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## **Official Report of Debates (Hansard)**

**Tuesday 14 October 2014**

## **Journal des débats (Hansard)**

**Mardi 14 octobre 2014**

**Standing Committee on  
Estimates**

Ministry of Infrastructure

**Comité permanent des  
budgets des dépenses**

Ministère de l'Infrastructure

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## LEGISLATIVE ASSEMBLY OF ONTARIO

**STANDING COMMITTEE ON  
ESTIMATES**

Tuesday 14 October 2014

## ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**COMITÉ PERMANENT DES  
BUDGETS DES DÉPENSES**

Mardi 14 octobre 2014

*The committee met at 0903 in room 151.*

## MINISTRY OF INFRASTRUCTURE

**The Chair (Ms. Cindy Forster):** Good morning, members. We're here to resume consideration of the estimates of the Ministry of Infrastructure. There are a total of four hours and 30 minutes remaining, but before we resume consideration of the estimates of the Ministry of Infrastructure, if there are any inquiries from the previous meeting that the ministry or the minister has responses to, perhaps the information can be distributed by the Clerk at the beginning of this session in order to assist the members with any further questions. Are there any items, Minister?

**Hon. Brad Duguid:** I don't think so. No, nothing new.

**Mr. Randy Hillier:** Madam Chair?

**The Chair (Ms. Cindy Forster):** Mr. Hillier?

**Mr. Randy Hillier:** Madam Chair, I'd like to move a motion to the committee for its consideration and adoption. I'd like to move that the Minister of Economic Development, Employment and Infrastructure provide the Standing Committee on Estimates within two weeks a copy of the Ernst & Young report on MaRS.

**The Chair (Ms. Cindy Forster):** We'll recess for about five minutes while we get copies of this motion.

*The committee recessed from 0905 to 0911.*

**The Chair (Ms. Cindy Forster):** Mr. Hillier, do you want to read that into the record?

**Mr. Randy Hillier:** Thank you very much, Chair.

Chair, I move that the Minister of Economic Development, Employment and Infrastructure provide the Standing Committee on Estimates within two weeks a copy of the Ernst & Young report on MaRS.

**The Chair (Ms. Cindy Forster):** Comments?

**Mr. Randy Hillier:** I think this should be fairly evident and intuitive. We've spoken a lot about transparency and openness. The minister has referenced this report on numerous occasions to justify the \$65-million bailout of ARE. It's important that this committee see what is actually in the report so we can scrutinize it as well. The minister has asked on numerous occasions about what we in the opposition would do. As I've said before, we would make our decisions based on facts and evidence. This is key—key—evidence that is important for the committee to have and be able to scrutinize. Thank you.

**The Chair (Ms. Cindy Forster):** Further debate on this motion? Mr. Balkissoon?

**Mr. Bas Balkissoon:** Thank you, Madam Chair. You know, I don't have a problem with the motion at all. I think the minister has said it could be made available. But I find the comment from the member—he didn't really expand a whole lot. Because we spent a lot of time last week asking all the questions about MaRS and about this report, and I'm not even sure what information he's missing. But I'm happy to support his motion unless he wants to add some comments so he can put some clarity to this.

**Hon. Brad Duguid:** Madam Chair, is there any opportunity for me to share with committee some information on this that is relevant to the motion?

**The Chair (Ms. Cindy Forster):** Minister, you don't actually get to debate in this process.

**Hon. Brad Duguid:** Okay.

**The Chair (Ms. Cindy Forster):** It's a motion being debated by the committee.

**Hon. Brad Duguid:** Maybe one of my colleagues could ask me a question at the appropriate time.

**The Chair (Ms. Cindy Forster):** Mr. Hillier?

**Mr. Randy Hillier:** Well, just for clarification, we have received the covering letter to the report but that's all we've seen. That's all the committee has seen. There may be other things, but we've seen the covering letter, and the motion is asking for the complete report.

**The Chair (Ms. Cindy Forster):** Mr. Balkissoon?

**Mr. Bas Balkissoon:** Madam Chair, just with your indulgence, I think the minister has answered as many questions as he can about the report and about MaRS. I wonder if there's an opportunity that we could ask the minister to comment on this request.

**The Chair (Ms. Cindy Forster):** What does the committee want to do? It doesn't seem like we have unanimous consent to allow the minister to—

**Mr. Bas Balkissoon:** Oh, they were all silent. I didn't hear a comment.

**The Chair (Ms. Cindy Forster):** Actually, I heard a no from the—

**Interjection:** Yes.

**Mr. Bas Balkissoon:** We have no problem unless—

**The Chair (Ms. Cindy Forster):** Further debate? Mr. Dong?

**Mr. Han Dong:** Just a quick comment from the minister; I think the minister has something to say.

Maybe it would be helpful for us to make the decision whether or not to support the motion.

**The Chair (Ms. Cindy Forster):** Is there agreement by the committee to allow the minister to respond? Agreed. Minister?

**Hon. Brad Duguid:** Thank you, Madam Chair. I appreciate the request. If you do go to my ministry website, you'll find the opinion from Ernst & Young. It is a one-page opinion. They have not submitted a report per se. It's an opinion that was requested of them. I'm happy to read it into the record just so that it's on the record and happy to submit it to committee, although it is a matter of public record; it was actually released the day following the announcement of the purchase of ARE's stake in the project. On September 23, it was posted on the website. So it's available, but it might be helpful just for the record—it's a short four paragraphs—to read it into the record, just so the committee has it here.

**The Chair (Ms. Cindy Forster):** Is there agreement on that, or would you prefer we just give it to the Clerk so that it's part of the record?

**Mr. Randy Hillier:** Part of the record.

**Hon. Brad Duguid:** Okay.

**The Chair (Ms. Cindy Forster):** Part of the record.

Mr. Balkissoon.

**Mr. Bas Balkissoon:** Madam Chair, the minister has just commented that Ernst & Young has provided this one-page evaluation report to him. Is that the report the member is requesting, or is he thinking there is something more in-depth? Because the minister is saying it's not available. I don't think we should be taking a vote on something that's not available.

**The Chair (Ms. Cindy Forster):** Mr. Hillier.

**Mr. Randy Hillier:** Chair, in light of that information—clearly, I understood that there was a substantive analysis and report done by Ernst & Young that supported and gave merit to the government's decision. I was not of the understanding that it was a simple one-page letter. If that is the case, that there is no other report by Ernst & Young, then I'll withdraw that motion from the committee.

**The Chair (Ms. Cindy Forster):** Would you like the minister to respond to that query at this point?

**Mr. Randy Hillier:** No.

**Hon. Brad Duguid:** The member is correct.

**The Chair (Ms. Cindy Forster):** So you're going to withdraw the motion at this point?

**Mr. Randy Hillier:** I'll withdraw that, but I do have another motion that I'd like you to consider.

**The Chair (Ms. Cindy Forster):** Thank you, Mr. Hillier.

**Mr. Percy Hatfield:** Point of order, Madam Chair.

**The Chair (Ms. Cindy Forster):** Mr. Hatfield.

**Mr. Percy Hatfield:** Just on a technicality on the word "report": I wonder if it's within order to ask the minister if he has any documentation whatsoever, be it a report or any other form of transmission, from Ernst & Young dealing with the MaRS issue, the MaRS case file.

**The Chair (Ms. Cindy Forster):** Minister?

**Hon. Brad Duguid:** No, I do not. I want staff to also comment on that, just to ensure that—I don't, but I want to make sure you've got the confirmation from staff as well. That's my understanding, that that's what we received from Ernst & Young. It's an opinion, not a report.

**Mr. Percy Hatfield:** Thank you.

**Hon. Brad Duguid:** And if I referred to it in the past as a report, that's what we were referring to. It may have sounded like there was some form of analysis that was submitted with it as well. My understanding is, that's not the case.

On the record, if the deputy can—

**Mr. Giles Gherson:** Yes, that's correct. That's the only document we have.

**Mr. Randy Hillier:** That is the extent of the report.

**Mr. Giles Gherson:** Correct.

**The Chair (Ms. Cindy Forster):** Thank you.

Mr. Hillier?

**Mr. Randy Hillier:** Thank you, Chair. I move for the committee to consider the following motion: that the Minister of Economic Development, Employment and Infrastructure provide the Standing Committee on Estimates within two weeks a copy of the MaRS business plan which supported the \$234-million mortgage.

**The Chair (Ms. Cindy Forster):** Comments? Debate?

**Mr. Randy Hillier:** Chair, again, we've heard about investing wisely, making sound business decisions. The taxpayer now has a liability, a risk attached to the taxpayer, of \$234 million in a non-performing mortgage, a mortgage that is in default, which we found out last week we're paying about half a million dollars a month in interest on.

Clearly, before the government offered up a \$234-million mortgage, there must have been a business plan submitted to the ministry for them to analyze and evaluate to determine if it was a sound business plan to get into the commercial mortgage lending business in downtown Toronto. It would be most appropriate for this committee to have a copy of that business plan so that we may, as well, scrutinize the decision of getting involved in commercial real estate lending by this ministry. Thank you.

**The Chair (Ms. Cindy Forster):** Further debate? Mr. Balkissoon.

**Mr. Bas Balkissoon:** Chair, can I ask for a 20-minute recess?

**The Chair (Ms. Cindy Forster):** What's the recess for, Mr. Balkissoon?

**Mr. Bas Balkissoon:** To discuss this motion with my staff.

**The Chair (Ms. Cindy Forster):** Is there agreement of the committee?

**Mr. Percy Hatfield:** A point of information, if I could: Just before we do that, Bas, I wonder—there are a couple of other motions. Do you want to get them all read into the record so we don't do a 20-minute recess each time?

**Mr. Bas Balkissoon:** I'm in the hands of the Chair. It's up to her.

**The Chair (Ms. Cindy Forster):** Is there agreement that we recess?

**Mr. Bas Balkissoon:** You don't debate a recess.

**The Chair (Ms. Cindy Forster):** It's by agreement. We're good? Okay, we're on a 20-minute recess.

*The committee recessed from 0920 to 0935.*

**The Chair (Ms. Cindy Forster):** So, members, it has not been 20 minutes. Are you ready to start?

Further debate?

**Mr. Bas Balkissoon:** Madam Chair?

**The Chair (Ms. Cindy Forster):** Mr. Balkissoon?

**Mr. Bas Balkissoon:** Thank you, Madam Chair, and thank you for the 20-minute break. I had a chance to consult with our staff. In reading Mr. Hillier's motion carefully, he's requesting a copy of the MaRS business plan. I'm assuming the document exists, and if it does, it belongs to MaRS. It would not be in this ministry. If at all, it will probably be in the ministry that is responsible for MaRS. I believe the minister was involved in the financial transaction but would not be privy to these documents. So we're sort of put in a position that we can't support his request.

**The Chair (Ms. Cindy Forster):** Minister, can you clarify that in fact that document isn't in your possession or your ministry's possession?

**Hon. Brad Duguid:** Well, let me defer to the deputy so that you have a response from the ministry.

**Mr. Randy Hillier:** Before he responds, I think—

**The Chair (Ms. Cindy Forster):** Can we hear what he has to say first?

**Mr. Randy Hillier:** Well, I think the way the question was phrased was not in keeping with the intent of the motion. So maybe there should be a clarification—

**The Chair (Ms. Cindy Forster):** All right, Mr. Hillier. Go ahead.

**Mr. Randy Hillier:** The ministry has loaned out \$234 million. We're not looking for the business plan for all of MaRS's operations or their multitude of agencies and for-profit companies. We're looking for the business plan that the ministry evaluated with respect to MaRS 2 Inc. and the creation and development of the MaRS 2 tower.

Clearly, whenever there is a commercial lending transaction, the lender looks at the business plan for that development, looks at the proposed, forecasted rental incomes, the forecasted expenditures, and then makes a determination whether or not that is a sound plan—sound and viable to advance a \$234-million mortgage, in this case.

What we're asking for is the business plan that was submitted that supported the government giving a \$234-million loan, and to allow this committee to scrutinize that business plan, just as the ministry, I expect, would have done.

**The Chair (Ms. Cindy Forster):** Minister?

**Hon. Brad Duguid:** IO does due diligence when they lend out money, and they've lent out in the neighbourhood of, I believe, about \$7 billion over time, mostly to

municipalities, through their lending programs. This is part of that. They do their due diligence, but in terms of business plans and whatnot, to the best of my knowledge—and I'm going to defer to the deputy to confirm that—that's something that, if there is such an analysis that was done, it would be with another ministry. I'll ask the deputy to respond.

**Mr. Giles Gherson:** Thank you. The minister is correct. The loan, the mortgage, was essentially provided by IO to MaRS. IO obviously does due diligence and has a fairly complex set of analyses for providing a mortgage or any loan to any entity. So that's not something that we are privy to as a ministry.

**The Chair (Ms. Cindy Forster):** Mr. Hillier?

**Mr. Randy Hillier:** You've just told me that IO does its due diligence and IO advanced the money, but that IO does not have a business plan? I'm going to ask this committee: How could we have due diligence if there isn't a plan to vet and to examine? To equate MaRS with a municipality is substantially false. MaRS is a not-for-profit charity; it is not a municipal government. Municipal governments have oversight by their constituents and through a host of mechanisms. So equating MaRS as a municipality is totally false.

**0940**

I just want to be very clear before we go any further on this motion. Am I hearing that the ministry has no documentation, no business plan that they vetted or scrutinized or evaluated to appraise the economic viability of this \$234-million loan to MaRS?

**Hon. Brad Duguid:** Madam Chair, the committee has me for three and a half hours today, I believe, and longer tomorrow if they wish. I'm happy to respond in depth to any questions they have. But right now we're debating a motion. We've provided a response to committee that I think gives committee the information they need to vote on the motion. My suggestion would be to take your vote and we'll abide by whatever the committee asks. If the opposition has further debate or discussion on this, I'm willing to engage in debate as part of my time before committee.

**The Chair (Ms. Cindy Forster):** Minister, it's up to the committee as to whether or not they continue debate on the motion.

Mr. Arnott?

**Mr. Ted Arnott:** Chair, I don't want to prolong this unduly, but surely the government can't expect us to believe that they extended a loan for \$234 million to anybody without an initial application, without the original organization asking for the loan. If they asked for the loan, surely there's documentation related to that, surely there's a business case which shows the potential lender—in this case, Infrastructure Ontario—that they're going to be good on the loan and they're going to be able to pay it back over time. Surely this isn't another situation like the Ontario cricket club, where an organization is informed that there's money about to be handed out, and they ask for \$100,000 and they're given

a million dollars without any proper application. I don't believe that's the case.

I would submit that the government has documentation, that Infrastructure Ontario has documentation, related to this and has a business case. If the government is truly transparent, they would release it to this committee, not two weeks from now but tomorrow.

**The Chair (Ms. Cindy Forster):** Is there further debate? Mr. Dong.

**Mr. Han Dong:** Thank you, Madam—

**Mr. Bas Balkissoon:** Madam Chair, we haven't heard from the deputy. I'm wondering if we could clarify—

**The Chair (Ms. Cindy Forster):** Mr. Balkissoon, I think it's actually up to the committee to have their debate, and then if we want to—

**Mr. Bas Balkissoon:** Okay. I thought he was cut off in the middle of his statement.

**The Chair (Ms. Cindy Forster):** Mr. Dong.

**Mr. Han Dong:** Thank you, Madam Chair. I'm a little confused. I think I heard that the MaRS business plan or agreement could be discussed—it was dealing with the Ministry of Research and Innovation. I'm thinking that if it's the Ministry of Infrastructure, it's more of a financial transfer. But in terms of a business plan, which ministry it is most relevant to, I think it would be the Ministry of Research and Innovation.

The opposition is trying to paint this picture that there was no due diligence, and they're questioning whether or not the Ministry of Infrastructure had gone through the proper plans and proposals and applications. I don't know; I'm just questioning: Would that fall under the Ministry of Research and Innovation as opposed to the Ministry of Infrastructure? I would like that question to be answered.

**The Chair (Ms. Cindy Forster):** Mr. Dong, if the \$234-million mortgage came out of the Ministry of Infrastructure, then it's fair to be debating it here.

Mr. Balkissoon?

**Mr. Bas Balkissoon:** Madam Chair, I would still like the deputy to answer, because I think the way the financial transaction works, in a complex manner, is between this ministry and another ministry, but the actual business dealings and the due diligence is between MaRS and a separate ministry. When that ministry comes here, the request would be relevant. So I'm wondering if the minister or the deputy could clarify that, because I think that's where the confusion is.

**The Chair (Ms. Cindy Forster):** Is the committee prepared to hear from the deputy at this point?

**Mr. Randy Hillier:** No. Madam Chair, we did hear from the deputy. IO made the loan, and that's what we're asking for: the business plan that IO reviewed that supported them making the loan to MaRS 2.

**The Chair (Ms. Cindy Forster):** Could we confirm, Mr. Minister, that IO actually provided the \$234-million loan?

**Hon. Brad Duguid:** Well, of course.

**The Chair (Ms. Cindy Forster):** Yes?

**Hon. Brad Duguid:** Yes. They do due diligence for all their loans that they put forward. The business case being asked for is a different request that is not the purview of our ministry. But the committee is welcome to ask for something. I can't provide something that wouldn't be within my ministry, but I think Mr. Balkissoon stated that. So the committee should vote, given the request.

**The Chair (Ms. Cindy Forster):** Is there further debate? Okay. Are the members ready to vote?

**Mr. Bas Balkissoon:** Recorded vote, Madam Chair.

### Ayes

Arnott, Hatfield, Hillier.

### Nays

Balkissoon, Ballard, Dong, Kiwala, Vernile.

**The Chair (Ms. Cindy Forster):** The motion is defeated.

Mr. Hillier?

**Mr. Randy Hillier:** Madam Chair, I have a motion I'd like to move for the consideration of this committee.

I move that the Minister of Economic Development, Employment and Infrastructure provide the Standing Committee on Estimates within two weeks a copy of the \$65-million purchasing agreement between MaRS and Alexandria Real Estate (ARE).

**The Chair (Ms. Cindy Forster):** Comments?

**Mr. Randy Hillier:** Madam Chair, again, this is looking into and examining the minister's statements regarding openness and transparency and ensuring that the risks to the taxpayer are avoided—and to invest wisely on behalf of the taxpayer.

We heard last week from the minister that the \$65-million bailout of ARE includes the operations, maintenance and setting of rental rates in the MaRS 2 tower. I'm not sure what else is included in that commitment. It behooves the minister to provide that detailed information to this committee so that, once again, it can be evaluated and scrutinized and so that this estimates committee does its due diligence in ensuring that we properly examine the estimates of this ministry.

**The Chair (Ms. Cindy Forster):** Further debate? Mr. Balkissoon.

**Mr. Bas Balkissoon:** I believe the minister and his deputy made it very clear to us earlier, during the questions about this particular agreement, that it's a conditional agreement. Like any other purchasing agreement, the government enters into it—I believe most of these agreements have what I would call sensitive particular information. So what the member is asking for—first of all, there is no final agreement, because the purchase is not finalized; it's conditional. And secondly, it will be sensitive.

I'm wondering if we could hear again from the deputy. Am I correct? If I am correct, then we would be forced to vote no.

**The Chair (Ms. Cindy Forster):** Does the committee want to hear from the deputy minister on this issue?

**Mr. Randy Hillier:** Madam Chair, I might add that if there is commercially sensitive information retained in that agreement, then this committee has ways and means to deal with that. We can accept that documentation in camera if there is commercially sensitive information. I would entertain comment from the deputy minister if there is commercially sensitive information and if that agreement ought to be delivered to this committee in camera.

**The Chair (Ms. Cindy Forster):** Deputy?

**Mr. Giles Gherson:** I can say that it contains commercially sensitive information. As Mr. Balkissoon said, it's not a final agreement; it's a conditional agreement, and it doesn't really close until 150 days after September 22, which takes us to February 19, 2015. In the interim, it is not a final agreement, and I think it would be concerning to have any information within it disclosed.

0950

**The Chair (Ms. Cindy Forster):** Mr. Hillier.

**Mr. Randy Hillier:** Once again I'll say to the committee that it can be deposited with the estimates committee in camera. But once again we're being asked to vote on estimates in this committee. We're not getting a clear view of what this ministry is spending its money on and how it is making decisions, and we're also not seeing whatsoever what other obligations the taxpayer is on the hook for on this MaRS business. It's—

**Hon. Brad Duguid:** Madam Chair?

**Mr. Randy Hillier:** No, no—

**The Chair (Ms. Cindy Forster):** Minister?

**Hon. Brad Duguid:** Madam Chair, that is patently false. That is patently false. I've been here already for seven hours and responded to question after question on that—

**The Chair (Ms. Cindy Forster):** Minister, Mr. Hillier has the floor.

**Hon. Brad Duguid:** The information is false, that Mr. Hillier is saying, and he should withdraw that.

**The Chair (Ms. Cindy Forster):** Mr. Hillier has the floor.

**Mr. Randy Hillier:** Madam Chair, it is necessary for this committee to get this information. We've already seen the government stonewalling on the mortgage—

**Hon. Brad Duguid:** That's false.

**Mr. Randy Hillier:** —the business plan on the mortgage. We've seen that the Ernst & Young evaluation is just a sheet of paper, with no independent or in-depth appraisal. And now we're seeing stonewalling on our further obligations with ARE.

**Hon. Brad Duguid:** False again.

**Mr. Randy Hillier:** I would put it to this committee that we vote in favour, and I would put that amendment to it, that this documentation be reviewed in camera by this estimates committee.

**The Chair (Ms. Cindy Forster):** Thank you, Mr. Hillier. Minister, if the government doesn't agree, it's

actually up to the members on the government side to debate Mr. Hillier in this process.

**Hon. Brad Duguid:** I understand that, but it would be helpful to the process if the member stuck to the truth.

**The Chair (Ms. Cindy Forster):** Mr. Balkissoon.

**Mr. Bas Balkissoon:** Thank you, Madam Chair. With due respect of my colleague on the other side, I think the staff has made it very clear and the minister has made it very clear that it's a conditional agreement; it's in process between the two parties. I have a lot of concerns, if we were to inject committees in the middle of every business dealing, what would be the final impact to the general taxpayer. Personally, I think it could affect it in a way that the cost of everything will go up. Of all the years I've been in government, and of all the years I've been in municipal government, we allowed the staff to do their work. At the closure of a particular agreement or a particular transaction, yes, we're within our rights to question it and to look at the details. I think what Mr. Hillier is asking for at this current time is something that the government cannot support, so if you would take the vote, we'd be forced to vote against it.

**The Chair (Ms. Cindy Forster):** Further debate? You're ready to vote on the issue?

**Mr. Randy Hillier:** Recorded vote.

### Ayes

Arnott, Hatfield, Hillier.

### Nays

Balkissoon, Ballard, Dong, Kiwala, Vernile.

**The Chair (Ms. Cindy Forster):** The motion is defeated.

**Mr. Randy Hillier:** Madam Chair, I have one further motion I'd like to move for the consideration of this committee.

**The Chair (Ms. Cindy Forster):** Mr. Hillier.

**Mr. Randy Hillier:** I move that the Minister of Economic Development, Employment and Infrastructure provide the Standing Committee on Estimates within two weeks a copy of the MaRS mortgage agreement.

**The Chair (Ms. Cindy Forster):** Any debate? Mr. Hillier.

**Mr. Randy Hillier:** Again, as should be evident from the questioning and the debate that has gone on so far this morning, this loyal opposition is doing its job of scrutinizing the government's actions, examining what they're doing with the taxpayer's purse and how they are doing it.

All three motions now have been lost. Even though they talk a good talk about openness and transparency, we're not seeing anything about transparency, anything about openness, and they are preventing the public from seeing how the minister is spending their money.

I would ask this committee once again to vote for openness and transparency, and ensure that this commit-

tee has the relevant documentation, so that we can make informed decisions when it comes time to vote on these estimates. Thank you.

**The Chair (Ms. Cindy Forster):** Thank you. Mr. Balkissoon?

**Mr. Bas Balkissoon:** Thank you, Madam Chair. I think, again, that what the member is asking for may not exist in this ministry. It may exist in another ministry, because MaRS and another ministry are the ones that had the business dealing. This is the ministry that provided the financial transaction.

The other thing that is very concerning to me on this particular motion—again, I would have to vote against it. Most agreements have commercially sensitive information on them. If this exists in another ministry, when that ministry appears before us, I think the member has the right to request it and let the relevant minister answer, but in this particular case, again, I don't believe it rests in this ministry. We on the government side will be voting against the motion.

**The Chair (Ms. Cindy Forster):** Further debate? Mr. Hillier.

**Mr. Randy Hillier:** It does, with this ministry. It's on the record. It has been clearly stated that it is this ministry that advanced the \$234-million commercial mortgage on MaRS 2—no other ministry. No other red herrings are needed.

This ministry advanced the money. This ministry must have the documentation that justifies and supports their decision to advance money. We know this loan, this mortgage, is in default. Another ministry is picking up the tab of half a million dollars a month in interest, and we're being kept in the dark on any of the actual dealings with MaRS.

The motion stands. I think it's, again, incumbent—if the government members of this committee truly believed, when they ran in the election, that they were running for an open and transparent government, let's demonstrate to the people of this province that you meant what you said.

**Mr. Han Dong:** Madam Chair?

**The Chair (Ms. Cindy Forster):** Mr. Arnott has the floor.

**Mr. Ted Arnott:** Chair, I just want to indicate my support for the motion. I think it's reasonable and sensible. As my colleague pointed out—and it has been confirmed, I think, by the deputy minister and the minister—it was Infrastructure Ontario that initially lent the money to MaRS.

As a result of a freedom-of-information request that the Toronto Star published last week, it is now apparent and evident that it's another ministry—I believe it's the Ministry of Research and Innovation—that is picking up the tab of interest in the amount of \$450,000 per month, a highly unusual arrangement which again leads us to ask these questions as to what exactly has been agreed to.

I think it is in the public interest—and I would think that the government members, in terms of their respon-

sibilities as members of the Legislature, would want to see that agreement as well.

This agreement was made, obviously, some time ago. To suggest that there is sensitive commercial information in the agreement, and that the agreement has not been finalized, is not correct. Certainly, it's information that should be made public. When we're talking about this amount of taxpayers' money, surely, in the interests of transparency and scrutiny on the part of this committee, the committee should have this report. So I'll be voting for the motion.

**The Chair (Ms. Cindy Forster):** Thank you. Mr. Dong?

**Mr. Han Dong:** Thank you, Madam Chair. I'm new to the Legislature and this committee. Today I listened to the debates, and I feel that the members opposite tried to frame the government as hiding something, and it looks like they're looking for something again.

Just to answer his question: Yes, I did run because I believe in this party and this government, and I believe in its policy on openness and transparency. So he's clear.

I'm a little surprised that the member is suggesting that when a government is entering into an agreement with another party, just like two people doing business—you don't expect one side to disclose information when the agreement is not finalized, because if you do that—he is suggesting putting taxpayers on the hook for a potential legal suit. I hope that's not what he's suggesting.

#### 1000

I support openness and transparency, but at the right timing. I think right now in this committee, the minister has come forward and answered all of the opposition's questions. We just voted for a motion he—oh, actually, it was withdrawn. Sorry. We said that we were going to support it if that was the proper term, the report, but it turned out it was an opinion paper. I think we've shown our willingness and our intent to be as open and transparent as possible and to provide this committee with all the documents that are available. But what he is asking is commercially sensitive and I think is potentially going to put taxpayers at risk for a big lawsuit.

**The Chair (Ms. Cindy Forster):** Thank you, Mr. Dong. Mr. Hatfield.

**Mr. Percy Hatfield:** I was just going over the mandate letter to the minister from the Premier during the course of this discussion, where it talks about accountability and openness. It says that the minister will conduct the business of the ministry “through the lens of fiscal prudence” and that, “We will choose to invest wisely.” It seems to me that part of the role of this committee is to determine whether the investments made have been wise investments.

The Premier says, “You will coordinate the province's investments in world-class infrastructure.” I think we're talking about a world-class infrastructure file, the MARS file. Nobody doubts the merits of the case if we can get to the bottom of whether the assets are substantiated in the investment that was put forward. The Premier says to the minister, “I ask that you ensure that public infrastructure

investments encourage the adoption of approaches that maximize the value of our infrastructure dollars and minimize the long-term cost of maintaining infrastructure assets.” I think what we’re trying to do on this side is get to the bottom of whether this is a good deal.

To get to the bottom of the good deal—I don’t know if there’s a clause in there that says, “Don’t tell the taxpayers of Ontario about this deal,” but if there isn’t, then we should find out how much ARE had invested, and did they get dollar for dollar back or more on a business venture that wasn’t going anywhere? They were losing money. Did they get every penny back or did they take 10 cents on the dollar? That’s the kind of information I think some of us are looking for. We want to know if indeed what was put into this project is in the interest of the taxpayers.

Some of the questions put forward today would give us that information so that this committee can decide. I don’t see how withholding the information or voting against the motion advances the lens of fiscal prudence. We just want the accountability and the openness, and I can’t say it any more clearly than that.

**The Chair (Ms. Cindy Forster):** Thanks, Mr. Hatfield. Further debate? Are the members ready to vote on the motion?

**Mr. Randy Hillier:** Recorded vote.

#### Ayes

Arnott, Hatfield, Hillier.

#### Nays

Balkissoon, Ballard, Dong, Kiwala, Vernile.

**The Chair (Ms. Cindy Forster):** The motion is defeated.

We’re going to resume consideration of vote 4001. When the committee last adjourned, the third party had finished its rotation, so I turn the floor over to the government for 20 minutes. Mr. Ballard.

**Mr. Chris Ballard:** It’s very good having the Minister of Infrastructure here today. I know, coming from a small municipality—there are two towns within my riding, Newmarket and Aurora. Newmarket is 86,000 people and Aurora is about 56,000 people, so both of them would be considered small municipalities. I know how difficult it can be, especially when you have towns as old and as historic as Newmarket and Aurora, to both put in place the new infrastructure that’s required in growing municipalities as well as maintain the infrastructure, some that was built 100 years ago. As a municipal councillor, it was always very difficult to juggle new infrastructure, new sports fields, whatever, versus things that aren’t very sexy, like replacing the sewage pipes. However, when the sewage pipes break, everyone talks about that.

I’m just wondering if you can talk to us and explain—because I know, in your opening comments, you made reference to new funds that will be made available. You

made reference to discussions and partnerships with AMO that sound very interesting. I’m wondering about Ontario’s commitment to infrastructure that was outlined in this year’s budget and how that’s helping us to grow our economy.

**Hon. Brad Duguid:** Thank you, Mr. Ballard, for that question. I know how important infrastructure is to a growing community like the one that you represent, as it is to communities right across the province. Whether it’s small towns, whether it’s large towns, whether it’s remote rural communities, infrastructure impacts our quality of life significantly. It impacts our ability to get around. It has impacts on the safety of our drinking water and the safety of our roads and bridges. It has so many different ways of impacting the quality of people’s lives, while at the same time it has a huge economic impact as well.

I’ve said to committee in the past why I think it was a very wise decision on the part of the Premier to put the economic development portfolio side by side—combined—with the infrastructure portfolio, so that our economic policies can be very much intermingled with our infrastructure decisions so that we’re getting maximum value for our residents in Ontario with those decisions, which means job creation when an infrastructure project is built. In our case, we’re looking at supporting 100,000 jobs, I believe, every year as a result of these infrastructure investments over the next 10 years.

It’s a significant economic stimulus to a fast-growing community like Barrie. It’s very, very important to have that kind of stimulus, because I know it’s a community that’s working very hard to attract economic development. I know that you, as well, are working very hard, in partnership with your city, to provide leadership in that area, and I commend you for that.

Our infrastructure investments since 2003 have been record amounts: \$100 billion spent, again, on roads, bridges, highways, public transit, water/waste water, as well as other infrastructure needs that have been identified by municipalities. We’ve made a significant commitment over the last 10 years.

Going forward, our commitment is even greater. Even during challenging fiscal times—and I think it ought to be noted, from time to time, just how important infrastructure is to us—we’re making a choice to invest \$130 billion in infrastructure over the next 10 years, again in our roads, bridges, public transit, water/waste water, and other major infrastructure needs across the province. This includes about \$12.8 billion in 2014-15 alone. This isn’t something we’re doing 10 years from now and making a \$130-billion announcement to say, “We’re going to spend most of it in the back end.” This is something we are investing in as we go, which is significant.

Some \$29 billion over the next 10 years will go towards public transit and transportation infrastructure, which is important to all Ontarians. Sometimes we think of ourselves as having different needs across the province. Well, it’s important to Ontarians in the city that our roads and bridges across the province are safe. It’s

not just a rural or northern or outside-of-the-GTHA concern. It's important to all of us, because all Ontarians drive on those highways. People living in downtown Toronto—or Scarborough, where I'm from—also want to know that when they're going up north or travelling across the province, they're travelling on good, safe roads and bridges.

Vice versa is true as well. People who live outside of the greater Toronto and Hamilton area or those other urban areas, like Kitchener-Waterloo or Ottawa, that are investing in public transit significantly want to know when they go into those cities—and many do—or when their children come to those cities, perhaps to go to school sometimes, that they're going to be able to get to and from school, that they're going to be able to get around.

**1010**

It's also important to the entire province when you look at the economic impacts of those investments. The fact of the matter is, gridlock is costing us billions of dollars, and by "us"—not just the people in downtown Toronto or the suburbs, in Scarborough, North York, Etobicoke, East York and the greater Toronto area, the 905. It's not just those communities that suffer when our economy is impacted; it's all of us. So the \$15 billion that we're investing over the next 10 years in public transit in the greater Toronto and Hamilton area is a significant investment for the entire province as well. I think it's important to sometimes make those comments because I think it helps us to get out of the parochial view of infrastructure investments. We're investing across the province. We're investing in the north, the southwest, the east, the greater Toronto and Hamilton area and central Ontario significantly. All of those investments that we make help everybody across the province. We talk about this a lot. We try to bring people together. We try to have unity across the province and we talk about one Ontario. It's more than talk when it comes to this government. We believe it. That's why we believe these infrastructure investments are important to each and every one of us.

Something important to communities across the province, as well, are the Ontario community infrastructure program investments—and we announced that at AMO. There are actually two programs there. There's our own that we're doing independently. That's \$100 million per year for municipalities. Not all municipalities will qualify—most do, in the north and rural municipalities. It's geared more to some of the smaller ones, but rural and northern municipalities that are maybe a little larger would also qualify for that. That's a significant investment, and that contributed to the very good support that we received at AMO for that announcement. But it's not just the size of the investment that I think matters; it was the fact that we listened to our municipal partners. I use the word "partners" deliberately. They're duly elected levels of government, our colleagues on municipal councils and our respective mayors, who, in another couple of weeks, are seeking re-election—we'll soon have their council stabilized again. As these infrastructure invest-

ments roll out, we're doing it their way, because we respect their opinion. That's why half of the investment that we're making now is going through a formula-based approach. It's maybe not so great for us politically because there might be a few less ribbons for us to cut and a little less control in terms of where those dollars are going. They may not be going to areas that give us the "political" advantage that some infrastructure projects in the past might have focused on. But they're ensuring that we—do I have more time, Madam Chair? You're looking at your watch.

**The Chair (Ms. Cindy Forster):** You do.

**Hon. Brad Duguid:** How much more time do I have?

**The Chair (Ms. Cindy Forster):** About eight minutes.

**Hon. Brad Duguid:** Well, I've got a lot more to say.

It is important for government to listen to our stakeholders. It's important for us to listen to our people. In this case, our stakeholders are municipalities. They've asked to have more attention given to a formula-based approach. What that means is, they will qualify for certain amounts of infrastructure dollars that they can put in to a number of different priorities that they have, rather than us dictating, "Every dollar we give you is going to go to whatever our priority of the day is." That's important. There are a number of us, even on this committee, who have served on municipal councils. In the past, what would often happen is a municipality might have their 10 most important priorities lined up, but the provincial and federal governments of the day—in this case, this is provincial money, but often it's federal and provincial money that comes into these programs. We work with the federal government to determine what our priority of the day is, and right now for us it's probably building public transit, roads and bridges. That seems to be what the needs are right now, what the gap in infrastructure is. There's other important infrastructure, but that's where a lot of our attention is going at the moment. It may well be that in some municipalities that's not their top priority. Or they may be well looked after in those areas, that they want to be able to ensure that their priorities are met as well. And it's only fair for that to happen. I've seen municipalities—and even in my days in Toronto—where your number one priority for you and the people you represent may be something that a federal-provincial program isn't covering.

It may not be the prioritized view or reason for that particular federal-provincial program. Maybe it's affordable housing; maybe it's building a much-needed community centre for young people who are at risk or who need a place to go; maybe it's water/waste water or some of the other important core infrastructure needs. We want to be able to, where we can, give municipalities the ability to make those decisions, give them the respect to be able to set their own priorities. At the same time it's really important that as we are putting together asset management plans for the province, we need our municipal partners to continue to do the same as well, because in the past that wasn't always the case.

We want to make sure that municipalities like us—we've got our 10-year capital plan—are planning ahead as well and managing their assets and making the proper investments in their assets to maintain them so that we don't have crises where the province and federal government are called on on an emergency basis to come in and assist a municipality because a bridge might be collapsing or a water/waste water treatment plant is in jeopardy or something like that. You want to plan ahead for that.

We're at an age through a lot of our province—I mean, I look at my own community; and yours is a little younger, but it's not that much. A lot of our facilities are about 50 years old now. A lot of municipal infrastructure is about 50 years old. That's the age where you need to do some pretty significant reinvestment in your infrastructure. So those municipal asset management plans? Very, very important for municipalities and for us, so that we know that we're getting the best investments out of the dollars that we're putting into those municipalities.

So when they have those asset management plans in place, it gives us a greater level of confidence that we can put a formula-based program in place and we know that it's going to go to those programs that are planned and have been planned for some time, that there's been due diligence put to them, and we know that the dollars are going to go to the best use of those respective communities. So that's something that we're proud of, not so much just because of the very significant investment we're making—and it is significant—but the way we are doing it. And sometimes the way you do things is just as important as what you're doing. In this case, that's why, for those of you who did attend AMO, you would have recognized a very, very warm welcome for our Premier and a very warm response to the work, not only that the government has done in the past, which has been significant, by uploading from our municipal partners significantly over the last 10 years, but also to the way we're doing infrastructure to keep in mind the needs of municipalities.

I don't know if there's much time left, but I'm certainly open to further questions.

**The Chair (Ms. Cindy Forster):** Mr. Ballard?

**Mr. Chris Ballard:** As a former councillor, I know in the town of Newmarket and Aurora both communities have very mature and growing asset management plans, and it's very comforting to see this arrangement put in place through AMO. You well know that as a councillor sometimes you feel there's a bit of a paternalistic relationship between upper-tier government and municipalities, so I think this will allow municipalities to set and to fund the priorities according to their individual needs.

I was also struck by your opening comments the other day. I think it's interesting to talk about billions and hundreds of millions, but one thing that stood out in my mind was a number of statistics you gave us about 7,900 kilometres of roads that has been funded to be built or rehabilitated; 650 schools, I believe, under construction or built; 23 new hospitals. That sort of thing—when I talk to residents of our riding, those are very concrete things

that this government is funding and people are quite impressed by. So thank you for that and thank you for your comments.

**The Chair (Ms. Cindy Forster):** You've got about three minutes.

**Hon. Brad Duguid:** It's work that we're all doing together. I'd love to take credit for all that, but I can't. As I've said to committee in the past, the actual line ministries set the priorities in discussions, obviously, with the finance minister in terms of how much capital spending we can incur at any given time. Our role, more or less, is to work with those front-line ministries to deliver those projects. There are exceptions to that, but for the most part that's how our ministry functions within government.

**1020**

I say that to you because you all have your own individual needs in your community. I'm happy to hear you out, but I just want to make sure you know that the Minister of Infrastructure doesn't have all the levers to be able to prioritize those projects. That's really done by the front-line Ministries of Health, Training, Colleges and Universities, Education and other ministries as well that have capital dollars to put forward. We work with them, though, so I'm happy to hear what your priorities are and certainly want to know, as these projects are being built. I say, though, every time you put a shovel in the ground, there is some element of risk to projects. What we're trying to do is establish a very professional approach.

That's what IO really does. It's considered certainly the model for North America, if not internationally, for how to build municipal infrastructure projects. Our AFP model is seen as having been successful in a number of circumstances in offloading some of the risk that would have been on the taxpayer when we build those projects, so that's something that we want to continue to be leaders in, not just the AFP but in building infrastructure as much as possible. I would say it's impossible to get it 100%, but as much as possible delivering projects on time and on budget. Our track record has been very good over the last 10 years compared to governments of all stripes, but compared to even governments across North America, we've done a good job doing that. But it's an ongoing challenge.

We rely on the professionals at Infrastructure Ontario—and they are professionals—to continue, as much as possible, to evolve these models to ensure the public interest is served and to ensure that the dollars we're investing are getting invested in ways that our projects are being built within cost estimates. That's important because I think it increases public confidence in our investments in infrastructure—

**The Chair (Ms. Cindy Forster):** Thank you.

**Hon. Brad Duguid:** —but I always have to say with some caution—

**The Chair (Ms. Cindy Forster):** Minister, could you just wrap up?

**Hon. Brad Duguid:** Sure. I always have to say, with some caution, any time you put a shovel in the ground,

there's an inherent risk involved, and not every project will go as planned. In fact, most construction projects of any type will have challenges. The key is to make sure you're always addressing those challenges in the most professional way possible.

**The Chair (Ms. Cindy Forster):** Thank you. We move to the official opposition: Mr. Miller for 20 minutes.

**Mr. Norm Miller:** Thank you, Chair. It's a pleasure to be here with the committee today just after Thanksgiving. I'm pleased to switch the focus a little bit, as the northern development and mines critic, to something the government has been speaking a lot about, and that certainly infrastructure is key to, and that is the development of the Ring of Fire in northwestern Ontario. The government has been talking about the Ring of Fire for some seven years and has done a lot of talking but really has not much to show for it so far.

I go back to a press release from over two years ago—May 9, 2012. You would have thought that a mine was about to open because the title of the press release is: "Thousands of Jobs Coming to Northern Ontario."

"Cliffs Natural Resources has announced a \$3.3-billion investment to build a chromite mine, transportation corridor and processing facility in northern Ontario's Ring of Fire that would lead to a new generation of prosperity in the north, with thousands of jobs and new infrastructure."

"The Ring of Fire represents one of the most significant mineral regions in the province, and includes the largest deposit of chromite ever discovered in North America. The chromite found in this area, 540 kilometres northeast of Thunder Bay, is a key ingredient used to create stainless steel."

There are some good quotes, including one from then-Minister Rick Bartolucci: "Ontario is blessed with an abundance of natural resources at a time in history when the world is developing faster than ever and demanding these resources. We are taking advantage of this incredible opportunity in the Ring of Fire to further open up northern Ontario by bringing thousands of jobs, new infrastructure and economic opportunities to cities, towns and First Nations' communities." That was Minister of Northern Development and Mines Rick Bartolucci.

You are also on this press release, and you're quoted as saying, "This is great news not only for the north, but for the entire province. This reaffirms our position as a global leader in mineral investment. The number of jobs created and positive economic impacts will benefit Ontarians for years to come"—Brad Duguid, Minister of Economic Development and Innovation at that point.

Minister, there has been lots of talk but very little to show for it. One of the key challenges with this project, as you point out in this press release, is that it's in a very remote area—540 kilometres—so infrastructure is key to moving it forward, in particular either road or rail connection and power to the site.

I'll start by asking a general question. What are you doing as minister to make that necessary key infrastructure a reality?

**Hon. Brad Duguid:** I thank the member for the question. I know he has had keen interest in this. He has asked questions in the Legislature on this in the past.

I think all of us want to continue to do everything we can together to make sure that those minerals get to market when the private sector is able to deliver that and the commodity is at a price that builds that investment. In the meantime, we have to continue to do everything we can as a province. Our Minister of Northern Development and Mines has taken an incredible leadership role here in Ontario, in the absence of a firm commitment from the federal government, to ensure that this government is committed to investing \$1 billion in infrastructure projects that will aid the development and extraction of the resources found in the Ring of Fire. This is an important commitment to make.

I always say, and the member has been involved in mining issues in the past so he's aware that the government—we're not the miners. We don't control the international commodity markets and the investments that are made in the mining companies that ultimately build the mines. Our role here, I believe, and I think the member would probably agree, is to do what we can to facilitate the opportunities here to ensure, as much as possible, that the jobs that are created from this incredible opportunity in the north are there for people from the north as well as people across the province.

This is a nationally significant resource, and it's something that, while we've put forward a \$1-billion commitment for infrastructure—and I know the member would probably join our government in continuing to urge the federal government to at least match that, as they do in other big resource opportunities across the country.

Just to provide further information, and the member is probably aware of this, we've recently formed the Ring of Fire Infrastructure Development Corp. They'll be working with all key partners to drive smart and sustainable development in the Ring of Fire. That's significant because it's important that we're working with stakeholders on this matter.

I'll certainly be happy to speak further to it if the member has supplementaries.

**Mr. Norm Miller:** Yes, I did want to ask about the Ring of Fire development corporation because it's something you've talked about at length. It was promised by the Premier to have it up and running within 60 or 90 days. That was done, but it was done—basically, four civil servants were appointed to the interim board of directors.

There's already the Ring of Fire Secretariat. Now you've created this development corporation—the start of it; I wouldn't say too much has really happened. What's the division of responsibility between the Ring of Fire Secretariat and the development corporation? Are they doing the same thing? Can you explain what each is doing?

**Hon. Brad Duguid:** That kind of question would need to be responded to by the Minister of Northern Development and Mines. It's not really within the purview of my ministry. I would encourage the committee to, if they haven't already, call the Minister of Northern Development and Mines if they want to delve further into the Ring of Fire investments. From my perspective, ultimately, when infrastructure is identified as a priority—and, as I've said to the committee in the past, our role as infrastructure is to deliver those infrastructure projects rather than prioritize them. We'll certainly be there to ensure that, as much as possible, those projects are delivered on time and on budget, but any details about the Ring of Fire Infrastructure Development Corp. and the secretariat that the member is referring to would really need to be responded to by the Minister of Northern Development and Mines.

**1030**

**Mr. Norm Miller:** So does that mean to say, then, that you can't answer a question like how much these four interim directors of the Ring of Fire development corporation—what they're going to be paid in the next year?

**Hon. Brad Duguid:** I would have to check with the deputy. To the best of my knowledge, that's not likely part of our estimates or expenditures, but I could stand to be corrected on this, so before I give you a definitive answer, I'd defer to our staff to determine if, in fact, there is some form of a financial connection from our ministry to that committee. I'd have to confirm with the deputy to determine if that's the case.

**Mr. Norm Miller:** Well, as well as appointing these public servants, the ministry has engaged the services of a management consultancy with Deloitte LLP. Can the minister advise how much has been spent on consultants in the last year, and how much it anticipates spending in the next year, to bring the Ring of Fire project forward?

**Hon. Brad Duguid:** Again—and I'm not trying to, in any way, be evasive to you on this—those are areas where the lead has always been the Minister of Northern Development and Mines, and I would not be able to provide you with detailed information on that. Certainly the Minister of Northern Development and Mines, I would think, would be in a position to do so if you wish to request information of him in that respect. Deputy, I don't believe there's a further connection to our ministry there, but—

**Mr. Giles Gherson:** No. The only thing I would clarify is that there are four assistant deputy ministers, I think you referenced, on the board of the development corporation, and it's not the practice of the government to add remuneration to public servants who are performing in that capacity.

**Mr. Norm Miller:** Okay, thank you for that. I think that was the commitment that was made in the election, but it's an interim move. It's my understanding that this interim board isn't going to be making the key decisions—whether it's going to be rail or road, whether it's going to be an east-west connection or a north-south connection—that that's not going to be done until what I

believe is called a "mature board" is put in place. So do you have a timeline for when the mature board is going to be put in place?

**Hon. Brad Duguid:** Again, I don't think it would be appropriate for me to respond to questions that really the Minister of Northern Development and Mines would be responsible for. I would prefer that those questions go to the appropriate minister. I recognize how important this is to the member, and I recommend that he ask those questions to the appropriate minister.

**Mr. Norm Miller:** So your ministry doesn't know, really—I mean, the government has \$1 billion being committed towards the Ring of Fire, mainly for infrastructure, which is key. You can't tell me, at this point, whether it's rail or road, whether it's north-south or east-west or both?

**Hon. Brad Duguid:** I think the Ring of Fire Infrastructure Development Corp. has just been formed, and that's the work that they'll be doing, and, as well, working with stakeholders. There are two key stakeholders here. There are the aboriginal people of the north, whose respectful territory some of this will be taking place on. They are a very important stakeholder, and the appropriate time and respect must be given to working through arrangements with First Nations people. Secondly, there is the private sector, who are the ones who ultimately make the significant investments to develop mines, and their infrastructure needs need to be front and centre, obviously, because one wouldn't want the province to move ahead and make an arbitrary decision that's not going to meet the needs or be as competitive for those that want to invest in the Ring of Fire.

We are the government that stepped up here. There's no question about it: We stepped up. We've come to the table with a billion-dollar infrastructure commitment that's significant. At the end of the day there's still a lot of work to be done from the private-sector perspective in terms of the timing. Much of this will be determined by that.

What we have done is attempt to bring all stakeholders, as much as possible, together under the auspices of the Ring of Fire Infrastructure Development Corp. That work will continue. It has just been formed, so I think it's something we'll need to let be able to get together, get formed and do its work.

**Mr. Norm Miller:** So any estimate on the timeline when the mature board that's going to make the real decisions is going to be in place?

**Hon. Brad Duguid:** That kind of question I would put to the Minister of Northern Development and Mines. I'm not aware whether he has that estimate or not. I'd be surprised if our staff here today would have that kind of information because the lead really is the Minister of Northern Development and Mines on that.

**Mr. Norm Miller:** Okay. You mentioned First Nations. It was reported in September, just a few months after announcing the framework to negotiate with northern Ontario First Nations to develop the Ring of Fire, that several chiefs are concerned that the provincial govern-

ment is failing to honour the deal by simultaneously working towards issuing expiration permits to the mining companies. A number of them have written to the government. Can the minister tell me how many of the nine Matawa First Nations involved in the talks have written to the province asking them to stop the pending permits while talks are underway with the First Nations?

**Hon. Brad Duguid:** No. Our ministry, to the best of my knowledge, has had very little, if any—I don't believe any—involvement in those issues or those discussions to this point in time. I do know from past experience as a former Minister of Aboriginal Affairs that we remain fully committed to working with our aboriginal partners in ensuring, as these and other projects move forward in their traditional territory, that they're treated with respect, that the opportunities that arise from those projects benefit their communities, and that we develop partnerships and work with them for the betterment of Ontario but for the betterment of their communities as well.

Those kinds of discussions sometimes take time, and it's important that we take the time to get them right. They sometimes will hit road blocks from time to time, and that's okay too; we understand that. But we remain optimistic that this government has a relationship with our First Nations people that is second to none across the country. We'll continue to work very, very closely with them.

That kind of direction comes from on high in this government, because our Premier was a very dedicated, successful and respected Minister of Aboriginal Affairs, as well. So I think that helps us; but it is, and the member I think would understand, a piece of ongoing work that's to be continued.

**The Chair (Ms. Cindy Forster):** Mr. Miller?

**Mr. Norm Miller:** Yes, so part of the big discussion is whether it will be rail or road. In northern Ontario the government agency for rail is the ONTC, the Ontario Northland transportation corporation. Have they been engaged in the discussions about access to the Ring of Fire?

**Hon. Brad Duguid:** I wouldn't know; I wouldn't be able to answer that.

**Mr. Norm Miller:** Okay, we'll switch. You've talked a fair amount about the need for the federal government to participate. It's my understanding that the federal government has been clear that their funding would be tied to specific projects and precise goals. So my question to you is, do you have a business plan that the federal government would see and would buy into and, hopefully, then participate in?

**Hon. Brad Duguid:** Well, I would have liked to have seen a better commitment from the federal government than that. We've come forward with a billion-dollar commitment here, and we've asked the federal government to at least match that. They've come forward with virtually nothing. They've shown no action on this file at all. They have mentioned it a number of times, they've talked about it a number of times, but the fact is that this

is a project of national significance. I would hope that just because it's in Ontario, this project of national significance doesn't take a back seat in federal decision-making. I would hope that there would be a level of enthusiasm federally to see this project develop.

**1040**

I know how supportive the member is, and our members are as well, in seeing this developed for the job creation potential and economic development opportunities that exist here. It would appear to me that the federal government, despite our continual efforts, have been less than enthusiastic about committing, as we have, to participating in infrastructure partnerships here. It's tempting on our part to make our commitment conditional in order to bring them to the table. At the same time, we want to bring as much stability as we can to those who want to invest in this project, which is why we've said that our commitment stands. But I think all of us on all sides of the Legislature have an obligation to Ontarians to do everything we can to convince the federal government to commit as strongly as we have to making those investments.

**Mr. Norm Miller:** So part of the—

**The Chair (Ms. Cindy Forster):** Mr. Miller, you have about three minutes left.

**Mr. Norm Miller:** Okay. Thank you.

Part of the nature of my question was to get to the tangible specifics of what the federal government might contribute towards. If I were them, I'd want to know what I was going to match my funding towards, so that's why I've been asking about specifics. What tangible, specific projects, goals and business plan do you have to get the Ring of Fire open? It has been talked about now for seven years, and I still am not really hearing anything about substantive progress that gives me confidence, or, if I were a mining company, would give me confidence that this is going to happen any time soon. I don't even know when the mature Ring of Fire development corporation is actually going to happen.

**Hon. Brad Duguid:** Well, I would say that if the federal government were to make a similar commitment to ours, which is to invest a billion dollars on top of ours in infrastructure, that would certainly give mining companies much more comfort. These are significant investments that are going to be required.

The member knows that the challenge we have today is that those private companies still need to determine the best form of infrastructure that they're going to require in order to extrude these resources, and where. So those projects are still at a stage where the private sector has yet to determine exactly what their needs are. It would be, I think, extremely unwise for the province to make those determinations before the private sector determines what their needs are going to be; otherwise, we might be investing in the wrong infrastructure, and we wouldn't want to do that.

But the key is that the investment is there. The investment is there from us. It's not there from the feds—

**Mr. Norm Miller:** Minister, this could go on for years. We've already lost Cliffs Natural Resources. They are basically selling their investment. They were the biggest player in the Ring of Fire, and I think the lack of progress was a huge factor in them leaving the province.

You have Noront, who, when I talked to them four or five years ago, were very clear that their preferred option is a road going from east to west, connecting the First Nations etc., yet we still see very little progress. I don't get a lot of confidence that much is going on, and infrastructure is key to developing the Ring of Fire.

**The Chair (Ms. Cindy Forster):** Thirty seconds.

**Hon. Brad Duguid:** Well, there's no question—I mean, this province has been there when it comes to the Ring of Fire. The Minister of Northern Development and Mines has been a fantastic leader in this process. The mining community—and I talk to them on a regular basis—are very impressed with the fact that we've made a billion-dollar commitment to build infrastructure.

But the fact of the matter is that the government is not in the mining business. That's what the private sector is in, and they will make their decisions based on commodity prices. We are there to do everything we can to facilitate the development of this great opportunity. It would really help to have the PC government at the federal level as engaged as we are, because that would double down on the significant infrastructure investment that we've placed on the table.

**The Chair (Ms. Cindy Forster):** Thank you, Minister. Third party: Mr. Hatfield, 20 minutes.

**Mr. Percy Hatfield:** Thank you, Madam Chair. Good morning again, Minister.

**Hon. Brad Duguid:** Good morning.

**Mr. Percy Hatfield:** I want to go back to some old ground that we've been working on, on the MaRS bailout. In January of this year, MaRS told you it could no longer make payments on the province's \$224-million loan. Is that correct?

**Hon. Brad Duguid:** To the best of my knowledge, I would have to check on the dates to see whether that is the appropriate date or not. I believe that's correct. I always hesitate when I'm given a date, just in case it may have been before.

**Mr. Percy Hatfield:** All right. That left the government holding the bag, to the tune of \$450,000 a month in interest payments. Is that correct?

**Hon. Brad Duguid:** The arrangements are—and we've shared them publicly—at a certain point, when MaRS wasn't able to make the interest payments, the Ministry of Research and Innovation was responsible for filling in for those interest payments to, I believe, IO. So it's interest payments, by and large, within government. It's an accounting transaction as much as anything else. But that is correct.

**Mr. Percy Hatfield:** On top of the outstanding \$224-million loan to MaRS, last month the government bought out the US-based MaRS developer, Alexandria Real Estate, for \$65 million, bringing the total bailout to \$309 million. Is that correct?

**Hon. Brad Duguid:** I believe so. Yes.

**Mr. Percy Hatfield:** Can you tell us if Alexandria Real Estate got a dollar per dollar of what they had in the building? Or did they take a writedown or a writeoff, a certain amount on a dollar or—

**Hon. Brad Duguid:** Yes. Their valuation is a matter of public record. My understanding is, they had it valued in the \$90-million range, so they took a writedown in accepting \$65 million. They had to write down from their books a significant amount.

**Mr. Percy Hatfield:** Again, as I understand it, essentially there are only two tenants signed on to phase 2. One is an infectious disease lab operated by Public Health Ontario, set to open this fall, which will occupy the top four floors of the phase 2 tower. Is that correct?

**Hon. Brad Duguid:** It sounds correct to me, but I would want to confirm the details before I say that for sure.

**Mr. Giles Gherson:** It's correct.

**Mr. Percy Hatfield:** I understand that when you bought out Alexandria Real Estate, they were holding out—the building was mostly empty, because they wanted a high rent. The rent that will be paid by Public Health Ontario—was that deal signed under the old rent formula, or are they getting a better deal from the government on the rent that was proposed?

**Hon. Brad Duguid:** I wouldn't have that information. I expect that information would be with the Ministry of Health. I can ask our officials here if they have any further information from our ministry's perspective, if you like.

**Mr. Percy Hatfield:** Sure.

**Hon. Brad Duguid:** Most of those decisions would have been made by Public Health Ontario. The Ministry of Health may have some of that information.

**Mr. Giles Gherson:** I believe that Public Health Ontario signed their agreement with MaRS some time ago, so it was under the prevailing release rate at the time, which is higher than, I suspect, their lease rate will be in the future, once ARE is bought out.

**Mr. Percy Hatfield:** Would they have a most-favoured nations clause or something that would allow them to lower that rent if everybody else in the building is getting a better deal?

**Mr. Giles Gherson:** I think that really would come down to discussions between the Ministry of Health and Public Health Ontario. I can't offer you any information on that at this point.

**Mr. Percy Hatfield:** Construction of the new public health labs was originally budgeted at \$54 million, but that increases to \$86 million when the other costs, such as the lab equipment, the permits, the architectural engineering fees and project management fees, are factored in. Is that right? It goes up to \$86 million from \$54 million?

**Hon. Brad Duguid:** Those are not matters that my ministry has responsibility for.

**1050**

What I can say about the decision of Public Health Ontario to locate at MaRS, in the knowledge that I have, is that Public Health Ontario's current facilities were built in 1964. I was two years old at the time. They're pretty old. The SARS commission has recommended that they build new facilities and that those facilities be in a centralized location. Building those facilities in a centralized location in the heart of Ontario's bio-science innovation district is something that I think has a great deal of sense and rationale for it.

In terms of the details of the lease arrangements between Public Health Ontario and MaRS, that's not something that I have had or have any responsibility for.

**Mr. Percy Hatfield:** But I guess, obviously, all the money is coming from the government, though. It's all government money. If it's coming from the ministry—

**Hon. Brad Duguid:** In terms of Public Health Ontario, I think that's a safe assumption, but it's not something I could even confirm. To the best of my knowledge, yes.

**Mr. Percy Hatfield:** Okay. And the other confirmed tenant is the Ontario Institute for Cancer Research. Right? They're primarily funded by the Ministry of Health as well. Is that correct?

**Hon. Brad Duguid:** Well, again, I would have to determine whether that's correct or not; it may well not be. They may have independent funds that come into that organization. It doesn't fall under my ministry, so I'm not sure what their funding model consists of.

**Mr. Percy Hatfield:** Would we accept the assumption that their rent would have been based on the old formula as well, if they would have had an agreement some months ago?

**Hon. Brad Duguid:** I'm not aware one way or another.

**Mr. Percy Hatfield:** Anybody? Deputy?

**Mr. Giles Gherson:** Again, this is really a question between the Ministry of Health and OICR, which is the core funding agency. Our understanding is that that lease was signed at the prevailing rate, not a future rate.

**Mr. Percy Hatfield:** Now, you say that Ernst & Young has been very clear in their analysis that the investments made to date on this particular project are equal to or less than the value of the building. Is that correct?

**Hon. Brad Duguid:** I will try to quote them directly here for you. They say in their submission, "The results of our analysis indicate that the acquisition of Alexandria Real Estate's ... interest in the project will provide positive incremental value to the government across various potential tenancy options."

They also go on to say, "EY concludes that the government's investment is consistent with the ... market value of the project as attested by third party appraisals."

I believe, given that, the answer to your question would be yes.

**Mr. Percy Hatfield:** And as you know, Minister Sousa has said that with respect to the provincial investment in

MaRS to date, "I am recovering it. All of it ... I am getting it all back. That's the purpose here."

If at some point that building is to be sold, would you agree or disagree that a building that is sold that is, say, 30% rented has a value and a building that is sold at 100% occupancy has a different value, but a building that is sold with rents that aren't at the level that the initial investor said would be needed to be sustainable brings in a different equation?

**Hon. Brad Duguid:** Those are precisely the kinds of issues that Michael Nobrega and Carol Stephenson have been asked to look at to give us a professional analysis of what the options are and what's in the public interest here, because you're quite right: In terms of these kinds of transactions, they will differ and the return to government will differ depending on whether you lease up the building beforehand and maybe get more value for it, if you're going to sell it, or whether you sell it right away and get less revenue for the sale of the building, when it's not leased up. If the government determines that it's best to maintain it and keep the asset—because, remember, an asset is an asset, and any liabilities to that asset are offset by the value of the asset. So those considerations would need to be—I'm looking to the independent committee to give me their best judgment, and then I'll be looking to folks in government who have professional expertise on this to provide their recommendations, and then I'll be charged with the responsibility to bring a recommendation to our government.

**Mr. Percy Hatfield:** Then, to be clear, broadly speaking, two options to consider are to lease out those units and continue to utilize that space for what it was built for or to sell the building.

**Hon. Brad Duguid:** I don't know if I would say they are the only two options, but I would say they are definitely two options, for sure.

**Mr. Percy Hatfield:** And you're still considering perhaps the possibility of moving some provincial civil servants in there to rent out some of the space that might be sitting there empty?

**Hon. Brad Duguid:** Well, I said last week, and I'm happy to repeat it today, there's not a great deal of momentum with regard to that particular proposal, but I don't want to rule anything out until the committee has had an opportunity to look at it. But I can tell you there is not a great deal of momentum with regard to that proposal right now.

**Mr. Percy Hatfield:** Your government has repeatedly claimed that ARE was the bottleneck in renting out the phase 2 space. Is that correct?

**Hon. Brad Duguid:** Could you repeat that, please? Sorry.

**Mr. Percy Hatfield:** That ARE, the Alexandria Real Estate people, were the bottleneck in renting out the phase 2 space.

**Hon. Brad Duguid:** Yes. The challenge was, they had the ability to control the leases and the price of the leases and were not willing to waive their control of that. My understanding is, and they would probably be best able to

respond themselves to this, that their business model, when they originally invested into this project, required them to get a higher level of return than they were going to get. So they felt they were in a position where they could not agree to those lower leases for their own business reasons.

The only way we could resolve that—and I've sought third party advice on this to determine if this is a smart investment on the part of the province. The advice has come back unanimously from my own ministry folks as well as the independent panel, Michael Nobrega and Carol Stephenson, who looked at it and said that the first step you have to take is to remove ARE from the equation so that you can open up the door to whatever other options would exist.

**Mr. Percy Hatfield:** And yet you don't want the committee to see the deal on ARE.

**Hon. Brad Duguid:** Well, the deal is not finalized yet. I think the deputy has been very clear on this. Other governments around the world as well, and previous governments, would not put out information on a deal that isn't finalized yet, in particular information that could be commercially sensitive.

I understand the opposition like to ask for that kind of information, and I understand the challenging position it sometimes puts me in as a minister, and I don't like being in that position. But at the same time, you have a responsibility as a representative of government to ensure your government is working professionally and responsibly in the public interest. That's why I feel obligated, certainly, to take my advice from my deputy and his officials as to what's in the public interest at this point in time in terms of commercial sensitivity and what's not. It's not that I'm the judge of that. I need professional advice on that, and that's what I have received.

**Mr. Percy Hatfield:** Now, in order for the government to operate the building under its current mandate, you really have to recover, as I understand it, \$477 million, which includes the \$317-million price tag of the building and the land, \$106 million in renovations, and \$54 million in operating shortfalls. Isn't that what your own internal documents show, that we've got to get \$477 million out of it?

**Hon. Brad Duguid:** Well, we have made public already the amounts of what the government's investments in phase 2 are, and I can outline them to you. There's the Infrastructure Ontario loan of \$224 million. There's the Alexandria Real Estate buyout of \$65 million. There's the land purchase of \$16.2 million.

**1100**

Then there is what I guess is referred to as the debt service guarantee, and that's the interest payment on the loan, which is something that, month to month, will increase, as we've said, until we have this issue resolved, which is one of the reasons why we want to move forward as quickly as possible.

All of this money, at this point in time—and the Ernst & Young report's analysis determines that—

**Mr. Percy Hatfield:** There's that word "report" again.

**Hon. Brad Duguid:** The "report" word again. Their analysis determines that is equal to or lower, at this point in time, than the cost of the actual asset itself.

Those are the numbers that I have and that we have released publicly.

**Mr. Percy Hatfield:** But did Ernst & Young take into account the renovations and the operating shortfalls?

**Hon. Brad Duguid:** Let me give you an example. If you were to sell the building outright, there would obviously be transaction fees involved in that, so there are some costs. They're recovered by the asset itself and the revenue you get from the sale. But there would be costs involved in that. If you own a building, or even if you sell the building and lease it up before you sell it, there are negotiations that take place with tenants in terms of attracting those tenants to those units.

That's something that I cannot speculate on in terms of costs, because, first, we need to determine what our decision is with regard to the future of phase 2. Then, whether the government owns the building, whether it's sold to someone else, whether we lease up before we sell the building, or whether we operate the building in its intended use, which is a very viable alternative that is being considered—all of those scenarios would involve some form of leasing arrangements that are subject to negotiation.

**The Chair (Ms. Cindy Forster):** Mr. Hatfield, you have about two minutes.

**Mr. Percy Hatfield:** Thank you.

So you bought out ARE to get rid of the bottleneck in renting out the building, but now, wouldn't the government have basically the same problem that ARE had in renting out the building within the original mandate? In order to make up for the investments and carry costs, you have to charge way more than fledgling start-ups can afford. Isn't that the case?

**Hon. Brad Duguid:** My understanding is that MaRS would suggest that's not the case and that there is a market for those units at market lease rates. That's why I've set up the independent panel of Michael Nobrega and Carol Stephenson, as experts who have real estate backgrounds, to ensure that before we make this decision, we have third party professional advice to confirm that whatever option is chosen is viable and something that we can have confidence in.

**Mr. Percy Hatfield:** But I'm still confused, I guess, about how you're going to operate phase 2 according to the original mandate. Do you consider filling up the building with civil servants, if that's what happens, and government-funded agencies such as the infectious disease centre and Cancer Care Ontario to be consistent with the original mandate of MaRS?

**Hon. Brad Duguid:** I think that's a valid question. Certainly, I think it comes down, at the end of the day, to public interest and balancing that mandate with what the public interest may be in this particular time, in this case balancing the original mandate of MaRS with what the public interest is from a taxpayer perspective.

I would suggest, and I agree, that the idea you're referring to would have been using the building for swing space as Macdonald Block is renovated, so it wouldn't necessarily be a permanent tenancy in that building; ultimately, the building could be changed. But that's definitely one of the balancing points in our decision, that we have to determine whether we stick entirely to that original MaRS vision.

That's why I asked your colleagues, who aren't here at the moment, from the PC Party, why I thought—it's easier for me to respond to your questions if I know where they stand on the issue. For instance, if your party is supportive of the—

**The Chair (Ms. Cindy Forster):** Thank you, Minister. Your time is up.

**Hon. Brad Duguid:** Okay.

**Mr. Percy Hatfield:** I thought he was just saying the New Democrats were right on and these guys were wrong.

**The Chair (Ms. Cindy Forster):** You can get him on the next round.

**Hon. Brad Duguid:** I was giving you an opportunity to prove that to us.

**The Chair (Ms. Cindy Forster):** To the government for 20 minutes: Ms. Vernile.

**Ms. Daiene Vernile:** Minister, I want to ask you about transit funding outside of the GTA. In my home riding of Kitchener Centre, people are desperate for some other option besides the traffic-choked 401.

I'll give you a quick example. This past Friday, I had a chat with the president of Google Canada, Steven Woods, who told me something very surprising, and that is that every day, his company is loading up three buses in the GTA and bringing employees to Kitchener. Although we have two trains that go from Kitchener to Toronto every day, we don't have transportation coming in the opposite direction, with trains.

The president of Communitech, which is a high-tech mentoring hub, told me that recently he had the president of Canon from Japan arrive at Pearson airport and then this person faced two and a half hours on the 401 in bumper-to-bumper traffic. As soon as he arrived, his first comment was, "Where are the trains?"

In order for us to continue, in our area, creating thousands of well-paying jobs—again, this is tied to job creation and the prosperity of Ontario.

My question to you is, what type of funding is the government providing to municipalities outside of Toronto for transit improvements?

**Hon. Brad Duguid:** I appreciate the question and how relevant and important it is to your community.

I've said this in the past to questions from all sides of committee: I really can't get into individual projects in detail because that's the role of the ministries responsible. In this case, the lead on the particular projects you're talking about would be the Minister of Transportation, who I think is coming before committee soon, so you may be able to get some more in-depth opportunities for responses from him then.

I encourage you to continue as a champion of enhancing transportation to Kitchener-Waterloo—for a long time, long before you became an MPP. I would strongly recommend you save part of that question for the Minister of Transportation as well.

You do know, and you've helped to shape our position on this, that we're committed to improving the transportation link between Kitchener-Waterloo and Toronto for a number of reasons.

You mentioned Iain Klugman, president and CEO of Communitech, who—I'm putting my economic development hat on here now when I think about this. This is what excites me about having economic development combined with infrastructure: You can make really good strategic economic decisions utilizing the levers you have to invest in infrastructure.

We all know that we have an incredible hub of innovation that has developed between Toronto, Kitchener-Waterloo and Ottawa, between the three areas. Innovation exists right across the province, but these three hubs have become significant in North America through a number of different partners, probably the most vocal and visible being Communitech and Iain Klugman.

We're now seen in Silicon Valley as the place to be for innovation. It's not by accident, for instance, that Google has located its offices in Kitchener-Waterloo and Toronto, right in Communitech. They want to be where the next great ideas are coming from. Because of great universities like Waterloo, University of Toronto and many others across the province—Ryerson being another university that's producing some fantastic young entrepreneurs.

The last time I was in Silicon Valley, about two or three years ago—I was going down there to solicit more venture capital funding—they told me that the Ontario story is now becoming well known in Silicon Valley, and that is that we're producing some of the best young entrepreneurs anywhere in the world today.

**1110**

How that connects with infrastructure is the following: Young people, young entrepreneurs, want to be able to do their work. They want to be able to do their innovation. They want to be able to work, for instance, at Communitech or Velocity, if they're a Waterloo student. But also, many of them still want to live in Toronto, for instance, because they want to be part of that big-city environment as well.

That connection, when we talk about commuting, now runs both ways. It's really important, if we want to unclog those highways—every time I come out to your community, from Guelph right through to Kitchener-Waterloo, I've got to leave a lot of time to get out there, for fear that those roads will be clogged, because once there's a problem on the 401, you can be sitting there for a long time.

That's why that commuter train service and improvements to it—and some of the proposals that are being put forward that I would have less familiarity with, in terms of detail, than the Minister of Transportation would—are so important from an economic perspective, because they

create that innovation corridor that I think is fast becoming second to none in North America. We have that innovation culture, that can-doism, that has developed in Kitchener-Waterloo.

We've seen the challenges that BlackBerry has had; I was Minister of Economic Development for part of that. It's just so inspiring to see that community say, "Yes, that's probably the biggest company in our community that's having challenges, but we're going to respond by continuing to stick to our innovation agenda there." You've seen a whole crop of technology evolve out of BlackBerry now into some of those start-up accelerators.

You'll know that our budgets have indicated that we're going to keep investing in those accelerators. We've put forward some ideas in the budget to grow and expand those accelerator programs, some of it in our youth jobs strategy, as an important part of providing next-generation jobs for our young people.

All of that is important, but those investments in transportation are directly linked to it. If we're going to have a successful innovation corridor between the University of Waterloo and U of T, who are partnering like never before in innovation initiatives; between Ryerson and Waterloo, and connections between the DMZ, which can work with Communitech in some ways—companies can move back and forth and around—as well as some of the other incubators across the province, then those young entrepreneurs—I say "young"; they're not all young, but many of them are—are going to need those travel corridors to be able to get to and from.

The more we can shrink the distance between Kitchener-Waterloo and Toronto, in my view, the greater the success of this hugely globally significant innovation cluster is going to be, so keep championing those programs. When you get a chance to get the Minister of Transportation here, I strongly recommend that you continue to work with him and ask some of those questions to him.

**Ms. Daiene Vernile:** I just want to underscore how important it is to get that link, because there is an explosion of jobs that is happening. Just in the past five years, Communitech has launched 1,700 companies, 10,000 jobs.

You talked about people going back and forth, maybe wanting to live in Toronto, and that's because you may have a partner who works in Toronto, and that's why you have the other person coming in our direction. If you look at places like Palo Alto, California, they've got a great train system going back and forth, helping people who are part of this innovation hub to commute. So it's good to hear that you have this commitment, and we want to see it sooner rather than later.

**Hon. Brad Duguid:** It's definitely a solid commitment on our part. Some of it is out of a commitment to the region, which we have always had. Some of it is out of enlightened self-interest. If we're going to build that next-generation economy, we need to ensure that the investments in infrastructure that we're making are investments that are going to lead to job creation and that are

going to lead to continuing to evolve our reputation as a hub for innovation in North America.

We often talk about being number one for foreign direct investment. There are a lot of things that go into that: our ability to partner with businesses, our willingness to take some risks sometimes in partnering with businesses—risks that have paid off for us. Our ability to bring down our effective corporate tax rates is working very well in terms of attracting businesses to Ontario. The recent Tim Hortons-Burger King merger proposal—one of the reasons why Burger King wanted to invest here is our effective corporate tax rates.

That's all important, but along with that is the importance of having that innovation culture. A lot of businesses are locating here because they want to be where the next great idea is going to come from. They're participating in a fiercely competitive global economy, and the minute that their ideas, the minute that their innovation stagnates, those big, large companies can very quickly take a turn in the other direction. So they're constantly looking for those new frontiers, and the beauty is that they're recognizing that that Toronto-Waterloo—and in some cases Ottawa—corridor is the place to be in North America.

So we have some huge advantages. We want to make sure that we're making investments that accelerate those opportunities. If the experience of young entrepreneurs, who may have a spouse in Toronto or family in Toronto who want to work at a Communitech or vice versa—if their experience in terms of their travel time is not a good one, well, you're just not going to get that level of start-ups that you want and we're not going to be as good as we can be. In this fiercely competitive global environment, we don't have an alternative but to be at our very, very best.

I'm excited about these potential infrastructure investments, in part because of what they'll do to the quality of life for people that travel that corridor, not only in the ICT sector but for a variety of different reasons. But I'm also excited from the economic perspective, because I see it as being a very important infrastructure investment that's going to lead to further start-ups, further job creation and further partnerships in what is fast becoming the centrepiece of Ontario's innovation agenda.

**Ms. Daiene Vernile:** I just want to stress that many of these companies have told me that the job growth and the prosperity really, really hinge on better transportation. If half your employees are stuck on a bus on the 401 in the morning and they're getting to work late every day, you're not going to be number one. I appreciate your commitment to this. Thank you.

**Hon. Brad Duguid:** Having you as their advocate is one of their greatest assets, so I appreciate your advocacy for that and I recommend you continue that, and we as a government will continue to support the work that you're doing.

**The Chair (Ms. Cindy Forster):** The government members have about six minutes left in this round. Ms. Kiwala.

**Ms. Sophie Kiwala:** Thank you.

There has been a lot of back and forth on the merits of the alternative financing procurement model. Sorry to belabour the point again, but it does have a specific interest in our community, as we're in the process of building a new hospital, Providence Care Hospital. I have to say that I pass it twice a day at least. The parking lot is full of construction vehicles. There is a lot of employment being created there. We're trying very hard to focus on local labour and local materials. We're involving all stakeholders. We even revised plans after consultation with patients so that the model suites were the best possible for the patient use that we could have.

But what I wanted to really underline here is that—I'm obviously new to this and I appreciate what the government is trying to do with respect to the AFP funding model. It's important that we do have infrastructure spending on hospitals, roads, transportation now rather than 10 or 20 years down the road. But I'm wondering if you can tell me more generally why this government continues to pursue AFP. I've seen the benefits in my community and I've heard all sides on this issue. So a few minutes left just to comment on that. Thank you.

**Hon. Brad Duguid:** I appreciate that. I think the residents in your community would want their hospital to be built, as much as possible, on time and on budget. Their concern is getting a good-quality hospital. They're probably not too exercised about the philosophical debates about how we deliver that. But we need to pay attention to those matters, because we need to make sure, when we're building infrastructure, that we're doing it in a way that best serves our needs, that delivers projects on time, on budget, that delivers quality work, quality projects, and does so at the best possible cost.

**1120**

I think we ought to move beyond the philosophical debates—that might be wishful thinking—on these types of initiatives, because we don't take a philosophical position on this whatsoever. Not all of our projects are done through AFP. In fact, the majority of them are done through the traditional way of funding.

There are certain select projects that utilize AFP and that benefit from the AFP process more than others. We've had some good success with our hospitals. We've had some good success with a number of other projects. In total, out of the 30 projects that have had substantial completion since we've implemented the AFP model, 28 were delivered on time and 29 were delivered on budget. Cabinet just recently met at a Pan Am Games site in Scarborough, the aquatics centre—a phenomenal site, built on time and under budget, which is always nice to be able to say. So it has lent itself to some good success that way.

It doesn't mean it's perfect. It doesn't mean that there are not different ways of looking at it. At the end of the day, I'm very hesitant to get too involved in the academic debate that takes place on these things, because if somebody approaches this from a certain perspective, with philosophical blinders on, there are reports that suggest

the traditional could be done in different ways or could be beneficial, but they tend to ignore—in fact, they usually ignore—the risk transfer aspect of transferring the risk of overruns, which happened very frequently under most governments and continues to happen under governments that don't utilize the AFP model.

It's important, when you see these reports come out, that they're comparing apples to apples. There may be others who have seen these, but I have yet to see comparisons that really are accurate in assessing the values between the two models, other than to say that I'm of the belief that, where appropriate, AFP has had a very good record of delivering projects on time, on budget, and transferring the cost and risk from residents.

The best example for that is probably the Bruce nuclear project of a number of years ago. I don't recall the exact numbers of risk transfer that has taken place, but my understanding is that it has probably saved the taxpayer hundreds of millions of dollars. That alone is significant enough to tell me that this is an approach that ought to be continued to be pursued and utilized where appropriate.

**The Chair (Ms. Cindy Forster):** You have one minute.

**Ms. Sophie Kiwala:** I can't underline how significant it is for our community, allowing us to have the care that we need and the staff, to have the facility, a state-of-the-art facility. I'm very grateful that we have allowed this model to be used in our community. I know that it has been very warmly received, and I thank you for that.

**Hon. Brad Duguid:** This model helps us do more at the early stage as well, because of the time, depending on what the arrangements are. AFPs are done in a number of different ways. There are some where a project may not have fallen within the capital budget to be able to do, if we had to invest all up front instead of over a number of years in those projects, where sometimes a proponent might have a 20- or 30-year involvement in the project in terms of operating and things like that—not owning, but having maintenance obligations over that period of time.

In those cases, it may well be that some of those projects would have had to be put off.

**Ms. Cindy Forster:** Thank you, Minister.

Official opposition, 20 minutes: Mr. Hillier.

**Mr. Randy Hillier:** Minister, back to openness and transparency: I found it interesting when your member from Trinity-Spadina said that he believes in openness and transparency at the right time. Clearly, from what we've seen so far, the estimates committee, a committee of this Legislature, is not the right time for openness and transparency from you.

Let me ask you this question: When you called up Ernst & Young and asked them to do this evaluation of the MaRS 2 tower, did you provide them with any of the documentation that you prevented this committee from having today, such as the business plan, the mortgage documents, the agreement with ARE? Were any of those documents provided to Ernst & Young for their evaluation and appraisal of MaRS 2?

**Hon. Brad Duguid:** In their letter, Ernst & Young says, “Based on our review of various financial models prepared by IO and independent third party appraisal reports, Ernst & Young confirm that the fair market value of the MaRS phase 2 project is at minimum equal to, and could exceed, the” amount—

**Mr. Randy Hillier:** Minister, I asked you a question about the documents that this estimates committee asked for today. Were any of those documents provided to Ernst & Young?

**Hon. Brad Duguid:** I’m sorry. You interrupted my answer. May I finish?

**Mr. Randy Hillier:** Did you provide Ernst & Young with those documents?

**Hon. Brad Duguid:** I was trying to respond, but you interrupted me. Do you want me to finish?

**Mr. Randy Hillier:** Well, it should be a yes or no answer.

**Hon. Brad Duguid:** I’ll respond however I feel like. I can respond to your question or not, but—

**Mr. Randy Hillier:** I’d like a response. Did you provide those documents to Ernst & Young? Or did you just say to your buddies over there, “Here’s 100,000 bucks. Cover my derrière and give me a form letter”?

**Hon. Brad Duguid:** Madam Chair, I’ll try to respond to the member as best I can. It’s hard to respond if he keeps interrupting me, though.

As I was saying, Ernst & Young indicated this in their letter. They said, “Based on our review of various financial models prepared by IO and independent third party appraisal reports, Ernst & Young confirm that the fair market value of the MaRS phase 2 project is at minimum equal to, and could exceed, the ... amount invested to date by the government.” They’ve indicated in that letter that they’ve looked at various financial models and independent third party appraisals.

**Mr. Randy Hillier:** So they haven’t seen the contractual obligations or commitments either. So it’s not just openness and transparency to this committee—that you are hoodwinking and pulling the wool over our eyes.

These independent appraisals, Minister, that Ernst & Young referenced—how about those? Will this committee be allowed to see those independent appraisal models that Ernst & Young based their appraisal on?

**Hon. Brad Duguid:** Let me go back to the member’s own words: “hoodwinking” and “pulling the wool over” people’s eyes. Madam Chair, in order for me to better respond to their questions, last week I asked whether they thought the buyout of ARE was a responsible decision on behalf of the government. It would aid me in responding to their—

**Mr. Randy Hillier:** Minister, I asked a question. You’re not answering the question. Those independent appraisals: Will you provide those to this committee?

**Hon. Brad Duguid:** It would help me to know where the member stands on this issue, Madam Chair—

**Mr. Randy Hillier:** I’m looking for evidence and I’m looking for documentation, if it isn’t clear to you already; not filibustering and nonsense.

**Hon. Brad Duguid:** I’ve provided both publicly and to the committee—and we shared with you a number of websites that have the information you’ve requested. We provided, even last week, the monthly payments with regard to ARE. So we’ve provided and met requests as best we can, Madam Chair. We’ve—

**Mr. Randy Hillier:** Minister, we’ve asked for documentation.

**Hon. Brad Duguid:** He interrupted me again, Madam Chair. I’ll do my very best to try to respond to his questions despite his constant interruptions.

**Mr. Randy Hillier:** The documentation: Will you make that available to this committee?

**Hon. Brad Duguid:** Madam Chair, we’ve made documentation available. We’ve released it to the media. If the member is asking me, Madam Chair, to not take the advice of my deputy minister and to put forward documentation that is commercially sensitive—I understand why, as an opposition member, he would try to twist that to make it look like it’s something other than it is, but I have a responsibility, Madam Chair, and the deputy minister does, to the public interest—

**Mr. Randy Hillier:** Okay, enough of the red herrings, Minister.

1130

**Hon. Brad Duguid:** Let me finish.

**Mr. Randy Hillier:** No, no, Minister, enough of the red herrings.

**Hon. Brad Duguid:** Let me finish.

**The Chair (Ms. Cindy Forster):** Order.

**Mr. Randy Hillier:** Those motions included an in camera component. If there was commercially sensitive information, it was clearly laid out before the committee that we would go in camera to look at those. You’ve turned down four motions this morning. Last week, when I asked you to identify to this committee the upset limit that you have authority from Treasury Board for, you refused to give that information as well. You are pulling the wool, or trying to pull the wool over, the taxpayers in this province and their representatives here in this committee. It’s absolutely astonishing and troubling, Minister, that you would go to that length to cover what you’re doing in the Ministry of Infrastructure—absolutely atrocious.

**Hon. Brad Duguid:** May I respond?

**Mr. Randy Hillier:** I’m going to ask you another question here—

**Mr. Han Dong:** Point of order.

**The Chair (Ms. Cindy Forster):** Point of order, Mr. Dong.

**Mr. Han Dong:** The member opposite just made a comment that the minister turned down four motions this morning. I just want to correct for the record that the committee voted against those four motions. Actually, the first one, he withdrew; then the following three, the committee voted against.

**The Chair (Ms. Cindy Forster):** Thank you.

**Mr. Randy Hillier:** Minister, you speak often of your pride in MaRS and you tell everybody how wonderful

MaRS is. But I was going through your estimates—maybe you can help me out here on the estimates, because I've gone through your results-based planning book and I've gone through your estimates. Where exactly does the liability for MaRS appear in the estimates? What line item is it?

**Hon. Brad Duguid:** There is a line item when it comes to the amount that the government has allocated for this. It is north of the amount that actually at this point in time we are spending. But I think it's important, though, as we look at these issues—

**Mr. Randy Hillier:** Do you have that information available? What line item is it?

**Hon. Brad Duguid:** We will endeavour to get that information for you. In total, the estimate would come in at about \$317,000. It's in the estimates; I assume you've read them.

**Mr. Randy Hillier:** I have. I have not found anything identified as MaRS, and that's why I'm asking the question.

**Hon. Brad Duguid:** Well, then, if you've read them in detail I would expect that you would have seen this, but perhaps you're—

**Mr. Randy Hillier:** What line item is it? Perhaps you're having trouble finding it as well.

**Hon. Brad Duguid:** It's on page 60 of 60.

**Mr. Randy Hillier:** Page 60?

**Hon. Brad Duguid:** Yes.

**Mr. Randy Hillier:** And what is the figure there?

**Hon. Brad Duguid:** It's right there. As I've said before, it's \$317,000—or, sorry, \$317 million.

**Mr. Randy Hillier:** It's \$317 million.

**Hon. Brad Duguid:** I sometimes forget the zeroes.

**Mr. Randy Hillier:** And I assume—or maybe I shouldn't assume—that \$317 million that you have allocated for MaRS, that is the mortgage amount of \$224 million?

**Hon. Brad Duguid:** No, that is not correct.

**Mr. Randy Hillier:** It's not the mortgage amount.

**Hon. Brad Duguid:** It's not correct.

**Mr. Randy Hillier:** It's other monies for MaRS, over and above the mortgage that is in default.

**Hon. Brad Duguid:** I've outlined to committee on a number of occasions what those allocations are. I'm happy to repeat them—

**Mr. Randy Hillier:** Could you explain what that \$317 million is, if it's not the mortgage?

**Hon. Brad Duguid:** I've said then publicly as well—that was the estimate at the time, and these are estimates, of what the actual investments in MaRS over the course of this year would likely be—over the course of time, actually. That includes the loan—

**Mr. Randy Hillier:** You're seeking a vote for that much.

**Hon. Brad Duguid:** You're interrupting me again.

**Mr. Randy Hillier:** Just for clarification. This is this year's estimates, not future years' estimates.

**Hon. Brad Duguid:** Well, it's kind of hard for me to answer your questions if you continue to interrupt me.

I'm doing my very best, but the more you interrupt me, the more difficult it is for me to answer questions. I'm actually outlining for you exactly what those expenses are, but—

**Mr. Randy Hillier:** Let's be factual. It's this year's estimates, not future years' expenditures.

**Hon. Brad Duguid:** I suggest that being factual is something you ought to pay attention to as well.

**Mr. Randy Hillier:** Oh, I do.

**Hon. Brad Duguid:** Well, not from what I've seen today. I would suggest that's not the case.

**Mr. Randy Hillier:** So what is the \$317 million allocated for with MaRS this year, then?

**Hon. Brad Duguid:** As I said, and I'll get the figures for you again—I have them here—but it's the loan, which is, off the top of my head, \$224 million—

**Mr. Randy Hillier:** But you just told me it wasn't the mortgage.

**Hon. Brad Duguid:** No, I didn't. You said the mortgage was for \$317 million. Again, you're misusing your language here, and—

**Mr. Randy Hillier:** No, no, I asked you: the \$317 million, does it include the \$224-million loan?

**Hon. Brad Duguid:** I think every member in the room understood what I said, except you, which is—

**Mr. Randy Hillier:** Well, clarify; edify us.

**Hon. Brad Duguid:** —that, no, it's not a \$317-million loan. If you'd paid attention to any of the answers I've given you in the last three days—I know that Mr. Hatfield has; he understands it, because we had an in-depth conversation about that. I'm not sure—

**Mr. Randy Hillier:** The \$317 million: What's it for?

**Hon. Brad Duguid:** —why you're having trouble understanding what we've laid out and what is actually public knowledge and has been released in the media and talked about in the media.

**Mr. Randy Hillier:** Spit it out. Spit it out.

**Hon. Brad Duguid:** I'm happy to, but you keep interrupting me every time I try to go through it.

**Mr. Randy Hillier:** What is the \$317 million for?

**Hon. Brad Duguid:** Well, the \$317 million: Part of it is the loan; part of it is the original investment in MaRS for the building; part of it is the interest payment on the loan. I believe those are the three areas—

**Mr. Randy Hillier:** The interest payments were coming from research, you told this committee, not from IO.

**Hon. Brad Duguid:** The overall amount that the government would be spending would be—for us, the actual is \$308 million, and that's what I'm referring to. That's the actual amount that we're spending. So it's \$224 million for the loan, a debt-service payment that, at the time it was released, was \$3.61 million, but that's a growing amount. We estimate by, I believe, the fiscal year-end, that will be about \$7.1 million—it might be below that.

**Mr. Randy Hillier:** So, Minister, that demonstrates to me that you've got a loan out there for MaRS for \$224 million—

**Hon. Brad Duguid:** Well, I'm not finished yet. Again, you've interrupted me partway through—

**Mr. Randy Hillier:** I'm looking for some clarification here. I'm looking for some clarification. You've got in here, in your estimates, \$308 million; you've got \$224 million, you're seeking, in the estimates. Now, that should be looked upon—if this was a performing loan, that would be revenue in to the government, not an expenditure out. So have you put that \$224-million loan in as a liability that we are likely or probably going to have to discharge completely, and be a cost to the taxpayer?

**Hon. Brad Duguid:** It's an IO loan, and the \$317 million is a contingency that would have been included in the budget, so that's why I shared that.

**Mr. Randy Hillier:** It just takes you a long time to get to it. I understand.

**Hon. Brad Duguid:** Well, it's difficult when you're interrupting me every second word. I do my very, very best, but it's hard when I can't even—I'm still trying to outline what you asked me for in the first place, and you haven't allowed me to do that.

**Mr. Randy Hillier:** You've already given enough information.

**Hon. Brad Duguid:** Well, according to you, but—

**Mr. Randy Hillier:** Minister, I've got another question for you here—

**Hon. Brad Duguid:** —there's information that I haven't been able to share with you and you appear not to want to hear it.

**Mr. Randy Hillier:** Minister, I have a question for you here.

**The Chair (Ms. Cindy Forster):** Order. Mr. Hillier.

**Mr. Randy Hillier:** MaRS receives a substantial amount of money in various forms from the taxpayer. Their own indications are that 61% of their income is derived from government, a substantial amount of that from the Ontario government, in addition to the bailouts on the mortgages and the bailouts of the developers. In looking at the information that I have that was available in the Toronto Star, \$477 million over the years has gone to MaRS from the Ontario government. I'm going to ask you this question: Clearly, there is no oversight from your ministry on MaRS; clearly, you have no interest in actually examining or evaluating the risk to the taxpayer here, or if these are viable or wise investments, as you like to say, why do you believe that such huge expenditures of public dollars to one agency ought to go by without any review, any oversight, any accountability, you don't even know what's going on with the board of directors, or with this revolving door of CFOs—hundreds of millions of dollars of taxpayers' money going out the door, and you're just shovelling more good money in there. As much as you might like to think that this is an incubator and an accelerator for life sciences, we know the building is empty and we know that the only likelihood of tenants in there are more bureaucrats, hardly our view of innovation and creativity, except for when it comes to stonewalling this committee, I think, what we get with the bureaucracy and with yourself, Minister. So

why is it that your government, our government, has no oversight whatsoever on the millions of dollars that are being funnelled down the road to MaRS?

**Hon. Brad Duguid:** Madam Chair, there are three clear things that came out of the comments that the member has made. Number one, he doesn't know which minister or which ministry he's talking about, nor does he know how MaRS is structured or what ministry is responsible for—

**Mr. Randy Hillier:** Nobody is responsible, obviously.

**Hon. Brad Duguid:** —the operations of MaRS or for the transfer agreements that have been made. He also doesn't know that we have a full auditing mechanism in this government. Every one of those transfer agreements has been audited multiple times. Thirdly, and this I find absolutely glaringly shocking, this member wants to walk away from a positive legacy of his previous government and the previous Minister of Finance, Jim Flaherty—

**Mr. Randy Hillier:** Positive? Bailouts are positive now?

**Hon. Brad Duguid:** —who agreed with us, the Harper government and the Martin government in the past—

**Mr. Randy Hillier:** No oversight is positive?

**Hon. Brad Duguid:** —that it's important to invest in the next-generation economy.

**Mr. Randy Hillier:** No accountability is positive?

**The Chair (Ms. Cindy Forster):** Mr. Hillier.

**Hon. Brad Duguid:** Let me quote Jim Flaherty to close here. This is Jim Flaherty saying this, and it's shameful, your disrespect.

**Mr. Randy Hillier:** That's MaRS 1. MaRS 2 is your—

**Hon. Brad Duguid:** Your disrespect for your previous government is shameful.

**Mr. Randy Hillier:** You're on the hook here—

**The Chair (Ms. Cindy Forster):** Order.

*Interjection.*

**Hon. Brad Duguid:** Absolutely shameful.

“Ontario is demonstrating leadership and foresight with this investment in the MaRS Discovery District.... We are ... pleased that the federal government shares our vision”—

**Mr. Bas Balkissoon:** Madam Chair, point of order.

**The Chair (Ms. Cindy Forster):** Point of order. Excuse me, Minister.

**Hon. Brad Duguid:** —“by matching our contribution to this world-class medical and biotech”—

**The Chair (Ms. Cindy Forster):** Minister, excuse me. Point of order from your member.

**Mr. Bas Balkissoon:** Madam Chair, I'd ask you to ask the member to withdraw the language he just used. I think personal attacks and the word that he used—I don't want to repeat it—

**Mr. Randy Hillier:** I'll withdraw.

**Mr. Bas Balkissoon:** —are unbecoming of our behaviour. I think you need to control the member interjecting continuously. We're here to ask questions and get an answer on estimates.

*Interjection.*

**Mr. Bas Balkissoon:** A lot of the personal comments being made by the member on the opposite side are very personal and, I think, inappropriate.

**The Chair (Ms. Cindy Forster):** Thank you.

Mr. Hillier, you have two minutes left in your session.

**Mr. Randy Hillier:** Thank you.

*Interjection.*

**The Chair (Ms. Cindy Forster):** Two minutes combined.

**Hon. Brad Duguid:** I'm still responding, Chair. I haven't had a chance to respond.

**Mr. Randy Hillier:** No. You haven't responded to anything.

**Hon. Brad Duguid:** There are all kinds of—

**Mr. Randy Hillier:** Minister, it's clear to me that your mandate letter—

*Interjection.*

**Mr. Randy Hillier:** Your mandate letter—

*Interjection.*

**The Chair (Ms. Cindy Forster):** Order. Minister, Mr. Hillier has the floor.

**Mr. Randy Hillier:** Your mandate letter isn't worth the paper it's written on, Minister, not worth an ounce of anything.

**Hon. Brad Duguid:** This is a good soliloquy.

**The Chair (Ms. Cindy Forster):** Order. Minister, it's Mr. Hillier's time.

**Mr. Randy Hillier:** You have demonstrated to this committee that you have not evaluated—

*Interjection.*

**The Chair (Ms. Cindy Forster):** Order.

**Mr. Randy Hillier:** You have not evaluated any of those business proposals.

**Hon. Brad Duguid:** —disrespect for the—

**The Chair (Ms. Cindy Forster):** Order.

**Mr. Randy Hillier:** Minister, don't—

**Hon. Brad Duguid:** —Jim Flaherty, and I find it shameful.

**The Chair (Ms. Cindy Forster):** I'm going to recess if this continues.

**Hon. Brad Duguid:** Absolutely shameful.

**Mr. Randy Hillier:** You are. You are.

**The Chair (Ms. Cindy Forster):** We are in recess.

*The committee recessed from 1143 to 1147.*

**The Chair (Ms. Cindy Forster):** Third party: Mr. Hatfield, you're up for 20 minutes.

**Mr. Percy Hatfield:** Oh, thank you. Well, welcome back. Now that we're all on our derrières, we can begin.

Hi, Minister. How are you doing? ARE, the Alexandria group, wanted to charge too much to rent out the phase 2 space. There was not one tenant signed under the original mandate, that mandate being to provide incubator space for start-ups. That's correct, isn't it, Minister? The two leases signed were with government-funded organizations?

**Hon. Brad Duguid:** Thus far, to the best of my knowledge, I believe so. Again, I hate to always give definitive answers on this, but as far as I know, yes.

**Mr. Percy Hatfield:** All right. Do you know the specifics of the agreement with ARE that allowed them to set the lease price?

**Hon. Brad Duguid:** In terms of the specific agreement, what I know is that ARE had the ability to determine what those lease prices would be. It was part of the agreement with them as they were managing this phase 2. That was, I think, in all likelihood to control their return. When the recession hit, things changed for them financially and the business equation changed. That's the extent of my knowledge in terms of ARE's involvement.

The advice that I received from Infrastructure Ontario and Ministry of Infrastructure staff is that they had to be moved out of the way in order for us to be able to, either way, sell off the building with the ability to bring tenants in there, which would, as you said earlier, increase the value of the building, or keep the building ourselves and operate it that way, potentially realizing the current vision of MaRS.

**Mr. Percy Hatfield:** So can you table the evidence, then, that ARE had complete control over the leasing specifics?

**Hon. Brad Duguid:** I'd have to defer to ministry officials to determine what we may or may not have with regard to that—what kind of documents, if any, that we would have, and, as we debated earlier, what we are able to put out that's not commercially sensitive. So I could ask the ministry to try as best they can to respond.

**Mr. Percy Hatfield:** Well, the deputy may have an answer.

**Mr. Giles Gherson:** The terms of that agreement are really between MaRS and ARE. Those were the contractual parties to that agreement. The government is not a party to that agreement; the ministry is not a party to that agreement. So the terms of that agreement are not really available to us.

**Mr. Percy Hatfield:** But, Deputy, if you took over the ARE portion of that agreement with MaRS, would you not now be in the same position, under the same terms that ARE had, meaning that you now can set the lease rate? If that was the provision that ARE had before—you wouldn't have picked up any provision that ARE didn't have when you took over ARE.

**Mr. Giles Gherson:** I think that's substantially correct, but you asked for a different thing. You asked for the details of that agreement, and I can't provide those to you. The brunt of that agreement was that ARE had the right to set the terms. As you point out, if this conditional agreement is finalized to purchase the interest of ARE in the building, then MaRS, or the government, as the minister says, depending on what the final outcome is, would have the ability to set the lease terms.

**Mr. Percy Hatfield:** I guess I'm going on the assumption, then, that if ARE had the ability to set the lease rate, the lease price that they would set would be an amount necessary for them to make some money on their investment in MaRS. Is that a reasonable assumption?

**Mr. Giles Gherson:** Yes, but ARE and MaRS are two separate entities, so the “hurdle rate,” as they call it, to make a profit would be different for those two entities. What we got into here was essentially a disagreement between MaRS, which had a certain set of financial circumstances—it could make money under one scenario that ARE couldn’t.

ARE is a US organization that has substantial real estate holdings throughout the United States and has invested in a number of projects like MaRS in cities in the US which have much higher rental rates, so they have a different set of circumstances that they are responding to that didn’t really conform to the kinds of interests that the government had or that MaRS had. That was the reason for buying ARE’s interest out: so that a different set of circumstances would prevail.

**Mr. Percy Hatfield:** I take it, then, that it’s fair to say the government is considering one option, which is to charge a considerably lower price to get some tenants into the building. Is that correct?

**Mr. Giles Gherson:** Well, it’s a market rate.

**Mr. Percy Hatfield:** The market rate—lower than the market rate.

**Mr. Giles Gherson:** No, it’s a market rate.

**Mr. Percy Hatfield:** You’re going to charge the market rate.

**Mr. Giles Gherson:** The market determines what a rental rate would be. In this market, it has been determined that the market rate would be somewhat lower than the rate that ARE wished to charge.

**Mr. Percy Hatfield:** All right. So you have numbers that show that this market rent would allow the government to—in Mr. Sousa’s words, “I am recovering it. All of it ... I am getting it all back. That’s the purpose here.” Whatever the market rate is, according to Minister Sousa, it will be enough for him to recover the government’s intervention in this?

**Mr. Giles Gherson:** I think the belief is that if the building is leased up at a market rate, then the government will recover its investment.

**Mr. Percy Hatfield:** All right. So where is the evidence, then, that to rent out the remaining space in a manner consistent with the original mandate is a viable option?

**Mr. Giles Gherson:** Well, that’s—

**Mr. Percy Hatfield:** Back to the start-ups and the incubator.

**Hon. Brad Duguid:** That’s probably a question better put back to me as minister. That’s why we’ve set up the panel with Michael Nobrega and Carol Stephenson. The MaRS district has indicated that they’re confident that their original vision could be actioned and that there would be viable tenants for those buildings, in keeping with their original innovation agenda. I wanted some independent assessment of that, and that’s part of what Michael Nobrega and Carol Stephenson—part of the advice they will give us is: The original vision—is there a market for it? It may well be, and if there is, then I think there’d be an interest for all of us to continue to

ensure that that cluster can develop in a good way, create jobs, create opportunities for innovation in what’s one of the top three bioscience clusters in North America. We don’t want to just throw out that vision if it’s still a viable vision. That’s part of what some of the advice I hope to receive from that panel will provide.

**Mr. Percy Hatfield:** Well, I guess the sum of it is, then, we see that you’re really down to two options, and that’s either fill up the place with government-funded agencies and civil servants or sell the building. Aren’t those really the only viable options?

**Hon. Brad Duguid:** Well, again, that’s part of why I wanted to bring in people with real estate experience who have very intelligent, creative investment minds to them, who also understand the innovation agenda, to give us advice. I think there are other options. We’ve talked about it; there’s a variety of different options that could be available. I wouldn’t want to limit them to any two, three or four. But whether the government would have the ability, if they wanted to, to retain ownership of the building, if they chose to, and lease up the building—it’s an appreciating asset. From a business perspective, if the panel looks at the numbers and says, “From a real estate perspective, you ought to hang on to this building,” we’ll have to give that consideration as well and work with MaRS to make it operational. It may well be, as you said, they say, “You’re pretty close to a break-even point now; maybe it’s a good time to divest your interest in it.” The challenge with that could be that once you sell to a private sector owner, the vision of MaRS at that point will be hard to action, because that private sector owner will have an interest in renting out that space to whatever tenant becomes available, whether or not they’re in keeping with the vision.

I think there is a series of different potential options here, and I’m looking forward to the independent advice from Michael Nobrega and Carol Stephenson as to what options they’ve looked at and whether they’ve identified other options that maybe we haven’t had an opportunity to talk about. I think it’s in the public interest for us to take a look at all alternatives and make a judgment, and we’ll be happy to be judged by whatever it is, whatever direction we decide to take.

**Mr. Percy Hatfield:** I believe most people in this room would think or believe that MaRS, the original MaRS—MaRS 1, if you will—has been successful. Isn’t it true that the original MaRS vision of being an incubator is just not going to happen in phase 2? It just hasn’t happened yet. I don’t know. Do you see, after all this has happened, that all of a sudden the incubator phase of MaRS 2 is going to really get activated, accelerated?

**Hon. Brad Duguid:** We’ve had a good discussion on some of the barriers to success that phase 2 has had. The major barrier to success has been the interests of ARE to keep the rates at a level above market value, which has interfered with MaRS’s ability to bring in tenants. With ARE out of the way now, what we need to analyze and what the professional expert panel I have set up is

looking at is, with ARE out of the way, what's stopping MaRS now from being able to realize that original vision set forward by a previous government to us actually? It's something that I think had merit. It had merit at the time. I think, going forward, our determination has to be, given current circumstances, does it still have merit? I wouldn't in any way suggest that we've made any decisions, nor would I want to presuppose or prejudge what the advice the expert panel's going to give me on this. It may well be that with ARE out of the way, that project will be able to succeed.

**1200**

One thing that's important to note: This isn't just a real estate transaction, right? There's more to it than that. The numbers are really important. Protecting the taxpayer investment is critical. But there is a duty on behalf of government to continue to grow that strong economy. There are opportunities sometimes for investment in that. So it's not just a pure real estate transaction. It's important for all Ontarians that MaRS continue to succeed. The judgment we have to make is from a taxpayer protection perspective. Where do we strike the balance there, and is it still a good investment for us to continue with phase 2 as originally planned? That's the information I'm seeking, and I certainly look forward to your ideas on that as well.

**Mr. Percy Hatfield:** I guess right now I'm looking at the possibility that phase 2 of the MaRS project has not been successful, and phase 2, without more government incentives, will never be successful. I don't know if that's because the market is saturated or what it is, but based on the evidence before the committee so far, phase 2 as an incubator, as an accelerator, for the start-ups hasn't happened and isn't likely to happen because of everything that we've talked about, be it the size of the rent or the fact that the market wasn't out there for it. I don't get the sense that at this stage you're willing to say that phase 2 has been a failure and the government's going to be looking elsewhere.

**Hon. Brad Duguid:** We've been very straightforward—phase 2 has had some significant challenges. We're not at a stage now where I would say I'm prepared to write off the future of phase 2 of MaRS. I want to get expert advice on that before we make any determination. I think it's incumbent on us to get that advice, do our due diligence to determine whether phase 2, in fact, remains viable.

Has it had challenges? Yes, it has, and we've talked about those challenges in, I think, a very upfront way. But does that mean the future of phase 2 has no hope for success or potential? I'm not seeing it that way at the moment. I want the benefit of expert advice to give me a level of continued confidence that we ought to continue to pursue that vision. That's where our decisions in the future are going to have to be balanced.

**Mr. Percy Hatfield:** Chair, I just want to go back to something. Earlier the member for Kitchener Centre had mentioned that gridlock in her part of the province has been such that some of the people who are going there

are having second thoughts about getting back and forth to work because of the gridlock and the time in travel from home to work. I just want to point out to the committee and to the minister again that you get from point A to point B in Windsor in 20 minutes, max—well, in rush hour, maybe half an hour or so. If you are out there drumming up business, and people are saying it takes too long to get to work in Kitchener or Toronto, just say, "Come to Windsor." We'd gladly host them. I don't want to give up on that.

**Hon. Brad Duguid:** I think I'm going to experience that potentially next Saturday when I visit a location in your riding that you're asking me to go visit.

**Mr. Percy Hatfield:** I am. Thank you.

**Hon. Brad Duguid:** So I will watch the traffic flow as I visit that location.

**Mr. Percy Hatfield:** Thank you, Minister.

**The Chair (Ms. Cindy Forster):** You have about three minutes.

**Mr. Percy Hatfield:** I would like to give that time to Mr. Hillier, if I could. He'd like to really get back on topic here—

**The Chair (Ms. Cindy Forster):** You can't do that, unfortunately, Mr. Hatfield.

**Mr. Randy Hillier:** But you can put it in the pot, and we'll share it.

**The Chair (Ms. Cindy Forster):** If you don't use it, it goes back into the pot and we use it at the end.

**Mr. Percy Hatfield:** I will gladly give it back to the pot. I've had my fun for the day.

**The Chair (Ms. Cindy Forster):** All right. So we'll move on to the government members. You have 20 minutes, Mr. Dong.

**Mr. Han Dong:** Thank you, Madam Chair. Minister, just for the past couple of sessions, there are a lot of questions being asked about MaRS. Sometimes it gets, in my mind, a little personal too. I just want this committee to hear from you. What are some of the economic benefits to the GTA and to Ontario that MaRS brings forward? I heard that you also mentioned the expert panel that you put together. I want to learn a bit more about the expert panel and the background of these successful candidates and how they were selected.

**Hon. Brad Duguid:** I appreciate that question. I think it's important to continue to go back to why the Ernie Eves government and Jim Flaherty as Treasurer invested in MaRS in the first place, and why the Paul Martin government invested in MaRS in the first place.

I'm a little shocked, to be frank, that some of our colleagues around the table on the PC side seem to be suggesting that that was not a smart investment and suggesting that their previous government was not responsible in making that investment. I differ from that. I think it was a good decision. I don't agree with everything the Ernie Eves government did, believe me. I ran very significantly on a platform that opposed most of what they did, but this was a smart investment. I'll give Paul Martin and his government credit for making that investment as well.

What it has attained to date, according to the analysis that MaRS has done, is at least \$3 billion of economic activity that has been stimulated through the activities that MaRS has been involved in. Some 1,400 start-up companies have been incubated or advised at MaRS. Many of them have some really interesting success stories going forward. It has been an important partner in driving innovation, job creation and economic development. They've indicated to date that they've helped create and generate over 6,500 jobs in the period of time that they've been in existence.

In 2013 alone, MaRS supported companies and ventures that raised \$415 million in capital, 78% of which came from private sources. People can quarrel with numbers and that kind of thing, but at the end of the day I think the conclusion that I certainly have reached is that investing in MaRS has been beneficial to Ontario.

I give our government credit for the fact that we passionately pursued that agenda of innovation and continued to work with MaRS in partnership and stimulate that growth at every opportunity. I give the previous government credit for putting in place the original vision. I've tried to get on the record a quote. And I think it's only fair. It is another government of a different stripe. I know it's unusual to praise the opposition when they were in government, but they seem to be going so far adrift from that original approach that I think it's worth noting.

I'll finish the quote that I was given earlier. This is from the Honourable Jim Flaherty, on April 22, 2003, shortly before we would have come to office. He said this: "Ontario is demonstrating leadership and foresight with this investment in the MaRS Discovery District. We are ... pleased that the federal government shares our vision by matching our contribution to this world-class medical and biotech research centre in Toronto. This initiative will accelerate Ontario's growth in research, innovation and commercialisation."

I think, with the numbers that I've shared with you, it shows that Mr. Flaherty's vision—not just his; it was shared by many others—was one that was going in the right direction. I'd suggest that we ought not to forget that kind of advice going forward.

There are others involved in that government as well. There was a gentleman by the name of Brian Coburn, Associate Minister of Municipal Affairs and Housing, on October 21, 2002. This is what he had to say: "The launch of this initiative is a powerful example of what can be achieved when you bring the private [and] public ... sectors together."

That's a lot of what MaRS is about. It's not easy. It's a fiercely competitive global economy. In the midst of all of this, we got hit with a global recession, something that we have never seen in generations. All of that was a very significant factor in the challenges that phase 2 faced.

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But at the end of the day, I think the vision still is something that ought to be considered. We haven't made any final decisions on what we're going to do here. I

think if we were to take the advice of the PC Party and just throw out that vision for MaRS, suggest that somehow that's not important anymore, that creating next-generation jobs just isn't a priority—I would suggest that they have a track record over the last number of years in taking that approach to sectors. It's not just the bio-science cluster that they're showing an incredible lack of support for. Look at what they said about the auto sector. What was the quote? "Let those plants close." That's what came from the opposition when it came to our efforts to ensure that the auto sector survived in this province—400,000-plus direct and indirect jobs at stake, and they wanted to just write those jobs off, as if they're not important.

Then I looked at some of the stuff we've done recently in terms of partnerships. It is important for the private and public sectors to work together. I think of the Cisco investment. I expect all of that could come out to about 3,700 jobs at Cisco. We're talking high-end IT jobs that are going to be with us for generations. They called that corporate welfare. I call that smart investment, building that next-generation economy.

I would suggest that we haven't made a final decision with regard to our investments in MaRS phase 2, and in terms of what we do, our next decision, I want the best possible advice.

You asked about the expert panel. Michael Nobrega: There's probably not a more esteemed individual when it comes to investments and real estate and knowledge of the innovation sector than Michael Nobrega. Carol Stephenson has had a stellar career, both professionally in the private sector and in academia. They're very, very respected individuals. I want the benefit of their advice.

The only object I have here is to make a smart decision on behalf of the public interest. I want to make sure, though, that we're not thinking short-term. My concern is that we get into this political dynamic, where the opposition are asking for this and asking for that, knowing that's something commercially sensitive. They know it before they ask. They know that there's no government in North America that would be able to put out a contract while you're negotiating it. That could very much harm the interests of the taxpayers, because it could very much harm those negotiations. It would be irresponsible for us to do that. It's just as irresponsible for them to ask for it. They know that they're playing political games with this.

We've got to get beyond the short-term political interests here and think about what's really important, and that's building a long-term, sustainable, globally competitive, North American-leading life sciences cluster. That was Jim Flaherty's vision. That was the vision of Paul Martin. That was the vision of our previous Premier. I believe that's also very much part, as economic development minister, of what my responsibilities are.

I think it's really important that we continue to build on our strengths in Ontario. Bioscience is a strength. Regenerative medicine is an area where we're leading globally. When it comes to things like medical tools and

medical equipment, we're innovation leaders in those areas.

We have a couple of young engineers out of Ryerson and the DMZ who have innovated and invented a walking wheelchair to allow somebody who's paralyzed to be able to get up out of a wheelchair and actually walk. It's seen as perhaps the best technology in North America for that.

That's the kind of stuff that we're producing. That's the kind of stuff, those kinds of innovative, disruptive opportunities, that MaRS is all about. The PCs may be willing to write MaRS off, to write off Jim Flaherty's vision and others'. I'm not willing to do that.

I'm willing to take the advice of that panel. If the panel were to come to me and say, "Look, your best bet here is to sell off your interest in the building and likely break even; it appears that's about where it would be," then we're going to have to take that very seriously.

I don't know what the panel is going to say at this point. I've told them, "I want unfettered advice, the best business advice, the best advice you can give me," so that I can make a recommendation to our government that's not just short-term political. Because, to be honest with you, the easy thing for us to do now would be to say, "The hell with the vision for MaRS. The hell with creating an innovative economy. The hell with next-generation jobs for our kids and grandkids. We want to just do what's easy for us politically. Let's just quickly sell off this building and be done with it." That would be a pretty easy thing for us to do. It would be over and done with. But I think we've got to think longer-term than that.

I think if we really care about what we're here to do, if we really care about building that next-generation economy for our kids and grandkids, that's something that necessitates that we—you know what? If I have to take a couple of more months of political challenge because this is complicated, I'm willing to do that, if that's in the public interest. I would really hope that, rather than take views or put out information that's misleading or not in keeping with the facts, like we've heard today at committee from the opposition side—the PC side, not the NDP side—they would want to take a longer-term view too, because I know that in their heart of hearts, they care just as much as we do about our future. Unfortunately, what they're doing is taking a short-term political opportunist perspective on this issue. I would much rather work with them. I've asked them numerous times, "What is it you would do with ARE?" Because every financial analyst I've talked to, everybody I've talked to in my ministry, everybody I've talked to in IO—virtually everybody that I've asked for advice on this that's looked at the same information we all have—has said, "It makes sense, Minister, to buy out ARE so you can get access to those important decisions." The only people who are placing doubt on that right now are the PC Party. They stand alone.

So I look to them. If they've got a position that's different, I'm open to hearing what they have to say. If

they've got information that I don't have, that financial analysts don't have and that IO doesn't have that this is somehow not the right thing to do for the public interest, we're at committee now. This deal hasn't closed yet. It probably doesn't close until around February. We've got time. If it's the wrong thing to do, if there's a direction that we're going in here that's wrong in terms of this buyout, I want to know, because we don't have to do this. We don't have to do this. But we're going to do what's in the public interest, and certainly in this case I've yet to hear anybody but my PC colleagues suggest otherwise.

**Mr. Randy Hillier:** Show me the evidence.

**Hon. Brad Duguid:** At this point in time, considering there's been no credible view given from the PC Party on this, I have to conclude that we want to hear what the expert panel has to say and get to a decision as quickly as we can on what is, I hope, a very exciting future for MaRS and our bioscience cluster, regardless of where we go with this decision in the end.

**Mr. Han Dong:** Thank you, Minister. Thanks for sharing all this information with us. I'm confident the expert panel will come forward with some unbiased advice for you.

You said that the previous government and the federal government shared a vision of MaRS. I too, as a local MPP—MaRS happens to fall in my riding, and I want to see the best coming out of it. The question is, should we keep investing in research and innovation, and support the incubators for small business in the innovation sector? I think the answer is yes. It doesn't matter which party you're from, whatever platform you have; we ought to realize that job creation is the number one job for the government at the provincial, federal and municipal levels.

I appreciate the opposition members' role to keep government in place and accountable. The member from Windsor—Tecumseh does it with class and has done a pretty good job. I listened to his questions; they're very much into details and numbers, and I appreciate the information shared between the sessions.

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But I also think that you can't oppose for the sake of opposing, and then, partisanship just kind of clouds your judgment. It's not what we were elected to do here. Again, thank you for that information. I'm very optimistic to know that you have your attention on this MaRS project, and I look forward to the expert panel's recommendations.

**Hon. Brad Duguid:** In response to your comments—how much time do we have?

**The Chair (Ms. Cindy Forster):** Five minutes.

**Hon. Brad Duguid:** In response to your comments, it's important, I think, for people to know that the views that I've put forward at committee are not mine alone. They're shared very much by a number of different folks in the private sector and public sector, by entrepreneurs and, if you like, I'd like to share some of those views with you so that they're on the record with committee, so that we know that this isn't an issue that's ours alone as a

government; this is something that's important to everyone in our economy.

I'll share with you some of those quotes, because I think it very much supports what you've just said. I'm going to share with you a quote from John Paul Morgan, the chief technology officer for Morgan Solar. This is what he had to say: "The importance of MaRS to the high-technology ecosystem in Ontario cannot be overstated.... Today my company employs over 50 people in Toronto, and we continue to grow. We are moving into a new expanded production facility and launching new products this year that will be manufactured in Ontario and exported. Building a successful high-technology company is an incredibly difficult thing to do." And this is important: He goes on to say, "Without MaRS, I don't know if we could have succeeded." That's a pretty good testament to the value of MaRS.

I'll share with you another one from Kunal Gupta, who is the CEO of Polar Mobile. This is what he had to say: "MaRS has been a cornerstone to supporting and building a culture of innovation and entrepreneurship in Ontario—they are a key player in our ecosystem. Today, Ontario is benefiting from the rise of many high-growth tech companies, like mine, and a lot of hard work has gone into building the right community, infrastructure and support networks by groups like MaRS. Our companies continue to be major contributors to job creation in the province, with a focus on knowledge-based workers that are helping our companies compete on a global scale."

So it's about taking our economy to that next-generation level and competing globally. MaRS is seen internationally very much as a centrepiece of our innovation agenda here in Ontario. There are a lot of other things happening on that file outside of MaRS, to be sure, and we talked about a little bit of that in some of the earlier questions about the corridor between Kitchener-Waterloo and Toronto and the work that's going on in Ottawa and throughout the province when it comes to that. But MaRS internationally is a bit of a flagship, kind of an anchor tenant in that innovation economy. It has a very important role to play, which is all the more reason why, as we're going through an exercise, that there's no reason why we need to scrutinize what happens in all organizations in the province, in particular, organizations that get funding from different levels of government. At the same time, we want to make sure we do that responsibly, that we're not impacting the reputation of those organizations internationally, because that doesn't serve the public interest in any way, especially if the criticism is not fair. In that case, it's something that I think we all have to take responsibility for, what we say and how we say it, and using rhetoric that is way over the top is not appropriate. For scrutinizing, auditing, making sure that the investments that we make in those organizations are getting good returns—100% valid. We all, on all sides of the Legislature, have a responsibility to ensure that has happened. When something goes wrong, like phase 2, we have a responsibility as well to correct it, and make the

best decisions going forward. I think, as a government, we've really tried hard to do that, respecting the great level of respect the private sector has for MaRS and also respecting as best we can the international significance on our reputation, going forward. It is a bit of a—

**The Chair (Ms. Cindy Forster):** You have one minute, Minister.

**Hon. Brad Duguid:** It's down to a minute. I'm going to close with this quote from Randy MacEwen, CEO from SPARQ Systems Inc., one of our more innovative companies here in Ontario. He says this: "The MaRS ecosystem has been instrumental in catalyzing and accelerating the growth of SPARQ Systems. Since engaging with the dynamic leaders" of the Cleantech practice "just last August, SPARQ has experienced substantial growth: new capital, new markets, new product and new management, and we're on course to triple our workforce in a little over a year."

Look, MaRS doesn't take credit for that whole thing by any means, but it was there to help and facilitate. That's what it's there for. My read of that is that they're doing a pretty good job doing that.

**The Chair (Ms. Cindy Forster):** Thank you.

Official opposition: We have just four minutes left. Mr. Hillier.

**Mr. Randy Hillier:** I'll try to be quick. Thank you, Chair.

Minister, on page 60 that you referred to in the estimates that identify MaRS, although it doesn't actually say MaRS, it gives an explanation for the change. Last year, it appears that there was \$5 million spent in capital assets, and this year you're budgeting—the estimate is \$324 million. You have on page 60, "Investment in land and building for government use." That's what the estimates say. You've already identified to this committee that that is for MaRS, \$317 million for government use.

Explain a little bit about this incubation of the research and the innovation, or, Minister, is it not that you've laid an egg on this thing? Your documents say quite unequivocally, clearly, "Investment in land and building for government use." That is the plan, to move Ontario public service and/or other agencies of the provincial government into MaRS 2? That's what your estimates say.

**Hon. Brad Duguid:** The member is entitled to his opinion, but the fact that MaRS has attracted \$3 billion in economic activity over its time in office is hardly something I would term as a failure. Fourteen hundred start-up companies being incubated—you ask about incubation.

**Mr. Randy Hillier:** "For government use."

**Hon. Brad Duguid:** Fourteen hundred start-up companies—

**Mr. Randy Hillier:** It's here in black and white. It's in black and white.

**Hon. Brad Duguid:** —that's very important to our economy. If the member was committed to building a strong economy, he would be positive about 1,400—

**Mr. Randy Hillier:** Sounds like we're building a strong bureaucracy.

**Hon. Brad Duguid:** It sounds like he's not in favour of incubating 1,400 start-up companies. I think what you ought to do is—this is not the old-time economy like you're thinking of that we're working in now. This is the next-generation economy where start-ups are an incredibly important part of it.

**Mr. Randy Hillier:** Minister, you've told this estimates committee on many occasions that you haven't developed a full plan for MaRS 2; you're considering many different components. You've suggested that there is not much appetite for moving government bureaucrats into MaRS 2, but here it is, right on page 60 of your estimates, that you're purchasing that building for government use.

**Mr. Han Dong:** It doesn't say that.

**Mr. Randy Hillier:** Right there, page 60: "Investment in land and building for government use."

**Interjection:** It's right there.

**Mr. Randy Hillier:** Right there. Open up the book.

**Hon. Brad Duguid:** The member—

**Mr. Han Dong:** That's not on page 60.

**Mr. Randy Hillier:** It's page 60 in my book. Is he giving different books to different members of the committee now?

**Mr. Percy Hatfield:** It's the last page. The last page in the book.

**The Chair (Ms. Cindy Forster):** One minute, Mr. Hillier.

**Hon. Brad Duguid:** The member can try to twist and turn wording any way he wants.

**Mr. Randy Hillier:** These are your words.

**Hon. Brad Duguid:** I've been very clear that our decision on MaRS 2 has not been made, and I've said that there is not a lot of momentum behind the idea of using it as swing space for public servants, but at the same time, we'll be subject to the expert advice—

**Mr. Randy Hillier:** You're asking us to vote on that.

**Hon. Brad Duguid:** —and that there's a number of options available to us. One would be to sell the building. One would be to continue with the current vision of MaRS as it gets leased up. Those are decisions we've yet

to make. I could not be more clear to the member than that.

**Mr. Randy Hillier:** Estimates should not be slippery like this, Minister.

**Hon. Brad Duguid:** The only thing slippery is your questions that continue to try to suggest there is something there that isn't.

**Mr. Randy Hillier:** They should not be slippery. When you write down something that you're planning to purchase for \$317 million for government use, don't tell the committee something else.

**Hon. Brad Duguid:** You can twist your words all you want.

**Mr. Randy Hillier:** Keep your story straight.

**Hon. Brad Duguid:** Well, you can twist and turn your words all you want.

**Mr. Randy Hillier:** That's what you've said. You've said to this committee that it's not intended for government use, and then—

**The Chair (Ms. Cindy Forster):** Twenty seconds, Mr. Hillier.

**Mr. Randy Hillier:** The vote is right there, vote 4004-04, "Investment in land and building for government use."

**Hon. Brad Duguid:** You can twist and turn your words all you want—

**The Chair (Ms. Cindy Forster):** Thank you. Time is up.

**Hon. Brad Duguid:** —but go by my testimony and go by what I've said and that will give you an accurate assessment of where we're at on this particular issue.

**The Chair (Ms. Cindy Forster):** Thank you, Minister.

We have two hours and eight minutes remaining for the estimates of the Ministry of Infrastructure tomorrow, and then we'll have a vote, time permitting, at the end of that session. Obviously, we don't have time to start the Ministry of Transportation, so that will start the following Tuesday.

We are adjourned.

*The committee adjourned at 1230.*



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