do these things.

You're asking for an evidence-based market system, which I think would make sense. The government keeps saying that's all they do, and you heard two of the quotes by the deputy and the minister. How do you deal with that? How do I deal with that, as a critic?

**Mr. Clive Thurston:** That's a good question, and it has been a challenge for us.

0900

**Mr. Rosario Marchese:** A challenge, right. It's a challenge for me. Imagine what it is for you.

**Mr. Clive Thurston:** Yes. I can say we've gotten a sympathetic—well, more than a sympathetic ear. What we've been able to show—

**Mr. Rosario Marchese:** Sorry, you can say that you did or you didn't?

**Mr. Clive Thurston:** We did. We did get a sympathetic—

**Mr. Rosario Marchese:** You did get it. Oh, I see. That's good.

**Mr. Clive Thurston:** We have more meetings planned. In fact, we're moving ahead with a very aggressive stakeholder series of meetings with Infrastructure Ontario, specifically addressing these particular issues.

I'm aware, as you are, of those answers, and that they have claimed that they have done this market research. I would only give you the example of the Eglinton Crosstown—which my associates are going to kill me for—but last year, before that project came out, Infrastructure Ontario told me that they had done market research and they would get five consortiums, no problem.

**Mr. Rosario Marchese:** Right.

**Mr. Clive Thurston:** You know the results. They barely got two, and they're still not released. I asked,

“Who did your market research?” Because it was nobody in this industry. If you'd come to any expert in this industry—myself, my friends at CEO or the OAA—we would have told you, “You're dreaming,” because this is our business.

I don't know who they go to. It's been one of our issues. Minister Murray has responded to that; in fact, he's agreed with us. We have said, as we said in this statement, that we are the experts, not these consultants, not all these high-priced guys who are brought in in suits and everything to tell you how to do things. We're the experts. We have the architects, the engineers, the designers, the contractors and the sub-trades. We're the guys with boots on the ground, and we want to be listened to. That's what we've been trying to push.

I hope that answers your question.

**Mr. Rosario Marchese:** In part. By the way, I did ask Mr. McCuaig how many bidders he had for the Cross-town. He said he couldn't say, because it's all private.

**Mr. Clive Thurston:** Yes, I understand it's a big secret.

**Mr. Rosario Marchese:** Then I said, “Isn't that odd?” Because the media keeps saying there are only two bidders, and it's all public information that there are only two, but he simply could not state whether there were any more. I said, “If there are only two”—in the end, after all the other questions—“would two be sufficient?” I think he said yes, and I said, “I'm going to write ‘yes’ for future reference.”

Would two be sufficient, in your view?

**Mr. Clive Thurston:** The size of this project basically means you're only going to get one or two. It precludes getting any more than that. In the past, we have seen P3 projects awarded on a single bid—on a single bid. So they only received one proposal for a major hospital, and they went ahead with it.

That was early on, and those issues were addressed by subsequent ministers. We said, “You just can't keep doing this. You need competition to make sure you're getting best value,” and I understand that more protocols were put in place.

**Mr. Rosario Marchese:** Well, Clive, it's good to know you're making progress, as you said. I'm glad they're listening to you, and you keep having meetings and then they give you a little something. You're making some progress. That's got to be a positive thing, no?

**Mr. Clive Thurston:** It is. We're—

**Mr. Rosario Marchese:** I was being ironic, actually.

**Mr. Clive Thurston:** I know, but I'm not.

*Laughter.*

**Mr. Clive Thurston:** It has been interesting. I'm not a political guy. I came out of the field. I was a construction kid. I grew up in this business, so I'm pretty straightforward in how I deal with things and do things. We have brought that to the minister in that same way of talking. I deal with Infrastructure Ontario in the same way. They know that we don't couch it in polite terms, if you like.

**Mr. Rosario Marchese:** The government, the minister, the deputy, Mr. McCuaig and all the other folks all

talk about innovation, that the point of the P3s is that you actually get innovation. Part of my question to them was, how come we can't build in innovation in a public procurement? Why is it impossible to do, thus eliminating the profit motive—which is 10% to 15%, we're told—thus eliminating the higher cost of borrowing, because we borrow more cheaply? If we do have the expertise, as we do with the TTC, GO Transit and so on, why couldn't we use that expertise and build in innovation with our own construction and design folks in the country and achieve what we want? Why is it impossible to do that?

**Mr. Clive Thurston:** It's not impossible. That, I think, is part of Bill 141. It talks very clearly about introducing more design and innovation into projects. This current minister does believe in that, and it's something we as a group have been pushing for years.

You're right: It's small steps. We're getting places. Could we do more? Could it be better? Yes. And you're very right about one thing: What we're talking about is the process. The process can be improved; there's no question. Any process can be improved.

We started with this eight or nine years ago. As I said, we were part of it for a period of time. It started to roll out and the problems started to come to the fore, and we started identifying. Plus, we learned from other jurisdictions. We learned what was going on in other parts of the world. They had been doing this a lot earlier than we had, and had made a lot more mistakes than we're currently making, actually—especially in England—but they fixed it.

**Mr. Rosario Marchese:** God bless.

**Mr. Clive Thurston:** Yes. We've been watching those changes. One of those changes is that where our bundling protocol voluntarily asks for a market survey, in Europe, in England, it's mandatory; it's the law. You do not move forward until you've done an independent market survey with consultants that you're not paying.

**Mr. Rosario Marchese:** That's the point I wanted to make earlier in terms of independent, because the government, as I indicated earlier, says that they use independent folks. My point is, if you've got so-called independent folks who are eager to do P3s, and KPMG—well, how independent KPMG is is objective—but they all support P3s. If they're all independent bodies doing this review, but they're all eager to do the P3s, well, who the heck is independent and can give you an objective view of this? Who do you propose? What do you recommend?

**Mr. Clive Thurston:** Well, this is why we've asked for a joint committee to sit down and work out how we can do this. But you're right: People with a vested interest in seeing 3Ps prosper are going to tell you what you want to hear, right?

**Mr. Rosario Marchese:** That's the point I wanted to make, yes.

**Mr. Clive Thurston:** There's an excellent study—it's called Facts or Fiction?—that we've given to the government—

**Mr. Rosario Marchese:** Oh, yes, I have that.

**Mr. Clive Thurston:**—dispelling the myths about bundling, but it also talks extensively about 3Ps. It's out of there where we're seeing some of the better practices in other countries that need to be brought here, to improve the process.

**Mr. Rosario Marchese:** I absolutely agree. The minister often says—because you said he's a great believer in innovation.

**Mr. Clive Thurston:** Yes.

**Mr. Rosario Marchese:** The problem with the minister is that sometimes he can give you two answers simultaneously, and you say to yourself, "Is he on my side or agin me?" Because you never really know.

It's like bundling. He seems to be opposed to bundling, and he thinks we should de-bundle, but if you ask him, he'll be on both sides of that issue simultaneously, which, for me, is very impossible to do. He's very good at both of those things.

When I asked about de-bundling, he said, "Yes, but you've got to read the whole article." So, on one hand, he says, "Yes, we've got to look carefully at that, and maybe there's a case to be made for doing that," but on the other hand, he moves ahead.

I understand that the minister gives you that feeling on both innovation ideas and de-bundling, but I just wonder which side of the issue he's on, particularly as he talks to bundling, which you speak about very strongly. You've spoken about that strongly. Where do you think he's at today on that issue of bundling or de-bundling?

**Mr. Clive Thurston:** I don't think I can speak for the minister, but with respect, I find most politicians can answer a question that way.

**Mr. Rosario Marchese:** God bless. There you go. I wish I was as good as that.

**Mr. Rick Bartolucci:** You are, Rosario. You are.

**Mr. Rosario Marchese:** I'm not very good at that.

**The Chair (Mr. Lorenzo Berardinetti):** You have about a minute left.

**Mr. Clive Thurston:** Our feeling is that we take people as they come; we take politicians as they come. Minister Murray is the gentleman we have to work with. We have been given great access. We've been given a hearing. He's listening.

Yes, he's got a lot of ideas.

**Mr. Rosario Marchese:** God bless.

**Mr. Clive Thurston:** He's very, very excited about this ministry and its portfolio and what goes on; there's no question. You're right: Sometimes it can be confusing. But I believe, and I believe my alliance partners believe, that we are getting through and that, in the end, if we make our case to him properly, we will win. He has committed—

**Mr. Rosario Marchese:** I'm rooting for you, okay? All right.

**Mr. Clive Thurston:** There are a lot of companies rooting for us too, so—

**Mr. Rosario Marchese:** Very good. Thank you, Mr. Chair.

**The Chair (Mr. Lorenzo Berardinetti):** We'll come back.

**Mr. Rosario Marchese:** We'll come back.

**The Chair (Mr. Lorenzo Berardinetti):** Thank you, Mr. Marchese. The Liberal Party has, again, 15 minutes. Mr. Bartolucci?

**Mr. Rick Bartolucci:** Thanks very much, Chair. Clive and David, thank you very much for your excellent presentation and your honesty in answering the questions of Mr. Marchese.

You make some excellent recommendations in your entire presentation, so I'm wondering if you can expand on some of those recommendations. If they haven't started yet, please tell us, because I think your recommendation that a group come together so that we can ensure that the AFP model is the correct model is the way to go. Has that dialogue begun in earnest? And I just ask you for your opinion.

0910

**Mr. Clive Thurston:** It hasn't begun in earnest; it has begun. We created, near the end of last year, a large stakeholder committee. It originally came together to discuss the issue of bundling and, out of that, we created the bundling protocol. It was felt—and IO agreed—that more needs to be done. It was IO that said to us, "Look, we've been doing it this way for a long time. It's time to take a look at it. You've got some good ideas." In fact, this week—unfortunately, it's been postponed, but this week was supposed to be an organizing meeting to establish that committee full time with me as its co-chair and a co-chair out of Infrastructure Ontario. We would bring together the industry leaders and begin to look at the whole process of how IO operates, how they procure projects, and begin to give input. So it has begun.

That committee is a commitment. We know the minister supported the setting up of that committee. We know that Bert Clark has instructed his staff to make it happen, and it's going to happen. We expect meetings to start in January. To these meetings, we bring in the very best in the business, so it's not staff who are sitting there telling IO how to do things. We bring in engineers and architects and general contractors who sit in the room and will speak honestly and openly, sometimes even to their own financial detriment, but they speak honestly. We're able to bring those experts into the room.

By the way, we're a lot cheaper than all those consultants because we do it for free. IO has taken advantage of that. We have the commitment to the committee. It's been agreed that I will co-chair it with a co-chair from IO, and we will start moving forward and really get an in-depth look at a lot of the issues that we're talking about.

**Mr. Rick Bartolucci:** Thanks. I'd appreciate—because I've dealt with your alliance, both as a member and as a minister, and I've found that the advice that you provide is very, very professional advice. You work very hard at trying to reach what's in the best interests of the people we all serve—you in a different capacity than we as representatives, but we serve the people of Ontario.

On time and on budget should not be the sole criteria. I think we miss out on opportunity with regard to innovation if it's simply on time and on budget. How is that discussion going?

**Mr. Clive Thurston:** That has escalated, that discussion, and it is being championed by the Ontario Association of Architects, the Consulting Engineers of Ontario and the Association of Registered Interior Designers—that's a mouthful. But that's being championed by our partners in that. Again, we are getting a very good hearing. The government has said that there needs to be more innovation; it's not just about the dollars.

There's going to be sort of—not hit the pause button, but take a look at what value we've been getting and can we get more value out of it. Simply going to the basic design, cookie-cutter low bid doesn't give you anything to be proud of, and it sometimes doesn't even deliver the building you're looking for, and you might pay a lot more for it.

So innovation—and as my associate was talking about, it's the life cycle cost of a building. The design and construction of a building is less than 1% of the cost of building something over its life cycle—less than 1%, but it's the area where we cheap the most, where we cut the most, where we refuse to spend money.

Architects and engineers and that are not paid what they should be paid because they're chosen on low bid, and it doesn't work. It's a recipe for failure, and it has failed. There is no question of that. We have come up with alternatives. There's an alternative called quality-based selection or qualification-based selection. It's in 40-odd states in the US—mandated. Funny enough, it's mandated in Quebec. It's used in Calgary—hugely successful. But to get it adopted here in Ontario—the city of London's using it very successfully. We are faced with these procurement people who still think that low bid is the only way to go. Procurement people are not construction people. They're not architects. They're not engineers. They're procurement people; they buy pens and paper. They've been put in charge of far too much construction procurement in this province, and they're costing taxpayers a fortune.

It has got to change. The industry has to be listened to. These innovative methods of procuring projects have to be tried. We proposed QBS to the then ORC and we thought we had a deal to run two pilot projects, one using QBS and one using standard procurement. We got it right up to their board and they killed it.

This minister is more interested. He has asked for information on it. But that's just one tool that is available to us on the design side. If you don't spend the money on the design side, it's like not having a foundation for your future. Everything is built on a solid foundation, and projects are built on a foundation of architecture and engineering. Without that, you don't get value for money.

**Mr. Rick Bartolucci:** Thanks very much, Clive. Laura?

**Mrs. Laura Albanese:** Thank you very much for your presentation.

I had two questions to begin, one of clarification of what you were saying about this committee that is being established. Is that going to include all the three areas that you mentioned in your presentation where you would like to see improvement—the procurement process, the independent third party review and the project life cycle cost funding? Would it include all three under this committee?

**Mr. Clive Thurston:** Yes. They're our agenda items, and we've submitted them in writing, both to IO, to John McKendrick, and—

**Mrs. Laura Albanese:** And Metrolinx is also involved in the committee as well, or just IO?

**Mr. Clive Thurston:** Not yet. It's just IO that we've been dealing with. As I said, certain other members of the alliance have been dealing with Metrolinx at the side. Metrolinx came to the alliance's attention with the Eglinton Crosstown, and that involved all of us, so that became an alliance issue. But Metrolinx should be part of this, as should anyone.

One of the commitments we got from the government on the bundling protocol was to push it down to the rest of the ministries, because one of the weaknesses in government procurement is that some ministries run off and do their own thing. They think they know best practice and they don't, and then I get called—job security, I guess.

But we'd like to see a change. We've been pushing for a single procurement system throughout the provincial government when it comes to construction design and construction projects. We want somebody in charge who understands what we do. Someone from the Ministry of Education who is putting out school contracts has no clue what we do, and that's why I have about five lawsuits on my desk right now and more coming. This has got to change. That's what we're going to push through this. We want to push through that there needs to be a really educated, knowledgeable group, with industry input, that handles the procurement of construction for the province and sets the processes.

**Mrs. Laura Albanese:** And it's always advantageous to break down those silos, for sure.

**Mr. Clive Thurston:** Breaking the silos was how this started eight years ago. It was a recognition by then Minister Caplan to say, "There are too many silos in this, and we've got to break them down." That's why the alliance came about.

**Mrs. Laura Albanese:** I'm glad to see that that's proceeding. I also had a question on Metrolinx and how their plans impact you. We have the Big Move, the 25-year plan, and as you know, that's spearheading the integration of multiple agencies in the greater Toronto and Hamilton area. How does a long-term plan for transit help the members of your alliance to prepare for the projects that need to be built? How important is a long-term plan?

**Mr. Clive Thurston:** I'm going to ask Mr. Zurawel to respond to that.

**Mr. David Zurawel:** I think, with any plan, it's good to know where you're going. The Big Move plan repre-

sents a first. A \$50-billion commitment for 25 to 30 years of infrastructure development is quite a feat. It demonstrates forethought, and I think the Big Move is proposing a solution for the greater Toronto and Hamilton area. Where the challenge for that plan exists is that that \$50-billion figure for those projects is looking at initial capital infrastructure cost. What's not included in that \$50-billion figure is the life cycle costing or what it's going to cost to operate, maintain and even decommission those assets throughout their lifetime.

**0920**

The Premier's transit panel, headed by Anne Golden, had published two papers. In one of those papers informing their public consultations, they had even noted that life cycle costing was an issue and that the Big Move did not take that into consideration when it put the \$50-billion figure on the table.

What does that mean, and what is the impact that that is going to have? I don't really want to call it a—well, I guess it is a problem. The transit panel and the government are looking at how to fund this infrastructure. They're looking at revenue tools; you could call them taxes. They're looking at how much money they're going to have to raise.

If the Big Move has a \$50-billion price tag that only looks at initial capital costs and not life cycle operating costs and decommissioning, it makes it very hard to know which revenue tools you're going to need to use, and it makes it very difficult to establish the threshold for how much money those revenue tools have to pull in at that time. So, if you'll pardon the expression, you're shooting in the dark in what it is that you really need in order to get to your end result.

Something that Clive had noted in his presentation was that we have to start with the end in mind: How are we going to get there? If we don't know what the tools are going to be, and we don't know how much money we need to raise, then getting there in the end is going to make it really tough. We're not going to be able to tackle the infrastructure deficit that we have, unless we look at the entire cost of these things.

**Mrs. Laura Albanese:** Thank you. My colleague Ms. Hunter will continue.

**Ms. Mitzi Hunter:** Thank you. To continue along the lines of investments in infrastructure: Our Liberal government has invested \$85 billion since 2003. The fact is that underinvestment in infrastructure doesn't help anyone in this region, particularly, to remain competitive.

I'd like you to comment on the need for continued investments and how that would assist in the longer-term planning, and incorporating the principles that you've discussed this morning.

**Mr. David Zurawel:** You're asking for comment on continued investment. I'm sorry, could you—

**Mr. Rosario Marchese:** Continuing investment in infrastructure—

*Interjections.*

**Mr. David Zurawel:** I'm not sure where to go after that.

**Interjection:** They want you to compliment them—  
*Interjections.*

**Mr. David Zurawel:** I don't know where to go with that, either.

**Ms. Mitzie Hunter:** Or conversely, we can talk about the lack of investment prior to 2003 and where that would have ended up, in terms of the state of our infrastructure.

**Mr. Rick Bartolucci:** We all know we're doing a great job. Now, how do we continue doing that great job, I think, is what Ms. Hunter wants.

**Mr. David Zurawel:** Thank you for your question. I think Clive has made a good point. Infrastructure—we talk about strategic, long-term investment, and that's the key word here. It's about investment.

Where we are coming from, particularly in the last five or six years—I think the public is looking at government spending as spending. It's adding to the debt; it's digging a deeper hole. It's whatever you want to call it.

Spending on infrastructure, if it's done properly, if it has an adequate plan, is investment. By taking and making those commitments, we're going to be able to improve our roads. We're going to be able to make it easier for people to get to work, which is going to make it easier for business to conduct itself here and make investments here, which will grow jobs. That's what good infrastructure planning is all about. It really is about investment versus cost.

There was another point that I wanted to make, and it has vacated the premises. I'm sorry.

**The Chair (Mr. Lorenzo Berardinetti):** I'm going to have to cut you off there, because I want to stay within the time limits. We've used up the 15 minutes there. We'll come back later with a 10-minute rotation. We'll go with the Conservative Party right now. Questions? Mr. Holyday.

**Mr. Douglas C. Holyday:** I just wondered if you would expand a bit on your life cycle costing theory. That's an interesting thing, and I think maybe we should be using it a bit more often, especially when we're comparing things like light rail to subway, and take a look at the expected life of the operations and what this life cycle costing would do to them. Have you done any projections on anything like that?

**Mr. David Zurawel:** The life cycle costing—for the organization that I'm representing here today, that I work for, the Consulting Engineers of Ontario, that's part of the professional suite of tools that we bring to the table. Our members are experts at developing projections for life cycle costing and bringing that into a job. So they do it in the course of each project that they have.

**Mr. Douglas C. Holyday:** So it's not just the cost of creating it or capitalizing it; it might be the ongoing cost of maintaining it and operating it over a period of time and the length of time that that would occur. Do you think that the government has done a good job of doing that kind of thing?

**Mr. David Zurawel:** I think Ontario has a very ad hoc history of investing in infrastructure. Infrastructure is

something that is fought on—there are decisions that are made on immediate need, I guess is the best way to put it. I think the government is taking the right steps with the tabling of Bill 141, where they're going to have a definitive long-term plan, a 10-year plan that's going to be on a five-year rolling cycle. If passed, that legislation represents where government should be going. I think all governments here in Ontario up to this point today have not done a good job of long-term infrastructure planning.

There have been plans; don't get me wrong. Governments have been trying to invest in infrastructure, particularly of late, to address the needs that we have. But, historically, it has been ad hoc. It has been pretty much on a one-off basis, and we need to do better. If we're going to dig ourselves out of the infrastructure deficit that we have, if we're going to take and remedy gridlock and we're going to bring business back into our urban areas in Ontario, we're going to have to do better at planning our infrastructure.

**Mr. Douglas C. Holyday:** But to get the best value for our tax dollars, we have to take a look at more than just the original construction and capital cost to create something.

**Mr. David Zurawel:** Yes.

**Mr. Douglas C. Holyday:** We have to take a look at the longer picture of the life cycle and life costs of what we're creating to truly know what it's costing us over a period of time, and that would include the ongoing maintenance of it, the total lifespan of it, and I guess the capacity of it as you go into the future.

Sometimes we operate in haste because the dollars today reflect what we do because it's less than something else, but over the long haul, that might not be the right thing to do. Would you agree to that?

**Mr. Rosario Marchese:** You agree.

**Mr. David Zurawel:** It's hard to argue with. Yes.

**Mr. Douglas C. Holyday:** Thank you very much.

**Mr. David Zurawel:** Thank you.

**Mr. Frank Klees:** Gentlemen, thank you for your submission.

You're familiar with the bill that was tabled by the minister, his long-term infrastructure proposed legislation. Mr. Thurston, you're quoted in his press release in support of that legislation. Just out of interest, when did you see the legislation to be able to comment on it?

**Mr. Clive Thurston:** I was brought in for a consultation a week before it was tabled. I didn't get to see it; it was read to me. I don't understand why that's the way we do things, but—

**Mr. Frank Klees:** Well, let me just say that you had much more of an advantage than I did as critic because I was offered a briefing that was going to take place a week after it was tabled, and I was actually able to secure a few minutes with staff about two hours before it was actually tabled. It was good to see your quote. You obviously knew more about the legislation than I did.

I reviewed that legislation, and there are a lot of principles that I can support. The long-term plan for infra-

structure I think is something that everyone would support.

**0930**

The bill makes reference to a long-term infrastructure plan that should contain some 10 years of planning. Unfortunately, they're not planning on tabling that 10-year plan for at least another three years, which gives us some concern, but an important part of this long-term plan is the commitment to an inventory of existing infrastructure—essentially an asset management program, which is something that we've been advocating for a very long time, and without knowing what the existing inventory of our infrastructure is and its condition, how do we know how to prioritize investment in infrastructure?

Now, what is missing here, though, in this legislation—and I'd like your comment on this—is any reference at all as to how we're going to achieve getting that inventory.

There is somewhat of an asset management plan now that was sponsored by Good Roads, and it has to do primarily with bridges as a starting point. The Ministry of Transportation has invested, I believe, some \$750,000 in getting that program up and started.

I'd like your view on the concept of having a mandatory, province-wide asset management program that would require having an inventory and a state of repair for our infrastructure assets in this province and, in your opinion, how we can get there.

**Mr. Clive Thurston:** That's a very good question. Certainly I think we all support having to do that. If you don't know what's out there, how can you plan? So it is important to do that study. That was another piece we were pleased to see within it.

In having legislation explained to me by my experts, it's my understanding that legislation is meant to enable things to happen. So the principles are there, as you say, and now how we get it done is the real work, where we have to meet and start doing it. This is why we're pushing for industry involvement.

There has to be an audit. There has to be a study done to identify the things that you've said. Without that, we could be going off in the wrong direction, and that's not what we want to do. This is what it's all about, about working together and planning together. If we don't do that and people just say, "Oh, look, we need a bridge over here," and they go build a bridge, but they don't realize there's no way to bring anything to that bridge, or that the roads that go to that hospital that's going to be built are so bad that ambulances will do more damage to the patient on the way there, then we're not solving the problem. The deficit that Mr. Zurawel talked about, we have to get a handle on it. We've got to know what's out there.

Another one of our members, RCCAO, does a lot of these studies. They put one out recently on some bridges, and ORBA does things on roads. So we have people we know who can do these studies and bring them in. We are pushing for that and we do support it.

**Mr. Frank Klees:** So without that, we have what we've been getting for the last decade from this government, which is a lot of announcements about infrastructure projects and a lot of ribbon-cuttings on projects that are nice, that provide some good political push. But to your point, what is the sense of cutting a ribbon on a new library if the wastewater management pipes underneath that library are in such disrepair that they actually could result in a health and safety risk to that municipality?

Again, the minister is very good at making pronouncements such as we have in his new bill. The problem is the follow-through and the implementation. We will be challenging him on that, and if in fact he has committed to an infrastructure inventory, then along with that must come mandating that asset management program and also providing some financial resources to ensure it gets implemented—because you can't just simply download the concept and expect municipalities then to step up and implement that.

I think what I'm hearing from you is that you support the principle but, again, as with any other legislation, if all we have is a framework and it doesn't get backfilled by some substance and some implementation enabling it, 10 years from now we're going to be right back where we were and we're no further ahead.

We would look to your organization to help us with the practical recommendations in terms of what that asset management program could look like both for municipally and provincially owned infrastructure assets and how we could move that forward. We would appreciate your support on that.

**Mr. Clive Thurston:** And you can count on it. We've told the minister the same thing.

One of the things we mentioned to the minister—and you'll know where I stole it from, Frank—is take the ribbon-cutting out of the projects. It's time that we put projects first, based on need, not on political expediency. We believe that, and I believe this minister believes it, too—and you know I stole it from you some time ago.

But I agree: We have to do the managing; we have to do the asset—know what's there. We've got to do this based on technical and expert needs and what the market says we need. If we don't need that library right now but there's another community that does need that library, then that's the library that gets built. But before we build it or renovate it, what's there? Should the first job be to fix its infrastructure underneath before you build the new one?

These are the technical things that we bring to the table, and we do have experts and we do have a number of people who we work with who can provide that information. I know my friend Andy Manahan is a big proponent of this, and he's working through the alliance to provide the government with some suggestions on how to go about doing that, which we're supporting. I don't have all the details on it right now, but I do know that it's out there and that we've been discussing it at the alliance.

**Mr. Frank Klees:** Chair, how much more time do I have?

**The Chair (Mr. Lorenzo Berardinetti):** You have about two minutes and 30 seconds.

**Mr. Frank Klees:** I'd like to just quickly touch on the bundling issue. To your point, I think we all agree that we want to use efficient ways of procurement. What I have heard, however, from many Ontario businesses, small and medium-sized contractors, is that the way Infrastructure Ontario is using bundling, many Ontario businesses are being left out of the loop because of the size of the contracts, the size of the consortiums—that Ontario businesses simply can't compete, they can't even engage in that size of contract; and so they're left on the outside, ultimately welcomed into a consortium and often blackmailed, because they're being told, "Look, if you want in here, here are the terms on which you have to participate." As a result, we're driving an awful lot of that business into the multinational arms, if I can put it that way, and we're actually putting Ontario businesses at a disadvantage. I'd appreciate your comments on that.

**Mr. Clive Thurston:** Bundling is a tricky thing. As we've said in our presentation, there are circumstances where bundling makes sense. RCCAO has just released a bridge study that can show the benefit of bundling those bridges. Another example is the athletes' village being built, which is under budget and going ahead gangbusters. That was a huge project, a lot of individual buildings. You could have broken them up, but they're all on the same site, so it made sense to bundle them, and it worked.

But there are far more examples of bundling being used to reach that \$100-million mark, just simply put the projects together so we can reach \$100 million and go AFP. That, we oppose. That can't happen and that is what is killing, or hollowing out, our domestic industry right now: architects, engineers and contractors.

**The Chair (Mr. Lorenzo Berardinetti):** Okay. We have to stop there and move on.

**Mr. Frank Klees:** Thank you.

**The Chair (Mr. Lorenzo Berardinetti):** Everyone has 10 more minutes. We'll start with the NDP.

0940

**Mr. Rosario Marchese:** Very good. Thank you.

Clive, I just want to thank you for the work that your team is doing, because I think it's offering very, very good advice in terms of how we should proceed. I want to say that before I end, because I think we need that kind of objective perspective on what has been happening. I want to say that your point about life cycle impact is an important one, and a number of critics have been raising that against the P3s because that life cycle is not taken into account.

As we look at the federal government, which is totally committed to P3s—God bless them; that party shall remain nameless—they only give support to governments, municipal and provincial, if they actually adopt P3s, which is an insane thing to do. Talk about lack of objectivity. It's a serious problem.

Infrastructure Ontario appears to be as equally committed to P3s, which speaks to lack of objectivity, in spite

of all of the blah-blah about evidence-based thinking around these projects.

The life cycle speaks well to a number of problems that have been raised by a number of critics, and the governments so far, at both levels, have disregarded that. It's an important point because, as you talk about the low bid, the low bid doesn't take into account those life cycle problems. Things change over a five, 10-, 15-, 20-, 25-, 30-year period and nobody thinks about what that implies in terms of costs. It doesn't give the government the flexibility to act, if it needs to, after five or 10 or 15 years, as various governments are committed to these P3s in terms of getting a low bid and because of the "private sector does it better" blah-blah. So your analysis has been very, very helpful.

Mr. McCuaig said, in terms of bundling, he does not consider the Crosstown as being "a bundled project." He said, "It is a single project." Do you have a comment on that?

**Mr. Clive Thurston:** It's a single project made up of a number of parts, which, to us, is bundled.

**Mr. Rosario Marchese:** Of course.

**Mr. Clive Thurston:** We know from our sources at the TTC and in Metrolinx that the term "bundling" was used in the negotiations. So with all due respect to Mr. McCuaig, it's a bundled project.

There's a \$400-million maintenance yard in that project. Why? Why? I can give you eight bidders on that project, and it could go ahead now and not wait. As you know, the RFP is not even out yet. So we're still waiting, before this even starts to go to competition.

A \$400-million maintenance yard: Why is it part of that bundle? It doesn't have to be. There are 25 stations.

We recently completed a series of upgrades to OPP stations—

**Mr. Rosario Marchese:** And why do you think they're doing that, Clive, when you were saying it's insane?

**Mr. Clive Thurston:** We did not get an adequate answer, in our opinion. We were told that they did the market research—

**Mr. Rosario Marchese:** Right—objective.

**Mr. Clive Thurston:** —and I've mentioned that before. We sat back and waited for what we knew would happen to happen, and it did. It just somehow seems not enough to say, "We told you so," but—okay, they're going ahead with it.

As you know, the alliance took a strong stand, mostly because the protocol wasn't followed, first off. The ink hadn't even dried on the protocol paper and out came the Eglinton Crosstown, so that got the alliance's attention.

The shutting out of numerous, numerous contractors and architects was noticed, even among my board of directors. Some of the largest firms in Canada are my members, and they were just shocked at the size of this project.

I'm a history student, a history major, and I study history. I always say, and there's an old saying, that history tends to repeat itself. The "bigger is better" belief that is being currently pushed on us is not new. We have had

cartels, monopolies, trusts throughout history—railways, mines, computers. It never worked. Every last one of them required government to step in and break them up. Bigger does not always mean better.

**Mr. Rosario Marchese:** Yes.

**Mr. Clive Thurston:** That said, if it's done right—as I said, certain projects have worked well: the OPP stations, which Bird did. They went out and hired local contractors across the province to build the stations under the Bird contract. To my knowledge—and they're all my members; in fact, there are no P3 projects built that aren't my members, just to put a little plug in for the OGCA—I didn't hear any complaints. They did it. But we have heard of other ones for other non-OGCA members where things that Mr. Klees mentioned and you've mentioned—I won't use the term that he used, but I will say undue pressure has been brought to bear on various people that is unfair. That is because people aren't held to working under our rules; hence, local knowledge, which we're bringing in. So you're right, it is a problem.

The Crosstown we objected to because, first off, the protocol wasn't followed. Secondly, we had complaints from across the province from companies quite large enough to take on significant parts of that project that didn't get a shot at it or decided not to take the risk. Remember, this is all about risk transfer.

**Mr. Rosario Marchese:** Yes.

**Mr. Clive Thurston:** And that costs you money. The bigger the project, the greater the risk, the more money we build in. We build in future legal fees that you're going to pay for whether we use them or not.

**Mr. Rosario Marchese:** Clive, I've got a few quick questions; time is going to run out. You indicated that if we go ahead with this single project we would be losing—the treasury, the taxpayers—\$500 million or so should we continue in this way. Did you get a hearing from anyone with respect to that criticism or with respect to the loss of \$500 million?

**Mr. Clive Thurston:** Oh, I got a lot of calls, including from one of my members. That figure, just to be clear, was one developed by construction estimators who are familiar with AFP projects and doing transit. A number of our firms put their estimators on it to figure out what could have been done had this been broken up into smaller projects. For obvious reasons, I couldn't identify who those people are, so I haven't really pushed that point because unless they're prepared to stand up and identify themselves, I don't think that's fair. But, yes, we had an analysis done by construction-trained estimators from several major companies who said that if you broke it up, maybe into three parts—the stations, the track tunnelling and the maintenance yard—you could save up to that amount of money, absolutely.

**Mr. Rosario Marchese:** Very good. Clive, I've got another question. How much time do we have, Chair?

**The Chair (Mr. Lorenzo Berardinetti):** Two and a half minutes.

**Mr. Rosario Marchese:** Very good. I was trying to understand the behaviour of a private partner who has

been hired to assume so much risk from the public sector but then borrows a ton of money from people who presumably don't want the risk either. So where does the risk really go? Mr. Murphy, who is a partner with McMillan LLP, said that the benefit of a private investor is that the risk is dropped down to the contractor or the subcontractor. Is that correct, in your view?

**Mr. Clive Thurston:** That's how it's supposed to work. Everything runs downhill, unless you've got a sewage ejector to pump it back up. That usually happens when the company goes bust, and it happened in California. A consortium—all the risk was passed down. The consortium went bust. If there's no money, guess who pays? The ultimate risk lies with the taxpayer. No matter how you dress it up and how fancy you get, ultimately the risk is to the taxpayer. It's taxpayers' money that is paying for it, and if it's not being designed properly and not being engineered properly, the costs go up, and that's taxpayer money at risk. If a consortium fails and goes back to Europe, who is going to pay? I don't care how many letters of credit you've got on hand, you're not going to cover the cost, and the government and the taxpayer are going to have to cover it. This is why we want more careful planning.

With all due respect to that gentleman—and I know he's a lawyer—yes, it does run downhill, but if there's no place for it to run, it goes right back up again, and that has happened. It has been documented in several cases where consortiums have gone down. That's what you have to be so careful about: the financing and where it's coming from. It's the financing that is driving these projects. If the financing could be removed from the equation, more contractors could compete. Far more contractors could compete if you remove the financing element out of the formula. We met about five years ago to try to persuade IO at the time, under its then leader, David Livingston, but they didn't want to talk about it. So there are other methods, and they need to be looked at.

**0950**

For certain, the most disturbing thing we're seeing now is projects going down to the \$50-million level, where they're build-finance. I've got members who can knock off \$40-million or \$50-million jobs in their sleep, but to provide the financing is too great a risk for them—major companies that are well known in this province.

I asked IO just recently, "Where did this change in policy come from? Why has it suddenly gone from \$100 million to \$50 million?" The minister didn't know, either. I think he's looking into it now. Why? Fifty million dollars is an average project. I can give you six bidders in a heartbeat—lots of competition: architects, engineers. You make it build-finance, your price goes up and you get fewer bidders.

**The Chair (Mr. Lorenzo Berardinetti):** I'm going to have to stop you there.

**Mr. Rosario Marchese:** Thanks very much, Clive.

**The Chair (Mr. Lorenzo Berardinetti):** Thank you. We have to move on now to the Liberal Party for 10 minutes. Ms. Hunter.

**Ms. Mitzie Hunter:** I certainly appreciate the input that you're providing and hope that you continue to work with IO and Metrolinx on improving the procurement process.

I want to talk about the Metrolinx Big Move 25-year plan for transit and transportation for the GTHA. This is a visionary document. They have come before this committee. My understanding is that part of the \$50 billion for infrastructure also covers the replacement of that infrastructure. So it might not meet the threshold that you've proposed to us today, and it would be worth looking into that, but there is some built into that.

In terms of your members' or your industry's perspective, how does having that 25-year plan allow your members to participate and to prepare for infrastructure projects that need to be built?

**Mr. Clive Thurston:** As we've said, long-term planning is a benefit. Why? Because our members, whether they're road builders or whatever, can figure out equipment needs. How much equipment are they going to have to buy over the next 10 years to meet the demand? If we know what projects are coming and when they're coming, and it's in a pipeline, which is currently the process, we can plan. We can plan employment. We can plan resources. We can balance where we're going to go and where we're going to put our effort.

If we go back to the old days where nobody committed or said, "Oh, we're going to build this," and we start to gear up for it, and then another government comes in and says, "You know what? We can't spend that money, so we're not doing it," well, we just wasted all our time.

We've gotten smarter over the years. We don't gear up until the papers come out. But that causes delays. If we have a committed long-term plan that says, "This is what we need to do, through the audit, through identifying what needs to be done. This is where we're going," we can ramp up. Our members can prepare for it, whether it's sewer and water main or whoever.

The federal government has passed legislation requiring upgrades to all of the water treatment plants on all of the aboriginal reserves. That's fixed. They're going to do that. So my members are gearing up for that.

But at the municipal and provincial levels, it's always been a problem. Provincially, it has gotten better. Municipal is just a basket case. In fact, it would be my recommendation that all municipal construction be taken away from them and given to someone who knows what they're doing. But it's terrible. We don't know; we can't plan for municipalities.

Their system of payment, where it runs out at the end of the year and then they've got to come back to get the rest of the money when it's a five-year project—if you're going to put out a five-year project, put all of the financing in place for five years, and let's just get on with it. That doesn't happen today. We need to know what's coming. The more we know, the better we can plan. We can hire people, we can buy equipment, and we can be ready to deliver and hit the ground running.

**Ms. Mitzie Hunter:** Okay. So conversely, how would your members be affected? The PCs have talked about

cancelling the LRT projects that are currently planned. How would this plan impact the longer-term plan?

**Mr. David Zurawel:** Governments will commit to projects, and if there's a change in government, there can be a change in projects. There is always going to be a project out there that needs to be done, not to be glib. No one would want to lose a project of that magnitude.

It's hard to say. I mean, it's a hypothetical question: What would the impact be? We don't know how that project is going to be awarded. We don't know whether it would be a large consortium, whether it would be a number of smaller pieces that other companies would bid on. How many of our businesses would be involved? How many jobs would that be? How much financing would that include? How much equipment would that require? We don't know.

What we can say is that the infrastructure is there. There is a demand, and if one project is cancelled, there will be another one. I think we can all appreciate the fact that any segment of the economy functions best when there is some degree of certainty. Then if there is a commitment that a project would be tendered and constructed, and people were engaged to engage in that project, it would be in everybody's best interest that it continue. To lock up part of the system because there's going to be a cancellation of a project, for whatever reason, would not be helpful.

**Ms. Mitzie Hunter:** Can we talk a little bit about the cost of congestion in the GTHA? A lot of economists and think tanks have talked about \$6 billion a year in lost productivity and wages. What are your thoughts on that number and its impact? Do you believe that's an accurate number?

**Mr. David Zurawel:** There has been a lot of research done around that number. I believe it was the Toronto chamber or the greater Toronto chamber that did the research with a number of other organizations to come up with that number. That's independent research. We have to assume that that number is accurate.

That reality around congestion and gridlock—we can see the tangible effects of that. The vacancy rate for businesses in Toronto has gone up. The cost of doing business in downtown Toronto and other urban areas has gone up. In recent years, there has been a flight to the suburbs because taxes are lower and the cost of commuting for people's employees is lower. So there is a real, definite cost to that congestion. We need to remedy that and we need to continue with developing the plan to resolve that congestion problem.

**Ms. Mitzie Hunter:** Metrolinx has led a public discussion about the cost of congestion and the need for transportation and transit investments. Do you believe that providing that independent advice is helping our region come to terms with the need for investment?

**Mr. David Zurawel:** It's hard to say no to consultation. We do need governments to speak to us as taxpayers and as businesses. I think we need to be mindful of what the scope of that conversation is. What are the questions that are being asked, what is the answer that is being

sought and what is being done with the answers and the input that are being provided to government? It's good to consult. I think people want to know that if they are going to engage with government, what they have to say will be used constructively and, ultimately, to help shape the outcome. So in that respect, consultation is helpful.

**Ms. Mitzie Hunter:** You talked about the role of the province in infrastructure planning and investment, and also made a comment on municipalities. What do you believe is the federal government's place in all of this, and what advice would you give to Metrolinx to better involve and engage the federal government in infrastructure in the GTHA?

**Mr. David Zurawel:** Infrastructure investment is something that impacts all of us as Canadians. We all live here. I know we're speaking in a provincial context and we're here in Toronto, so there's the provincial and municipal scope of it, but that's the context that we live in.

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But the fact of the matter is that we're talking about—dealing with infrastructure investment is about building societies. It's about providing quality of life for citizens. Because of that, effective infrastructure planning involves all three levels of government. There has to be that level of commitment to citizenry, to ensure we have a high quality of life, that we're going to have a progressive society that's going to see investment in innovation and good business, and to allow us to live our lives in the way that we hope we all can.

I think that if we could provide any recommendations or suggestions to Metrolinx, it would be to continue to try and engage the federal government. The federal government has not been particularly engaged, I think, in any provincial jurisdiction, when it comes to infrastructure development and investment, in any serious, long-term strategic context.

Clive has spoken to some of the comments that Mr. Klees has made, and I think that that fits with where the federal government stands today. They need to do more.

**The Chair (Mr. Lorenzo Berardinetti):** I'm sorry to interrupt, but time's up, unfortunately. I'm going to have to move on to the Conservative Party for 10 minutes. Mr. Klees.

**Mr. Frank Klees:** Thank you. Again, I'm going back to the long-term infrastructure proposal from the minister. In the bill, it makes this reference, under subsection 7(1): "The government shall require the following persons to be involved in the preparation of a design for the construction of every infrastructure asset described..."

Then it goes on to list an architect, and, second, reference to "A person, other than an architect, with demonstrable expertise in and experience with design in relation to infrastructure..."

As this was explained to me in the very short briefing that I had, it was that the minister's concept here is that infrastructure projects should be attractive as well as functional, so he wants to ensure that there's a design component to every infrastructure project.

Now, as I thought about this, the question that I have—and we've all seen projects that go through the roof. You get a designer involved—with all due respect—and they have a concept of what it should be. We have a number of buildings like that, certainly in York region, where we regret that we allowed the artistic expression to overtake what should have been a practical infrastructure project. I'd like your view on this aspect of the proposed bill.

**Mr. David Zurawel:** Sure. If you wouldn't mind, I'll make an initial comment. In talking about design, we're speaking to the minister's office about exactly what constitutes—under subsection 7(1), where the role of engineers would be in this act. Design is important, more than just for esthetic reasons. Design plays heavily into the functionality of an asset. You could even think of more of a horizontal asset project, where you wouldn't actually have a role for an architect. You would have engineers or something—you're looking at a wastewater system or something that's running underground. You don't need an architect for that. A consulting engineer would be able to do the design work for that.

I think there are some tweaks that need to be made to the proposed legislation under subsection 7(1), but there is a role for design to play. Design speaks to functionality as well as esthetics.

**Mr. Frank Klees:** Just to continue, because a glaring piece that's missing here, I would have thought, is that there's no reference at all to engineers. You've got the architect, you've got the designer. There's something huge missing here, isn't there?

**Mr. Clive Thurston:** Yes, there is, and when that section was read to us, that was my recommendation. Clearly, they missed the point that engineers had to be mentioned.

We had a lengthy discussion with the two gentlemen who were reading the act to me, and I said, "You don't understand. Architects aren't used on everything. Engineers are used on just as much, if not more, in some cases. We only have two regulated design professionals, engineers and architects, so why not mention them both?" What we got was the word "others." We got that.

**Mr. Frank Klees:** All right.

**Mr. Clive Thurston:** But, as you know, it did not help my friend here.

As David said, just to expand, it is important that things not just do their job but that they look good, because it works better on people. You walk into a hospital that is just—well, my father was in a long-term-care home. It was brand new. It was like a warehouse. It was a warehouse, and he deteriorated. We moved him to a private long-term-care home that was like a hotel. It was built like a hotel, with a main street. He came back up and survived. So David's right: It's more than just about that. It can help people's attitude. It can help in more ways than that.

If you've ever been to Scottsdale, Arizona, take a look at the highways when you drive along under those underpasses. They're gorgeous. That didn't cost a lot to do. It's

just build it in at the time. They're gorgeous. But you're right: Designers can sometimes go way overboard. That's why you have general contractors.

**Mr. Frank Klees:** My last question to you is about the reference in that bill to skills training and apprenticeship, and the reference in the announcement to the fact that the province would, as they put it, employ or engage apprentices in the construction or maintenance of certain provincial infrastructure projects.

I am unclear about just what this means or what the implication is to contractors, to businesses. What the tie-in here may be to the College of Trades, I don't know. This could become a quagmire. I'm hoping that maybe you got more clarity in your briefing than I did, and if so, could you share some insight into this?

**Mr. Clive Thurston:** I don't think I have enough time, but I'll try. The apprenticeship issue is an extremely political issue, and it's being pushed by people who have no clue how the apprenticeship system works in this province.

We have seen attempts by the board of directors at IO—a certain board member and others—to mandate the use of apprentices on IO projects. There's just one little problem: General contractors do not hire apprentices. We hire companies, who hire apprentices. The ratios are set provincially by the unions. The unions control the flow of apprentices onto a site, not the general contractor.

We have been trying to make this point over and over and over again, but there seems to be a blindness here by a number of people that—"Oh, God. Push apprentices. Push apprentices." It's not working.

I met with the dean of Humber a few weeks ago. She has got hundreds of apprentices coming out of the trades with no jobs, because the College of Trades did not do any research or studies into what trades we actually need—which, by the way, was part of their mandate and which they've dropped.

We saw this as well, and it was read to us. We had been warning the minister over and over again, "Do not get sucked into this quagmire." Apprenticeship is far more complicated. There's a 60% non-completion rate of apprentices in this province. Why? Nobody is looking at that. We're just sending kids into school to become apprentices.

We're trying to tell contractors to hire apprentices. We don't hire them. We're governed by our collective agreements, and we're governed by the ratios that are set. If you put that into a tender, it is absolutely meaningless, because we can't meet it.

When this was read to me in the briefing, I said, "Why are you going there? Why are you doing this?" As it was explained to me, it's worded that way to give us a forum to have a full and open discussion on apprenticeship. That's what I was told, and that's what I'm holding them to.

We met with IO on the apprenticeship issue last year and in subsequent meetings, trying to address this, because they were under a lot of political pressure to build this into their contracts. I thought their job was to provide projects to get built, not socially engineer our industry.

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It's a complicated issue; it needs a lot more thought. Why is there such a low completion rate? What trades do we really need? You heard five years ago that in 10 years we're going to need 10,000 workers or whatever the number is. We're five years into it, and guess what? We don't need them.

I'm one of the few people who talks straight about this, because so much money and political will has been invested in this myth of needing workers—and it is a myth. I was at a graduation of 150 electrical apprentices up in Ottawa. Not one of them got a placement—not one. I lecture in the colleges. I can tell you, the students are pissed. They've been talked into taking these courses—even the retraining students—to become tradesmen, and there are no jobs.

We have to wake up to this myth, take the politics out of it and have an honest discussion on apprenticeship and training in this province, and it ain't going to happen at the College of Trades. They already dropped that whole aspect of their mandate. It's gone. It's a mess, and now they're facing legal challenges, which we predicted would happen.

The College of Trades could have been a good force. We supported it in the beginning because apprenticeship is important; training is important. But what's more important is—you talked about having to do the inventory of infrastructure and how important that is. Is it not just as important to figure out who we're going to need and what trades we're going to need, what's the current situation? Isn't that just as important before you go ahead, legislating that people do things?

**The Chair (Mr. Lorenzo Berardinetti):** I'm going to have to cut you off there.

**Mr. Clive Thurston:** Yes. So we're fighting.

**The Chair (Mr. Lorenzo Berardinetti):** I want to be fair to all parties. That's the time allocated for today's presentation. Thank you very much for your presentation. That concludes the presentations.

There is one other item of business. Mr. Marchese has distributed some information.

**Mr. Rosario Marchese:** I'll be right there.

**The Chair (Mr. Lorenzo Berardinetti):** Did you want to explain the information that you're requesting?

**Mr. Rosario Marchese:** Yes. It's a request for information, and I want to move those motions so that it's on the record.

**The Chair (Mr. Lorenzo Berardinetti):** Has everyone had a chance to read his requests?

**Mr. Frank Klees:** Yes. No problem.

**Mr. Rosario Marchese:** But I have to read them for the record.

**The Chair (Mr. Lorenzo Berardinetti):** You want to read them into the record?

**Mr. Rosario Marchese:** Is that correct, Madam Clerk? Yes?

**The Chair (Mr. Lorenzo Berardinetti):** Okay. Go ahead.

**Mr. Rosario Marchese:** I move that the Standing Committee on Government Agencies request from Metrolinx and the Ministry of Transportation the production of all documents and correspondence related to any market studies conducted between January 1, 2010, and December 3, 2013, related to ridership projections for the air-rail link; and that these documents be produced within 30 days of this motion passing; and that responsive documents be provided in an electronic, searchable PDF.

**The Chair (Mr. Lorenzo Berardinetti):** Is there still more?

**Mr. Rosario Marchese:** Do you want me to read it all through, or do it one by one?

**The Chair (Mr. Lorenzo Berardinetti):** Yes, you can continue. Read all three.

**Mr. Rosario Marchese:** The other one? I move that the Standing Committee on Government Agencies request from Metrolinx and the Ministry of Transportation the production of all documents between August 1, 2012, and November 30, 2012, related to the operation of the Eglinton Crosstown; and that these documents be produced within 30 days of this motion passing; and that responsive documents be provided in an electronic, searchable PDF.

**The Chair (Mr. Lorenzo Berardinetti):** Number 3?

**Mr. Rosario Marchese:** I move that the Standing Committee on Government Agencies request from Metrolinx and the Ministry of Transportation the production of all documents related to subway technology in the existing Scarborough RT corridor between July 15, 2013, and September 10, 2013; and that these documents be produced within 30 days of this motion passing; and that responsive documents be provided in an electronic, searchable PDF.

**The Chair (Mr. Lorenzo Berardinetti):** Okay, thank you.

Mr. Klees, you have a question?

**Mr. Frank Klees:** Yes. I just have a question regarding the wording in the previous motion. It says, “related to the operation of the Eglinton Crosstown”. What does the member mean by that?

**Mr. Rosario Marchese:** “Request ... the production of all documents between ... related to the”—I’m not sure what other word you might be looking for, but it’s about decision-making around the whole Eglinton Crosstown.

**Mr. Frank Klees:** Okay. Well, the reason I ask the question is that how this is worded can determine what we actually get back.

**Mr. Rosario Marchese:** Do you have a suggestion, Frank?

**Mr. Frank Klees:** Well, I would just simply say, “related to any and all planning of the Eglinton Crosstown”. I think that’s broad enough.

**Mr. Rosario Marchese:** “Related to any and all planning”.

**Mr. Frank Klees:** Including financial, utilization—

**Mr. Rosario Marchese:** Utilization? But “any and all planning related to the Eglinton Crosstown”?

**Mr. Frank Klees:** Yes, I just think it’s a little broader.

**Mr. Rosario Marchese:** So “related to any and all planning of the Eglinton Crosstown”. So we cross out “the operation”? I’m okay with that.

**The Chair (Mr. Lorenzo Berardinetti):** Mrs. Albanese?

**Mrs. Laura Albanese:** Mr. Chair, I would like to ask for a 20-minute recess to consider these. We haven’t seen them before and we would like to ask for a recess.

**Mr. Rosario Marchese:** Can you request that, given that we’re not going to be able to do that when we come back?

**The Chair (Mr. Lorenzo Berardinetti):** We’ll have to ask for a consensus for this.

**Mr. Rick Bartolucci:** Chair, I don’t think we need consensus when we ask for a recess. That’s automatic—

**Mr. Frank Klees:** This is a motion.

**Mr. Rick Bartolucci:**—when a motion is introduced.

**Mr. Frank Klees:** Once a motion is introduced, we’re entitled to have a vote on it. If they want a recess, they can take a recess after we have a vote.

**Mrs. Laura Albanese:** No, I believe we’re entitled to have a recess to consider the motions.

**The Chair (Mr. Lorenzo Berardinetti):** I’m going to ask.

**Mr. Rosario Marchese:** Mr. Chair, that’s okay. We’ll do it at the next meeting as the first order of business.

**The Chair (Mr. Lorenzo Berardinetti):** First order of business at the next meeting? Is that okay? We’ll do this as the first order of business at the next meeting?

**Mrs. Laura Albanese:** That’s fine.

**The Chair (Mr. Lorenzo Berardinetti):** We’ll see. We’re going to have to squeeze it in. We have to start at 8:30 or even earlier because we have a presentation next week.

**Mr. Rosario Marchese:** Yes, we do, but that’s okay. Before we do the presentation, we’ll deal with this motion, and then we’ll do the presentation.

**Mr. Rick Bartolucci:** Maybe we can iron out the wording of the motion that you want to present before.

**Mr. Rosario Marchese:** We’re okay with this, but if you in your second sober thought and reflection and pondering come up with better wording once you consult the minister and all the deputy ministers and all the other staff, then we might consider your wording changes. We’ll deal with that in the first order of business, Mr. Chair. I think we can do that.

**The Chair (Mr. Lorenzo Berardinetti):** Okay, I just want to make sure with the Clerk.

There’s a witness coming at 8:30 next Tuesday. A witness is coming here, and they’ve been told already that they’re going to start at 8:30. So we can either—

**Mr. Rosario Marchese:** Okay. Can we agree at 8:25 to deal with this issue for five minutes?

**Mr. Rick Bartolucci:** We don’t know if it will take five minutes, but we will certainly meet at 8:25.

**Mr. Rosario Marchese:** Okay?

**The Chair (Mr. Lorenzo Berardinetti):** Meet a bit earlier at 8:25? Is that what you're saying?

**Mr. Rick Bartolucci:** Sure, if that's what—

**The Chair (Mr. Lorenzo Berardinetti):** Because we have a witness coming in at 8:30.

Go ahead.

**Ms. Cindy Forster:** My understanding is that unanimous consent trumps everything in here anyway. So if all three parties agree to deal with this issue first, then the witness will just have to wait for a few minutes.

**Mr. Rick Bartolucci:** Wait. Exactly. Today we didn't start until 20 to 9.

**The Chair (Mr. Lorenzo Berardinetti):** All right. Well, I think we'll still start at 8:30, and we'll just spend five minutes hopefully on this. If we don't get it done in

five minutes, then we'll just start listening to the presentation, and then if we have time afterwards, we can continue discussing it.

**Mrs. Laura Albanese:** Do we want to meet earlier than that?

**The Chair (Mr. Lorenzo Berardinetti):** I can say let's meet at 8:25. Hopefully, everyone will be here by 8:25.

**Mr. Rosario Marchese:** We will be here.

**Mrs. Laura Albanese:** We'll be here. We'll make sure to be here.

**The Chair (Mr. Lorenzo Berardinetti):** We started a bit late. Okay, so we'll consider this at 8:25 then next week. All right. So we'll stay adjourned until next Tuesday at 8:25. Thank you.

*The committee adjourned at 1020.*



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