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**Official Report
of Debates
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Tuesday 8 December 2015

**Journal
des débats
(Hansard)**

Mardi 8 décembre 2015

**Standing Committee on
Government Agencies**

Intended appointments

**Comité permanent des
organismes gouvernementaux**

Nominations prévues

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIESCOMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Tuesday 8 December 2015

Mardi 8 décembre 2015

The committee met at 0900 in committee room 1.

The Chair (Mr. John Fraser): Good morning, good Tuesday morning. Welcome back to public appointments. It's nice to see you all here.

SUBCOMMITTEE REPORT

The Chair (Mr. John Fraser): I'd like to begin with our subcommittee report. Mr. Gates?

Mr. Wayne Gates: Thank you, Chair.

I move the adoption of the subcommittee report on intended appointments dated Thursday, December 3, 2015.

The Chair (Mr. John Fraser): Thank you very much, Mr. Gates.

Mr. Wayne Gates: You're welcome.

The Chair (Mr. John Fraser): Any discussion? All those in favour? Opposed? Motion carried.

INTENDED APPOINTMENTS

MR. EDEN GAJRAJ

Review of intended appointment, selected by third party: Eden Gajraj, intended appointee as member, Council of the College of Homeopaths of Ontario

The Chair (Mr. John Fraser): Our first intended appointment today is Eden Gajraj, nominated as a member of the Council of the College of Homeopaths of Ontario.

Mr. Gajraj, could you come forward, please? Thank you very much for being here this morning.

Thank you very much for being here to appear in front of the committee. You will have time to make a brief opening statement. Any time that you use for your statement will be taken from the government's time for questions. The questioning will begin with the government, and you'll be asked questions by members of all three parties. Again, thank you very much for being here this morning. You may proceed.

Mr. Eden Gajraj: Thank you. Just to give you a brief background of my experience and qualifications, I am a community-minded professional who has been involved throughout my life in good works on behalf of my community at large, for which I have received numerous awards. Some of the awards I have received are the Canada 125 medal, the outstanding Canadian medal, the

Queen Elizabeth II Golden Jubilee Medal and the Queen Elizabeth II Diamond Jubilee Medal.

My working experience is in the accounting and financing industry. I was responsible for an audit team of an international firm of chartered accountants. I managed the asset-based lending division of one of the largest merchant banks and finance companies. I have held senior positions in two Canadian banks. Currently, I am semi-retired, but work with a team of consulting professionals who offer services in financing, project and enterprise planning.

My volunteer, community and human rights activities include the following: I've been the director of Food Buddies since 2001; the chair of the Malvern Community Group; president and founding member of the Queen's College Alumnae Association since 1991; the co-leader of the observer mission to Guyana in 1992 with President Carter, David Peterson and Ed Broadbent, which restored democracy after 30 years. I normally organize community seminars to help new Canadians understand our Canadian way of life. I've been the co-chair of the environmental advisory board of the former city of Scarborough. I am currently the co-chair of Friends of the Scarborough Hospital. There are a number of other community organizations that I have been a part of, but, as you know, time is limited to detail them all.

I was appointed in November 2009 to the board of the transitional council of the College of Homeopaths of Ontario. As you know, the College of Homeopaths of Ontario was established to allow self-regulation of the homeopathy profession within the framework of the Regulated Health Professions Act, 1991, and the Homeopathy Act, 2007. The college has a specific duty to protect the public interest. All members appointed to the council of the college—practitioners or public—are expected to make decisions and develop policies, guidelines, standards and regulations that are consistent with the legislative framework. This means that every council member has a legal duty to act in the best interests of the college and the public, not their personal interests or any interests of any organization.

I have served on the executive committee as chair of governance, the steering working group, the fitness to practice group, the ad hoc advisory panel and the community's communications panel.

The college was proclaimed into law on April 1, 2015. I agreed to put my name forward again to ensure that

there is continuity on this board and to help put into practice all the hard work that was put into the creation of the policies to govern the college.

I'd be happy to answer any questions you may have.

The Chair (Mr. John Fraser): Thank you very much, Madame Lalonde?

Mrs. Marie-France Lalonde: Thank you very much, Mr. Gajraj, for being here this morning. I have a very brief question in the sense that I know you were part of the transitional college as a member. Maybe tell us a little bit more and tell us, what did you learn from that experience?

Mr. Eden Gajraj: In the transition, what you basically do is you develop policies that will govern the college going forward. It's a difference between the public members and the homeopathy practitioners. During that period, what you really have is the profession wanting their own way and the public members trying to ensure that the public safety is being protected. There were several committees. It was a process over six years, so to try to tell you that in five minutes or so—but the overall idea is public safety and to protect the public.

Mrs. Marie-France Lalonde: I don't know if you're aware, but the minister mentioned that he would certainly like to see and he has asked all the health colleges to be more open and transparent. What are your thoughts on this?

Mr. Eden Gajraj: The Minister of Health has actually asked that this happen, and the college did prepare a statement. We all gave all our interpretations into that statement and signed off on it. I think that statement is in our package here.

Mrs. Marie-France Lalonde: Ah, in your brief, okay, perfect. Thank you very much. Thank you for putting your name forward.

Mr. Eden Gajraj: You're welcome.

The Chair (Mr. John Fraser): Thank you very much, Mr. Pettapiece.

Mr. Randy Pettapiece: Good morning. Something that I was reading in our notes here about the profession of homeopathy—I guess I'm lucky. I've been healthy most of my life, so I haven't used many medical doctors or whatever else. This is relatively new to me. I've heard about this profession. I certainly haven't used any of it and I really don't understand a lot of it other than what's in my notes here.

I guess that kind of leads me to the question that there has been some opposition to homeopathy. I wonder how you respond to that opposition.

Mr. Eden Gajraj: Some people in the medical profession see this as something that affects their practice. Homeopathy has been around even before the regular medicine that we practise today. Homeopathy goes back to—I don't remember when, but before regular medicine was practised, homeopathy was there. In fact, we had it regulated in the province of Ontario even before regular medicine was regulated. That got phased out and regular medicine came in.

Now, what has happened is you're trying to bring that back, because people are practising not only homeopathy but other health sciences without being regulated, and that's the whole idea of making sure that the public is protected. Any one of us can go and open up and put up a sign that says, "Today I'm going to be a homeopathic doctor or practitioner," and that is the reason for it being regulated.

0910

Mr. Randy Pettapiece: I see. I'm saying this because this is just my experience. It's maybe not the experience of a lot of other people. Friends that I have known who have used this type of service have used it as a last-minute, desperate measure to try to get out of what they've got, because the other system has failed them. I'm talking about a couple of people I know who passed away from cancer. This was the last thing they tried before they passed away, because radiation or whatever wasn't working. Is this something that is associated with homeopathy, kind of a last-resort type of thing? This is just my experience.

Mr. Eden Gajraj: I don't think so. I'm not in the medical field myself. I think it's a science that people have to believe in, and it works for some people, just like regular medication. It cures some people, and then it doesn't cure some people. I don't think I can answer that question.

Mr. Randy Pettapiece: I'm certain that happens. It's just my experience with it. I'm certainly not passing any judgment on the practice; it's just that this is my experience.

Issues of transparency and accountability are certainly issues or things that we face every day in government, something that, at times, is thrown about as these words are used lots of times when they don't really mean anything to different organizations. I wonder, sir, how you will address that.

Mr. Eden Gajraj: That's what regulation is all about. You have to keep records. You have to ensure that when you treat the patient, things are done the right way. You have to ensure that it covers all the ways that medicine, in a similar way, covers the privacy of the patient. On the board itself, you really have to be transparent and let the public know what's going on, especially being a public member.

From the practitioners' point of view, we've made rules for them on the way they should practise, the types of records they should keep, regulations and governance, what the penalties are if they—malpractice and things like that. That's what we were doing on the transitional council.

Like I said, on April 1 we were proclaimed as a college. Now, going forward, they are registering homeopaths. They're now going through the system of registration. Once they start back again—I think that will happen in the new year—the college will actually start working as a college.

Mr. Randy Pettapiece: These are great goals, sir, and I appreciate you having them in these rules. But as we've

seen in the last number of years, certainly around here, it's sometimes difficult to ask questions or get answers for questions. You've noticed how question period works. There are no answers there.

That's why I wanted to say on this subject, sir, that's it's great to have these goals, but also, the better part is implementing the rules to achieve these goals. Are you comfortable with what is there now? Or do you have some things that you'd like to change?

Mr. Eden Gajraj: I think we're fine, but we will have to change as we go along too. This is now the beginning of the operations side of things, but it will evolve. It will continue to evolve as you go along.

Remember, now that we have the homeopaths registered, they will become part of the board. They've had their election already for the practitioners, so they will be part of making the decisions going forward. Whatever we have done in the past will change as we go along, as we evolve.

Mr. Randy Pettapiece: Okay. There is some evidence of anti-vaccine messaging that has been going on throughout the province. Will the college take a proactive approach to clamping down on this type of thing?

Mr. Eden Gajraj: I am not in a position to answer that. That's homeo practitioners. I'm only there on the public side of things—public safety.

Mr. Randy Pettapiece: You've run in a number of municipal elections, I understand.

Mr. Eden Gajraj: I beg your pardon?

Mr. Randy Pettapiece: You've run in a number of municipal elections.

Mr. Eden Gajraj: If I have?

Mr. Randy Pettapiece: Yes. Have you run in a number of municipal elections?

Mr. Eden Gajraj: Yes, I ran in local elections—

Mr. Randy Pettapiece: Yes, municipal elections.

Mr. Eden Gajraj: Yes.

Mr. Randy Pettapiece: That's my background too. I was a councillor before I came down here. Do you see any conflicts of interest evolving out of this, or are you comfortable—

Mr. Eden Gajraj: Oh, I'm comfortable with that, yes.

Mr. Randy Pettapiece: All right. Thanks, Chair.

The Chair (Mr. John Fraser): Thanks very much, Mr. Pettapiece. Mr. Gates?

Mr. Wayne Gates: Good morning, sir. How are you? Just a follow-up: How many times did you run for city council?

Mr. Eden Gajraj: Twice.

Mr. Wayne Gates: Twice? How many times did you lose?

Mr. Eden Gajraj: Pardon?

Mr. Wayne Gates: How many times did you lose?

Mr. Eden Gajraj: Twice.

Mr. Wayne Gates: The only reason I asked you that is that I ran five times, and I lost four times. Don't get discouraged, was my point on that—

Mr. Eden Gajraj: Are you telling me to go again?

Mr. Wayne Gates: Usually, if you keep in there, you can get elected.

The Sarnia Observer, on July 7, said that homeopathy is one of the treatment options that naturopaths can use to treat an individual. What's the difference there? What's the tie there?

Mr. Eden Gajraj: Naturopaths do a little bit more in detail, more on the medical side of things. A naturopath can be called a doctor, and they can actually treat you—and more medical things. Homeopaths can't.

Mr. Wayne Gates: I didn't hear the last part, sorry, sir. Homeopaths are what?

Mr. Eden Gajraj: Homeopaths, first of all, can't be called doctors. They're just practitioners. They try to look at what your ailments are. As you know, in the homeopathy profession, they try to make treatments similar. If you're suffering from some ailment, they treat you with a similar type of treatment, not drugs. They can't give you drugs.

Mr. Wayne Gates: Just a question: What would be a homeopath's charges? If I go to one, how much would they charge for me to go? What would be the cost to go to one?

Mr. Eden Gajraj: I'm not quite sure about the fees.

Mr. Wayne Gates: You're not sure?

Mr. Eden Gajraj: No.

Mr. Wayne Gates: Do you believe that it should be self-regulated or regulated?

Mr. Eden Gajraj: I believe it should be regulated. Any profession in health services should be regulated, because from a public safety point of view, you don't want anyone just to open up a practice without being regulated.

Mr. Wayne Gates: Now, something that's interesting to me is, when we take a look at health care, we always talk about wait times, success rates and all that kind of stuff. Do they monitor the success rate if I go to a homeopath? Is there any kind of chart that's followed, do you know? Or is it just—

Mr. Eden Gajraj: Homeopathy has come back into practice mainly because we have many immigrants who have moved to Canada and, in the countries they come from, that's how they've been treated. They have not been going to a regular doctor, and since they've come to Canada they are looking for those same types of treatment. They believe in it. They believe that they're getting better and most of them are looking for that type of homeopathy treatment.

0920

In fact, I've just returned from Florida, and most of the doctors there who practise medicine also have a homeopathy practitioner in their office because of the influx of new Americans now—similar to here with new Canadians—who use that service.

Mr. Wayne Gates: So it's what they're used to and it's a trust factor as well.

Mr. Eden Gajraj: It's what they're used to and what they believe in. And obviously they've had experience in the treatments and how it works and so on and so forth.

Mr. Wayne Gates: Good. Thank you very much. I appreciate it.

The Chair (Mr. John Fraser): Thank you very much, Mr. Gates.

Mr. Gajraj, thank you very much for being here this morning and presenting before the committee. You may step down now. We'll consider the concurrences at the end of our meeting, and you're welcome to stay.

Mr. Eden Gajraj: Okay. Thank you so much.

The Chair (Mr. John Fraser): Thank you very much again.

Our next intended appointee is not here just yet; he's scheduled for 9:30.

I thought it may be best if we could deal with a couple of items. First of all, deadline extensions: There are a number of deadline extensions. This is the last day—that we know of—for the committee until after the break. I know that there will be some discussions with House leaders about us sitting for a day to clean up some intended appointments and get caught up, and that will be a subject of that discussion.

Just before we get to that, we did have a letter that was received last week from Peter Rossos, who was called before the committee, who has a conflict on Tuesday mornings because of his clinic. Hopefully, if the House leaders agree, we can sit on a day that would not be a Tuesday if that's fine with everybody—in other words, so we could have him here at the committee.

The deadline extensions that we have—we have four intended appointees whose deadlines are being considered by the committee that will expire during the recess. I would like for the committee to consider extending the deadlines to Tuesday, February 16, 2016, which is our first meeting of the new year. Those four appointees are: Cal McDonald, nominated as member, Council of the College of Traditional Chinese Medicine Practitioners and Acupuncturists of Ontario; Mark Sakamoto, nominated as chair, Ontario Media Development Corp.; Peter Rossos, nominated as member, eHealth Ontario; and Elizabeth Wilfert, nominated as public member, Council of the Royal College of Dental Surgeons of Ontario.

Would the committee agree to extend all of these deadlines to February 16? Is everybody agreed? Thank you very much. So we've got all those things.

As we are waiting, as the Clerk is informing me, perhaps we could consider the concurrence for Mr. Gajraj. Mr. Rinaldi?

Mr. Lou Rinaldi: Chair, I move concurrence in the intended appointment of Eden Gajraj, nominated as member, Council of the College of Homeopaths of Ontario.

The Chair (Mr. John Fraser): Any discussion? All those in favour? Opposed? Motion carried.

Congratulations, Mr. Gajraj. Thank you very much again for being here today.

MR. ERNEST MURRAY LINDO

Review of intended appointment, selected by official opposition party and third party: Ernest Murray Lindo, intended appointee as member, Ontario Electricity Financial Corp.

The Chair (Mr. John Fraser): Our next intended appointment is Ernest Murray Lindo, nominated as member, Ontario Electricity Financial Corp. Mr. Lindo, can you please come forward. Thank you very much.

Thank you very much for being here today and appearing before the committee. You'll have time to make a brief opening statement. Any time that you use will be taken away from the government's time for questions. You'll be asked questions by members of all three parties. Again, thank you very much for being here this morning. You may begin. Proceed.

Mr. Ernest Murray Lindo: Thank you, Mr. Chair, and good morning. It's a privilege to have this opportunity to appear before the committee and introduce myself and answer any questions that you may have.

By way of background, I'm a chartered professional accountant. I've been working in the Ontario public service for over 33 years, in a number of financial management positions, including the past five years as the provincial controller for Ontario. During my career I also served as a chair of the public service's Finance and Business Management Council and as an associate member of the public service's Chief Administrative Officers' Forum. I should note that, thankfully, I've also retired this past October, so just keeping that in mind.

Mrs. Marie-France Lalonde: Congratulations.

Mr. Ernest Murray Lindo: Thank you.

I'm currently also a member of the Public Sector Accounting Board, which sets the financial reporting and accounting standards used by public sector organizations, including the Ontario Electricity Financial Corp. and governments across Canada. PSAB is an independent public sector accounting standards setting body established by the former Canadian Institute of Chartered Accountants, which is now CPA Canada. The board members are all volunteers from across the country, including deputy ministers of finance, controllers general, legislative officers, prominent public accountants with public sector experience, chief financial officers of local governments, government organizations, academics, and other senior government executives and experts in the public sector accounting arena.

PSAB's efforts, effectively, are in providing high-quality accounting standards that contribute to transparency and usefulness of public sector financial statements for governments, and help the public in understanding those financial activities and ensuring that there's overall good transparency over finance and non-financial performance.

As the provincial controller, I provided the accounting and financial management advice to government and its ministries, and led the preparation of the annual public accounts, which included consolidated financial

statements of the province and the annual report for the finance outcomes and results of the government's activities for that fiscal year.

I was also responsible for ensuring that the effective control framework for financial reporting was in place and regularly tested. Given the integrity of the public accounts depending heavily on the accuracy and reliability of the government's financial systems, the effectiveness of the framework was paramount. The Office of the Auditor General is also consulted on this framework regularly, and her office uses that framework to support their efforts in auditing the public accounts.

Last spring, I was appointed as a member of the board of directors of the OEFC while serving within the OPS. I should note that due to my retirement, of course, I had to resign from that appointment, hence why I'm here today to seek your approval for reappointment. While I was on the board I was appointed as the chair of the audit committee and was responsible for helping the board to ensure completeness of the OEFC's 2014-15 financial statements. That responsibility included working with the Auditor General and her staff to help address any questions about the statements.

My experience and understanding of the province's financial statements and related accounting treatments were seen as an important asset to the board in assessing the OEFC's own financial reports. That, together with my experience and knowledge of the control strategies and risk management processes, enabled me to provide the required expertise for the board's mandate.

Therefore I believe that my reappointment will continue to be of value to the board in its oversight and responsibilities at the OEFC. Thank you.

The Chair (Mr. John Fraser): Thank you very much. Mr. Pettapiece?

Mr. Randy Pettapiece: Thank you, Chair. Good morning.

Mr. Ernest Murray Lindo: Good morning.

Mr. Randy Pettapiece: You were a provincial controller, as I understand?

Mr. Ernest Murray Lindo: That's correct.

Mr. Randy Pettapiece: As part of your job, are you responsible for providing financial management policy advice to the government? Would this be true?

Mr. Ernest Murray Lindo: What I would provide as the controller is the understanding of the implications of the policies that they took, in terms of how it would show up on the financial reports of the province; so, how we would account for that transaction.

Mr. Randy Pettapiece: Did they listen to you?

Mr. Ernest Murray Lindo: Yes. Again, I would say, in terms of looking at options, you have choices and outcomes. As part of that, they would understand what the outcomes are. If there were any concerns, I mean, I'd obviously talk with the Auditor General as well. She and I had a great working relationship in terms of interpreting how these things would work. If it was required, we'd speak to the individuals together in terms of what the expectations would be. So there was a clear understanding

and good communications that went on about those transactions and policies.

0930

Mr. Randy Pettapiece: It's interesting to me—I'll use that word—that this government has doubled the debt of this province. We're still in deficit. It's out of control, actually. A lot of opinions say that it's out of control. It's what I would consider irresponsible financial management by the government. Do you have any analysis of our economic statement that you'd like to put forward?

Mr. Ernest Murray Lindo: The latest economic statement—I've just briefly skimmed over it; I haven't had a chance to go through it just yet. I appreciate that the debt is growing. The mechanics of it, of course, articulate the fact that if you have a deficit, obviously you have to borrow money to finance the deficit, and until the deficit is reduced to zero, only then, when you turn surpluses, can you start to bring the debt down. They go hand in hand in that respect. Technically speaking, yes, debt will continue to grow until we can get out of deficit for—

Mr. Randy Pettapiece: I understand that, but as we've seen in the last number of weeks with what's going on with the Hydro One sale and this type of thing, there seems to be no urgency on the government's part to get rid of the deficit. In fact, it's been said by many that it's not going to happen in 2018; I believe that's when they say the deficit is going to go. Have you been involved in discussions with them, saying that this is maybe a target that's not going to be there?

Mr. Ernest Murray Lindo: No, this is not something that I would be technically involved in.

Mr. Randy Pettapiece: Okay.

Mr. Ernest Murray Lindo: There's sort of a fiscal management which would deal with the debt and deficit projections. Mine was more on the financial reporting and how the transactions and actions of the government would be accounted for in the financial statements at the end of the year. So anything during the budget, if they want to know how this would show up—would it be an expense for the period or not?—that's where I would weigh in and advise, but not in terms of providing advice—

Mr. Randy Pettapiece: Again, did they listen to you?

Mr. Ernest Murray Lindo: Oh, yes, of course, because otherwise you'd—

Mr. Randy Pettapiece: Did they take your advice seriously?

Mr. Ernest Murray Lindo: In terms of the accounting, absolutely, because otherwise if it didn't get accounted for correctly, the Auditor General would be qualifying the statements. So we have to make sure that the statements are properly reflecting the transactions—

Mr. Randy Pettapiece: She certainly qualified a few statements last week.

Mr. Ernest Murray Lindo: I think she was qualifying some of the outcomes. I don't think she qualified the financial statements of the province. As a

matter of fact, we've had 22 years of clean audit opinion on the financial statements—

Mr. Randy Pettapiece: I think this is kind of a little line we're stating here and there, because financial advice goes hand in hand with financial outcomes, I would think. It's very close.

Mr. Ernest Murray Lindo: Yes. You can argue what the decisions around that are. Government will have policy and direction it wants to undertake and outcomes it's looking for. What my advice was providing is an interpretation of those actions and how it would show up as a financial result. So my advice was to say, "What are the choices you have from a financial result perspective?"

Mr. Randy Pettapiece: If you think the government was making the wrong choice, would you jump in and say, "You're going the wrong way"? Could you?

Mr. Ernest Murray Lindo: It depends on what they're trying to deal with. If they're making a bad choice on the financial statements and it would lead us to a qualification, absolutely. If it was a policy choice that there's an outcome they're aiming for, no, I can't interfere with policy. That's not my scope or mandate.

Mr. Randy Pettapiece: You can't interfere with policy. You can influence, though, if you felt strongly about something.

Mr. Ernest Murray Lindo: I think, from my perspective, the influence would be related to what the financial reporting outcomes are.

Mr. Randy Pettapiece: Okay.

Mr. Ernest Murray Lindo: Government has its own prerogative as to whether it wants to go a certain path or not on policy.

Mr. Randy Pettapiece: This government has also begun the sale of Hydro One. It's one of our largest public assets, and the process has been far from transparent and accountable, as they like to use those words. As the individual responsible for safeguarding Ontario's assets, I'm interested in your comments on this sell-off.

Mr. Ernest Murray Lindo: Well, in terms of the Hydro One transaction, while I was in the role of the provincial controller, we had a look at the proposal and the different options they were considering in terms of actually proceeding with the sale. As part of that process, we looked at it to understand what would be the implications from an accounting perspective, what it would mean on the financial statements, not only today but over the next several periods, and identified certain transactions and what would be tipping points, as we looked at it, to say, "Technically speaking, if you go down too far, you will no longer have, from an accounting perspective, control over this asset and, as a result, the accounting will change. You'll have a different financial outcome."

So looking at that advice, the government made some choices as to whether it wanted to do a full, outright sale or get down to almost no ownership. Obviously, it has chosen a different path in order to help maintain the fiscal outcome that they're looking for. That's technically my involvement with that sale. It's just understanding the options and what the accounting results would be.

My office did bring in external advice to test our position. Then we also sat down with the Office of the Auditor General and walked her staff through it to get concurrence on what the outcomes would be. As a result, that's what was taken back to government, to say, "This is technically how it should be accounted for."

Mr. Randy Pettapiece: The Ontario Electricity Financial Corp. manages the former Ontario Hydro's debt and liabilities. We know that enough has been collected through the debt retirement charge to have paid off a residential stranded debt in 2011, yet this fee is still on hydro bills. Sir, as a member of the OEFC, how do you pledge to make things more accountable and transparent concerning this type of thing?

Mr. Ernest Murray Lindo: I think a couple of things have happened over the past three or four years. One of them, obviously, is having the Minister of Finance declare what the stranded debt and the debt retirement charge implications are. That is an annual thing that occurs. I believe the last statement was done in March 2015.

As a result of changes with the Hydro sale, I believe they made commitments as well to use a lot of the proceeds associated with the sale—I would say the book value associated with that sale—to help apply to the stranded debt and bring it down.

Technically speaking, you had an asset, and a lot of the debt was based on building up that asset, so if you used that asset's proceeds, you'd want to pay off the debt associated with it. That's technically what I understand is happening.

Mr. Randy Pettapiece: You can understand, sir, that when the debt was first announced—at least since I've been here, which has been since 2011—it was around \$8 billion or something like that. Those numbers keep changing; it's a moving target. You have to be a little skeptical—at least, I am—as to where those numbers come from and whether it was truthful in the first place or whether they're collecting more money to go here, or whatever else.

I would think it's difficult, sir, as a consumer, to keep paying this thing when it was supposed to have been paid off a number of years ago, and this number keeps changing. It's a moving target, sir.

Mr. Ernest Murray Lindo: So what I understand is—and the way the officials who calculate this—it's looking at a future value of a revenue stream that would come from the income that we would receive from the hydro sector to help pay towards the debt, as well as any of these debt retirement charges, which fluctuate based on usage. Your debt retirement charge bill will change month to month, depending on how much electricity you use. Based on that future value, then they take a point in time and project.

In a subsequent period, if those revenue streams didn't pan out, or fluctuated significantly, then you'd have to re-evaluate what that stranded debt would be. It's like a net present value of the outcome of all of those activities, and

that will change from period to period, depending on how you measure things.

Mr. Randy Pettapiece: This maybe should have been explained a little bit better as we went forward, because, like I say, as a consumer, I'm expecting this number because the government told me so, and I'm supposed to believe them. Then you get another few billion dollars added to it a year or two down the road. It makes it very difficult to trust what the government says, concerning these types of things.

That's why I asked you previously: Does the government ever take any of your projections seriously, when this stuff comes out?

The Chair (Mr. John Fraser): You've got 14 seconds.

Mr. Randy Pettapiece: Thank you, sir.

Mr. Ernest Murray Lindo: Thank you.

The Chair (Mr. John Fraser): Mr. Gates?

Mr. Wayne Gates: Good morning, sir. How are you?

Mr. Ernest Murray Lindo: Great, thanks. How are you?

Mr. Wayne Gates: Good. I've got a few questions here; I'll read them out. Hopefully, I'll read them slowly enough, because I have trouble understanding. You were talking relatively quickly.

Mr. Ernest Murray Lindo: I'm sorry.

Mr. Wayne Gates: The OEFC has no employees. It is not actually a company. It is more of an accounting procedure than a corporation. Could you please explain what an OEFC board member does?

Mr. Ernest Murray Lindo: The OEFC board is made up of primarily civil servants. They're appointed to this board to help provide an oversight function in terms of the management of the stranded debt.

There are a number of players that are involved. There's a financing authority, the Ontario Financing Authority, that's administering this debt on behalf of the province. That finance authority has a management team that deals with all of the debt instruments and the choices of term for the debt etc.

There is also an arm that deals with the NUGs, as they call them. I'm trying to remember the exact definition of the term. These are utility generators that have contracts that were associated with the original Hydro. Those contracts are very long in term length, so the management team is constantly negotiating when they have to do adjustments to things dealing with rates that they're dealing with on paying for the utilities.

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All of those actions are brought to this board to then understand whether the choices they're making are appropriate and whether they have good due diligence on risk management. So a lot of it has to do with evaluating borrowing trends and risks associated with interest rate changes etc., and what's the more appropriate cost mechanism. Do you go long-term? Do you go short-term etc.? You're bringing in what I would say are financial experts from across the organization to take a look at this and understand what's happening.

Mr. Wayne Gates: Did you advise them to do long-term contracts?

Mr. Ernest Murray Lindo: No. These contracts were established long before I was there. I should reiterate that I've been there since the spring, so it has been two board meetings. I haven't had a lot of involvement with them but—

Mr. Wayne Gates: Well, I just thought I'd—I don't know. I did contracts for a living. I just think when you get into a long-term contract, you end up in the mess you're in today, but that's only my thinking.

Mr. Ernest Murray Lindo: There are benefits, pros and cons, depending if you can price-fix for a good deal.

Mr. Wayne Gates: I appreciate that.

As an OEFC board member, are you independent or do you take direction from the Minister of Finance, the Ontario Financing Authority or anybody else? I guess my question is in relationship to the first question I asked: Do you have a boss?

Mr. Ernest Murray Lindo: Not now, no. Beforehand, technically no, not from a board perspective. When you're sitting as a board, you need to maintain an independence from the actions of, say, the Minister of Finance. You're there to provide a response back if you believe it's not in the best interests of the corporation, so as a board member, you need to make sure that it's the corporation that comes first in terms of its management and effectiveness. So no, we are independent, and that's something that I've certainly strived to maintain.

Mr. Wayne Gates: Okay. This is a relatively long question. I'll read it out. Ontarians have paid about \$1 billion a year in debt retirement charges for more than 13 years to retire a stranded debt of \$7.8 billion. Yet, the stranded debt is still around. In fact, last year, Ontarians paid \$956 million in debt retirement charges, but only \$400-million worth went to the stranded debt. If Ontarians paid nearly \$1 billion in debt retirement charges last year, why didn't this money retire \$1 billion worth of the stranded debt?

Mr. Ernest Murray Lindo: Okay, maybe just come back to a previous question on a similar matter: That stranded debt value changes from year to year. The amounts that are collected are forecasted into what that stranded debt value should be at the year end. If the amounts collected were insufficient, and it's not just the DRC charges that are part of the process, it's also the income from the electricity sectors as well as payment for what's called PILs, which is payment in lieu of taxes. If those amounts came in less, then obviously you would not have a net result of the stranded debt showing the full impact, but just simply, \$900-odd-million being paid. You'd still have a different value, at the end of the day. So there are a number of factors that need to be weighed into that. All of that money would have gone to the stranded debt, but the end result is that other income may not have been there sufficiently to address it, so one is filling the gap of another, essentially.

Mr. Wayne Gates: It's one of the reasons why I love talking to accountants. My son-in-law is an accountant.

All I know, as a guy that does his job every day, is that if I collect \$1 billion and only put \$400 million on that debt, \$600 million went somewhere. The people of Ontario who are paying that bill every month—and struggling to pay it, sir, by the way—think that's where that money is going. I guess you can come up with an accountant's answer for whatever reason, but I think if you look at the guy that's on the street, he certainly doesn't understand what you're saying. I just didn't understand that.

This is another one that is an accountant question that I'm sure you will enjoy.

Mr. Ernest Murray Lindo: I'm sure.

Mr. Wayne Gates: Well, he's an accountant. You've got to ask an accountant an accountant question.

The Chair (Mr. John Fraser): I know. It's a good question.

Mr. Wayne Gates: I think that's fair, right?

The Chair (Mr. John Fraser): It's not the question; it's just the way you're asking it.

Mr. Wayne Gates: We don't all have to understand it, but we can ask the question.

The government recently paid a \$2.6-billion departure tax bill owed by Hydro One. But we were told by the Minister of Energy that cash-wise, this transaction was a wash and no money would actually leave the treasury. It appears that this \$2.6-billion payment was not in cash, but just another IOU. Is it possible that this \$2.6-billion departure tax payment will not actually reduce the OEFC's debt? Is the \$2.6 billion actual debt or is it not an unfunded liability, stranded debt or other abstraction?

Mr. Ernest Murray Lindo: From what I understand of the departure tax, this is a process for any utility that's leaving that environment. To pay a departure tax is part of the process of the system. The implications of Hydro One leaving the system—the government, I believe, didn't want to interfere with its ultimate business value, so the government made a payment towards Hydro One to keep them whole in terms of the process of the payment, but the company then, of course, made the payment back.

Technically speaking, no money has left the government, nor has any new money come to the government, essentially. So yes, you're right. It's an accounting non-cash transaction. There is such a thing in the accountants' world—non-cash—where it simply is a bookkeeping entry.

Mr. Wayne Gates: So accountants are very creative. Is that why you need them?

Mr. Ernest Murray Lindo: You need accountants to interpret the outcomes of whether there's actually anything leaving the family—if you want to call it that, the government reporting entity. If you're going to spend money outside the government reporting entity, yes, that's an expense; money is going outside. If it's just money shuffling around amongst one pocket to another—essentially, you're giving it to your brother or sister and you're still in the same family—the family net worth

hasn't changed. It's just an accounting entry from that perspective. It will get eliminated.

Mr. Wayne Gates: Here's a question. I'll be very clear, and I have been very clear, so I'm not talking out of school here. I don't believe that we should be selling Hydro One, whether it's 20%, 40% or in this case the government is looking at 60%. I still believe that you'll lose control when you've gotten rid of 60%, but that's my opinion.

You're an accountant. You know that this year—we'll use this year as an example because in other years, in your world it would change—it was \$750 million that went to the province to pay for roads, health care and education. For the next hundred years, you would probably get at least \$750 million. Once you sell it, all that money goes away.

With you being an accountant, how can you explain to me that it's in the best interests of the people of Ontario to know that you're going to lose \$750 million every year for the next hundred years for a short-term gain of maybe—I'll just shoot a ballpark figure—\$3 billion? It doesn't make sense to me, it doesn't make sense to anybody, but maybe you could explain it to me in accountant terms so it would help me.

Mr. Ernest Murray Lindo: In terms of the choices of the revenue streams, I understand that, when you get down a 60% value that you've sold, you'll still have the remaining portion of that income. So there's an apportionment of that \$750-million figure that you're using which would still continue on.

Yes, there would be a revenue decline from the company as a result. At the same time, what you're doing is taking the value of that asset and paying off the associated debt. There are also interest charges on that debt of a significant value. I wouldn't say that it's necessarily one-to-one, but over a longer term, you want to ensure—this is part of the process. What I'm hearing from the committee is that we have got a debt issue and we need to pay down our debt. Yes, we can do it through converting those assets that have built up the debt and pay down the debt associated with that, as well.

The Chair (Mr. John Fraser): Thank you very much, Mr. Gates—

Mr. Wayne Gates: Aw, I had one hot question. You jumped on me.

The Chair (Mr. John Fraser): Yes, well. Sorry.

Mr. Wayne Gates: Come on, John. Do me a favour. Let me do the hot question.

The Chair (Mr. John Fraser): No, I have to be fair and impartial. Thank you very much, Mr. Gates.

Mr. Wayne Gates: My pleasure. Thank you, sir.

Mr. Ernest Murray Lindo: Thank you.

The Chair (Mr. John Fraser): Mr. Rinaldi.

Mr. Lou Rinaldi: Thank you, Mr. Lindo, for being here today and thank you for applying to do this next function. I don't specifically have a question. I think the opposition has exhausted all the questions. I just want to say, thank you for your time served in the public service.

I'm confident, seeing your resumé, that you'll continue to do great work for the people of Ontario. Thank you.

Mr. Ernest Murray Lindo: I look forward to it. Thank you.

The Chair (Mr. John Fraser): Thank you very much, Mr. Rinaldi. Mr. Lindo, thank you very much for being here this morning. You may step down and we will consider your concurrence right after you step down. You're welcome to stay in the room.

Mr. Ernest Murray Lindo: Fantastic. Thank you very much.

The Chair (Mr. John Fraser): Thank you very much.

Mr. Wayne Gates: Can we get a recorded vote, please?

The Chair (Mr. John Fraser): Sure, yes. There will be a recorded vote.

We'll now consider the concurrence for Ernest Murray Lindo, nominated as member, Ontario Electricity Financial Corp. Do I have a nomination?

Mr. Lou Rinaldi: I move concurrence in the intended appointment of Ernest Murray Lindo, nominated as member, Ontario Electricity Financial Corp.

The Chair (Mr. John Fraser): Thank you very much, Mr. Rinaldi. Any discussion?

Ayes

Bailey, Dhillon, Lalonde, Malhi, Martins, Pettapiece, Rinaldi.

Nays

Gates.

The Chair (Mr. John Fraser): Carried. Congratulations, Mr. Lindo. Thank you very much again for being here this morning. Seeing as there's no further business, the meeting is adjourned.

The committee adjourned at 0951.

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