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**Select Committee
on Financial Transparency**

**Comité spécial de
la transparence financière**

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Monday 26 November 2018

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Lundi 26 novembre 2018

Chair: Prabmeet Singh Sarkaria
Clerk: Valerie Quioc Lim

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CONTENTS

Monday 26 November 2018

Mr. William Edmund Clark..... FT-269

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

**SELECT COMMITTEE
ON FINANCIAL TRANSPARENCY**

**COMITÉ SPÉCIAL DE
LA TRANSPARENCE FINANCIÈRE**

Monday 26 November 2018

Lundi 26 novembre 2018

The committee met at 1503 in room 151.

MR. WILLIAM EDMUND CLARK

The Chair (Mr. Prabmeet Singh Sarkaria): Good afternoon, everyone. The Select Committee on Financial Transparency will now come to order.

I would like to take an opportunity to welcome Ed Clark, who is here before us today. We'll give you an opportunity to make an up to 10-minute introduction to the panel, and then we will go into two 20-minute rounds, starting with the government, followed by the opposition.

Just before we begin, I will be reading, as we do every committee now, a statement on parliamentary privilege and the rights and duties of witnesses.

Witnesses appearing before committees enjoy the same freedom of speech and protection from arrest and molestation as do members of Parliament. Furthermore, section 13 of the Canadian Charter of Rights and Freedoms provides that: "A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence." Therefore, nothing said by a witness before a committee may be received in evidence against that person in a court of law or similar proceedings, except in a prosecution for perjury where evidence was given under oath. For this reason, a witness may not refuse to answer a question from the committee on the grounds of self-incrimination or that answering might expose the witness to a civil action.

Witnesses must answer all questions the committee puts to them. A witness may object to a question asked by an individual committee member. However, if the committee agrees that the question be put to the witness, he or she is obliged to reply, even if the information is self-incriminatory, is subject to solicitor-client or another privilege, or on other grounds that might justify a refusal to respond in a court of law. A witness may ask for clarification if he or she does not understand a question. Members have been urged to display the appropriate courtesy and fairness when questioning witnesses. A witness who refuses to answer questions may be reported to the assembly.

Witnesses must also produce all records requested by the committee. A witness may object to production. However, if the committee agrees that the document is to

be produced, the witness is obliged to do so. A refusal or failure to produce a document may be reported to the assembly.

A refusal to answer questions or to produce papers before the committee, giving false evidence, or prevaricating or misbehaving in giving evidence may give rise to a charge of contempt of the assembly, whether the witness has been sworn in or not.

Just before we start, once again I would like to remind all members on their language and decorum in committee. While I recognize that, at times, committee discussion can become heated, I would ask that members keep their remarks and tone temperate.

With that, I'm going to now ask the government side to start with—

Interjection.

The Chair (Mr. Prabmeet Singh Sarkaria): Oh, sorry. My apologies. Before we do that—I'm getting ahead of myself—Mr. Clark can start with a 10-minute introduction. Thank you.

Mr. William Edmund Clark: I don't think I'll take the full 10 minutes. Let me first, though, express my thanks for accommodating my schedule. I appreciate that. I have to say, I've not brought any documents, not reviewed any documents and I don't even know if I have access to any documents anymore, since my order in council has been withdrawn.

To be honest, I'm not precisely sure why I'm here. It will be an interesting journey for me, since I was not directly involved in the issues raised in the Independent Financial Commission of Inquiry. But I assume your questions will pertain to my roles, first, as chair of the non-partisan asset council and then as business adviser to the Premier.

Key to understanding what I do in life is to understand that I regard myself as an extremely lucky person. I've been lucky in my personal life, having been happily married for 49 years, with four great children and now 11 grandchildren, whom I see almost every week.

I have been lucky in my career, having had the opportunity to run two great companies: first, Canada Trust, and then the TD Bank. I have enjoyed many forms of recognition, both abroad—chosen by Barron's as one of the top 30 CEOs in the world, and by Harvard Business School as one of the top 100 CEOs in the world—and in Canada as the top CEO in Canada, as chosen by both groups giving out this award, and was inducted into the Canadian Business Hall of Fame.

I've also been lucky in having the opportunity to give back. I've been a strong advocate for diversity and have been a leader in advancing the position of women and members of the LGBT community. I have a strong interest in trying to find a solution for the problem of affordable housing, and in helping the homeless.

In Ontario, we have a number of great social agencies with which I've had the opportunity to work and support: the United Way; Habitat for Humanity, providing working-class people the opportunity to own a home; WoodGreen, where our Homeward Bound program has transformed the lives of 250 single mothers and 400 children; and Egale, where we have launched an outreach program for LGBT youth on the street. There are many other groups, but this will give you a flavour of what my philanthropic work is about.

I review all this to put in context my decision, when asked, to undertake the asset council work and then subsequently be adviser to the Premier. I have to tell you that all my friends counselled against doing so: "No good deed goes unpunished; you will be demonized by the press and the politicians." Since this is likely my last public appearance talking about my former roles, I would like to say that their worries turned out not to be well founded. With very few exceptions, people who disagreed with my points of view did not revert to ad hominem arguments. They addressed real issues of difference.

I have to commend the press: You always treated me respectfully. When we came to the transition from the Liberal government to the Conservative government, I intentionally stayed on to ensure a smooth handover and was always treated with respect by everyone, including the Premier's office, and I was honoured by the very kind and thoughtful words of Minister Fedeli announcing my departure.

1510

I say all of this because I think it is important that governments be able to recruit outside talent. Whether you believe in big government or small government, there is no denying that governments matter. Well-run governments are critical to creating societies that work for everyone, and governments often lack people with deep business experience who can help in the many ways governments need to interact with the private sector.

On that basis, I decided I would try to give back by helping out. I think it is important for context that I insisted on a few things:

First, I did not want to be paid and indicated that I would not charge the government for any expenses incurred in doing my jobs. You will not find any invoices from me.

Secondly, as I switched into the business adviser role, I made clear that I would always give the government my perspective, whether or not it coincided with the government's view and, in working to implement the government's wishes, I would focus on the things where we were broadly in alignment and not work on things where we were not.

Again, I have to say that I was treated with the utmost respect. I was never pressured to change my views or to

hide my views. The Premier and her office recognized that I saw my role as non-partisan. I was working for the citizens of Ontario. I always felt able to tell the Premier exactly what I thought, and she always thanked me for the advice, even when she was clearly not going to take it.

I think all those in the government, both on the political side and in the bureaucracy—which I must say is filled with wonderful, smart, hard-working people—deserve full credit for how my role was handled. All this was aided because I and the government shared a clear view of the boundaries of my role: to advise and help implement, but not to decide. I began my career as a federal civil servant and was schooled on that concept. The responsibility to decide and to act always falls to the Premier, the cabinet and the elected members of the Legislature. I continue to admire and respect the willingness of so many people to endure the sacrifices necessary to carry out a political career. You carry an enormous burden: how to ensure the well-being of all of the citizens of Ontario.

I will not go through all of the projects on which I worked—only to say they were rewarding. For an example, it was a great experience to negotiate a program to open beer and wine to grocery stores in a manner which preserved government revenues, didn't cause price increases, substantially helped our local producers and incented the LCBO to up its game.

Much more emotionally moving was the chance to help support the rebirth of Stelco in a manner which saved 2,500 jobs and provided assurances to more than 10,000 pensioners. Who would have thought a Bay Street banker would be celebrated by the United Steelworkers? But I have a hat to prove it.

I think the best thing to do now is to answer your questions. Thank you.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you very much, Mr. Clark. Now I'll pass it over to the government side for 20 minutes of questioning, starting with Mr. Downey.

Mr. Doug Downey: Thank you, Mr. Clark. I hope you feel the same level of respect at this table as you have in your previous involvement. The pin on your lapel is well-earned, so we'll start with that.

Mr. William Edmund Clark: Sorry?

Mr. Doug Downey: The pin on your lapel is well-earned.

Mr. William Edmund Clark: Thank you very much. I did try to emphasize that. I can't say enough about how respectfully I was treated. The government listened to my views, asked for my views on a whole range of things. As I say, Minister Fedeli's statement was really quite extraordinary.

Mr. Doug Downey: If you don't mind, I'll start with if you could describe how you came to be a special adviser to the Premier. You said that you decided to when you were asked. How did that ask happen? Who did the ask?

Mr. William Edmund Clark: Yes. Originally, the asset council—it was actually Peter Wallace, as the clerk, who indicated, "It had been a long-held feeling of numerous governments that maybe we have assets that we don't

really need to hold. Would you start this asset council?" We did and, as you know, we had Conservatives, Liberals and independents, and we did that review.

As that work was starting to wind up, the government, because I was involved in that, had gotten used to asking me questions about what did I think about this or what did I think about that. So it was really Andrew Bevan and Tom Teahen at the time who said, "The Premier would like to meet with you because she'd like to see if there's any way she could keep having someone to call and ask the questions."

Mr. Doug Downey: So your connection to the Premier was through her chief of staff at the time?

Mr. William Edmund Clark: Yes.

Mr. Doug Downey: Okay. Because you come from a community where the Deputy Premier was also fairly active on the file—

Mr. William Edmund Clark: That's true. That's true.

Mr. Doug Downey: I didn't know if it came through Deb Matthews or—

Mr. William Edmund Clark: No, it wasn't that. And I would say Steve Orsini clearly was very supportive of the idea.

Mr. Doug Downey: Okay. You mentioned it was volunteer. You weren't paid and you remitted no expenses. Was it a dollar a year kind of nominal payment?

Mr. William Edmund Clark: They never paid me the dollar. In fact, after we had done some of the work, I had—in the private sector, you're used to thanking people for their work. It's harder to do, frankly, in the public sector because of all the rules. So I invited a lot of people over to my house to say, "I just want to thank you," because people were working like dogs doing some of this stuff. Minister Chiarelli was there and he stood up and said, "Well, I've concluded that Mr. Clark is having so much fun doing this job that he ought to pay us the dollar rather than we pay him the dollar," so I never got the dollar.

Mr. Doug Downey: Well, you should have gotten the dollar and you should have framed it.

Part of my thought process—because we've heard at the committee about indemnity agreements and that kind of thing. I didn't know if you had special coverage because you're a special adviser or if the order in council covered that.

Mr. William Edmund Clark: Yes. My order in council indemnified me, so that would have been the only issue, obviously, that I would have had some concern on. It arose in particular when we signed the beer agreement with the beer companies. They asked me to do the signing and I said, "Well, if I'm doing the signing, I want a little indemnification for that. I don't want to get into a lawsuit with the world's biggest beer companies."

Mr. Doug Downey: It's interesting, because in getting prepared for today, I went back and looked at some interviews that you had done. You did a very interesting interview with CBC News about a year ago, talking about your time at TD and navigating the downturn. "Luck" was not the word that you used—but the decision to avoid the subprime market.

Mr. William Edmund Clark: Yes.

Mr. Doug Downey: My take-away from that interview was, know your risks. That was the take-away they posted.

Mr. William Edmund Clark: Absolutely, yes. It emphasized, I guess, probably the two big risk decisions that I made. One was that TD was actually a leader in the structured delivered-credit product, which was the source of the main problem. In 2005 and 2006, I got out of that product, even though it was a serious source of profits for us, and told people—erroneously, as it turned out—that this was a decision that would never pay back in my career, but it was still the right decision because you were building the bank for the next 50 years, not for the next five years.

Then, when we went into the US and bought a bank in the US, everyone said, "Well, you have to go into subprime lending. It's the only game. It's ridiculous to think you can go in the States and not do subprime lending." To me, when you looked at the subprime market, you just said, "This doesn't make any sense."

I think the lesson I kept saying to people is, "Banking is a pretty simple business. Just step back and ask the sensible questions." Another example would be that we were the only bank not to sell structured commercial paper to our customers. As you know, in Canada, the commercial paper—because we had a simple rule that said, "Would you sell this to your mother-in-law?" If the answer was no, then you shouldn't sell it to a customer. So I think simple rules around risks are quite important.

Mr. Doug Downey: You are very good, I expect, at assessing risk and navigating risk. I heard you say in your opening that you always gave your perspective. You worked on the things that you broadly agreed with and you didn't work on things that you didn't agree with. Did you work on the Fair Hydro Plan?

Mr. William Edmund Clark: No.

Mr. Doug Downey: Was that because you assessed it as something that you didn't have broad agreement with?

Mr. William Edmund Clark: Before I answer that question, I just want to make a point here. This is something that if someone says, "I'm not worried about it for me, but I do worry about the system"; if, at the end of this, what you've got is that people have come here and said, "This is when I agreed with the government and this is where I disagreed with the government, and I gave that advice confidentially"—I think there are a lot of people who would say, "If that's what is going to happen at the end of every government that changes, I don't know that I want to volunteer and work for the government and give them my advice." I also worry that when they give advice now, even in the civil service, they're going to say, "I'm just not going to put this in an email. I'll tell it to you, and I'm going to tell it in an equivocating way so you can't really nail me."

1520

So I'll answer this question, but I just worry what precedent you're setting in terms of attracting people like me. I did not agree with the Fair Hydro Plan. My view to the Premier was, "If you want to subsidize hydro, subsidize it

using the tax system to pay for it, not the hydro system.” That would have been a better route, and she knew that.

Mr. Doug Downey: Why that advice? What from your background—

Mr. William Edmund Clark: What? Sorry?

Mr. Doug Downey: Why that advice in particular?

Mr. William Edmund Clark: Even though I’m supposed to be this narrow-minded banker, I still am a citizen in this society. I think it gets confusing if you don’t sit there and say, “Is this something that should be subsidized or not subsidized?” If it should be subsidized, then stand up and say, “I think it should be subsidized.”

I think the discipline of having to stand that up is a good thing for the system. But obviously, other intelligent people came to a different view.

Mr. Doug Downey: Well, you give your best advice, and then there are political decisions.

Mr. William Edmund Clark: Yes, that’s right.

Mr. Doug Downey: You made that clear, that you devise and advise, and then the decision-makers make the decisions.

What was the response to that advice?

Mr. William Edmund Clark: “We hear you.” Generally, that was the response. Everybody in the system knew what my view was, and, as I say, I didn’t participate in it. Everyone, from what I could find, who was going to see the Premier would send me briefing notes to say, “Here are the issues, and this is where that is,” so it wasn’t as if I had no idea what was going on. But they didn’t expect me to come back and say, “You’re fine-tuning something that I wouldn’t do that way at all.” So I didn’t see that that would be a useful exercise.

Mr. Doug Downey: Gadi—you know Gadi from—

Mrs. Robin Martin: The OFA.

Mr. Doug Downey: —the OFA.

Mr. William Edmund Clark: Yes.

Mr. Doug Downey: I always want to say “FAO,” but the OFA. He indicated that there was a meeting on January 16 and that you were in attendance. There was Mr. Orsini, Mr. Imbrogno, Mr. Thompson, himself, Helen Angus and Karen Hughes. He indicated that you were at that meeting as well.

Mr. William Edmund Clark: Okay.

Mr. Doug Downey: Okay. I ran the names off so that you might picture being in that space.

Mr. William Edmund Clark: I can’t, to be honest, but it wouldn’t surprise me. As I say, it wasn’t as if they shut me out of things on which they knew I had a contrary view.

Mr. Doug Downey: In that meeting, he indicated in front of this committee that you had voiced your concern with the Fair Hydro Plan as early as—

Mr. William Edmund Clark: Good thing, or you would be hauling me off for perjury here, right?

Mr. Doug Downey: I’m trying to do a timeline for the committee. That was January 2017. When did you first hear of the Fair Hydro Plan?

Mr. William Edmund Clark: I don’t know. I’d have to go back and try to get my calendars out. I didn’t come

prepared to answer things about things I didn’t get involved in.

I would say that it would be surprising that when these ideas started even germinating, people wouldn’t let me know, because I had been obviously heavily involved on the energy side; so it would be natural for people to tell me these things.

But as Gadi would have pointed out, it fairly quickly became obvious that I had a certain bias that was not the bias of the people on the project.

Mr. Doug Downey: Is there any hesitation with the statement that this was a decision of the Premier’s office? This was a highly political decision. Who would have made the decision?

Mr. William Edmund Clark: The only thing I would say is that every decision in the end is the Premier’s. Any major decision is going to go to the Premier. If the Premier didn’t want to do something, it wasn’t going to get done, and if she did want to do something, having got the best advice of the system, then the government was probably going to do that.

Mr. Doug Downey: But this qualifies as a major decision, there’s no question.

Mr. William Edmund Clark: This was clearly a major decision, without question.

Mr. Doug Downey: Okay. In terms of ongoing involvement, again, I’m not entirely clear on timelines. Could you possibly go back and check the record? We’re just trying to establish when the idea germinated and where it came from.

Mr. William Edmund Clark: I probably wouldn’t be the right—as I say, I get called into these meetings, some of them, but I don’t get called to a lot of them. Every once in a while, someone would say, “You should probably know where we are now,” and they would send me an update deck.

Mr. Doug Downey: Who would you say was the driving force behind the development of this? Who would you say was driving the bus, as it were?

Mr. William Edmund Clark: I think there’s no question that Cabinet Office was driving it. The Premier was concerned about the rates and wanted to do something.

Mr. Doug Downey: But was there anybody in particular when you were in meetings that was sort of in charge of this project?

Mr. William Edmund Clark: No, I wouldn’t say—I don’t think there was, but I wouldn’t know. I’m not in the inner—

Mr. Doug Downey: I’m just looking for your perspective. That’s all.

Mr. William Edmund Clark: I would say no.

Mr. Doug Downey: All right. Do you still disagree with their decision?

Mr. William Edmund Clark: Yes.

Mr. Doug Downey: Okay. Now, there was legal advice. There was accounting advice. There were professionals weighing in on this. Would you have been copied on that stuff on the way through?

Mr. William Edmund Clark: Not really, not too much. The only thing I do recall is that I was told at one

point, “Well, we have outside accounting expertise that says that this worked from an accounting point of view.” I said, “Okay. So what?” That wouldn’t assuage what my concerns were.

Mr. Doug Downey: You indicated that you worked on the energy file to some degree. Could you maybe touch on that?

Mr. William Edmund Clark: Sure. If you go back to the asset council, in what obviously turned out to be a fairly controversial decision, we unanimously recommended that we should be reducing the government’s interest in Hydro One.

Before we could find that we were comfortable doing that, we actually needed to negotiate new labour contracts with the engineers and with the power workers. I actually led those labour negotiations and found them quite instructive. Don MacKinnon is still a very good friend, but he’s also a very tough negotiator. But I think we made a deal—we got a 1% wage increase, which they had never heard of happening, and we got substantial changes to the pension arrangements for them, so I think we made real progress. But we wanted to get the contracts in a place that was modernized, I would say, relative to what the private sector would want to see.

Then, obviously, I did the negotiations with the underwriters to do the different tranches. Then, again, in doing that, we set a goal to say, “We’re going to be half the rates that they would normally charge for it,” which made me an unpopular person on Bay Street, but it was the right thing to do for the public.

That would have been my core, managing that, but that obviously brought me into relations. I didn’t want to get into broad energy policy, because there’s a lot of water going under that bridge, and it wasn’t an area that I really wanted to get too involved in.

Mr. Doug Downey: I’m sure it’s a matter of public record, but when would those contracts have been negotiated? Do you recall?

Mr. William Edmund Clark: No, I would have to go back and check—

Mr. Doug Downey: I just don’t know.

Mr. William Edmund Clark: But yes, it is public record.

Mr. Doug Downey: Okay. You had a perspective coming into government as an adviser, and you spoke in your opening about your experience. Was there anything surprising about how the Premier’s office operated?

The Chair (Mr. Prabmeet Singh Sarkaria): Five minutes.

Mr. William Edmund Clark: Okay. To be honest, to credit them, when we had a file where I was on-side with what they wanted and they recognized that it was complex—I’ll take the Stelco negotiation. That was a two-year deal that I worked on, and it was a complex deal. Basically, the Premier’s office was incredibly supportive: “Just keep us informed, but by and large we’ll trust your judgment, because what are the chances that we’re going to have a better judgment on these things than you are?” I found they were extraordinarily trusting. If they knew you

were trying to do the right thing as jointly decided between them, they let you have a fair amount of room to actually do stuff.

I would say that one of the issues that you’ll discover as a new government is that it is hard to have ministries work together. That is not the natural way things are done. We can go have a drink, and I can give you all the reasons why that’s the case.

What they did was that they gave support to me such that we could get it done. When we were having the negotiations, we would have people representing the environment, people representing the labour unions, the Treasury Board, the finance people—all working towards the same objective. That’s hard to do in government, but because the Premier stood by and said, “We’ve given them this job and we’re going to trust them to do the job,” it let the bureaucracy come together in a way that, I think, if you interview bureaucrats, they would have said was pretty extraordinary.

1530

Mr. Doug Downey: That’s interesting—your experience. If you had have been on this file, you would have been a linchpin to those different silos, I expect.

Mr. William Edmund Clark: If I had been on there?

Mr. Doug Downey: If you were part of the Fair Hydro Plan—

Mr. William Edmund Clark: You would then be pulling together, sure.

Mr. Doug Downey: Who was that?

Mr. William Edmund Clark: I don’t know that, because really, in a sense, once I decided to opt out of the file—I had lots to do. It’s not like I don’t have a whole life here. I really didn’t spend time there. I honestly can’t tell you who the core coordinator was or if that core coordinator was not there.

Mr. Doug Downey: But there likely was one, or it wouldn’t have worked.

Mr. William Edmund Clark: Yes. I would have thought, abstractly, Serge Imbrogno, the Deputy Minister of Energy, would probably be seen as playing that role. I would say that that’s one of the experiences: It’s much harder for someone who’s the deputy minister to play that coordinating role. Whereas I was coming from the Premier’s office, he was coming from a minister’s office.

Mr. Doug Downey: Very different backing.

Mr. William Edmund Clark: Yes.

Mr. Doug Downey: I guess that I’ll leave it for others to ask through some of the names, but there had to be somebody from the political side pulling those together because of the dynamics of that bureaucracy.

Mr. William Edmund Clark: Yes, I’m sure that, in the end, Andrew Bevan was central to this. He was the chief of staff of the Premier, and the Premier was central to this. I don’t think either Andrew or the Premier would disagree with that.

The Chair (Mr. Prabmeet Singh Sarkaria): Two minutes.

Mr. Doug Downey: Two minutes? Sorry, I was doing a time check.

Mr. William Edmund Clark: Yes. You're getting hand signals or—

Mr. Doug Downey: I just checked over—

The Chair (Mr. Prabmeet Singh Sarkaria): You've got two minutes.

Mr. Doug Downey: I've got two minutes, yes.

You mentioned that you voiced concerns early on in some of the meetings. How would the concerns manifest themselves? What would be normal? Would they be verbal? Would you have written notes to somebody? How would you have emailed? How would you say, "I have issues?"

Mr. William Edmund Clark: Generally it would be orally, but I think that I probably have responded—I wouldn't be surprised—somewhere, if you go through all of the emails. I would have said something like, "As you know, my view is, if you're going to subsidize it, subsidize it through the deficit, not through putting it on the burden of future ratepayers," which is what it was.

Mr. Doug Downey: Do you know why they decided to do that: put it on future ratepayers instead—

Mr. William Edmund Clark: No, they didn't ask me. Once I said I—

Mr. Doug Downey: But do you know why they—

Mr. William Edmund Clark: No, I don't know why.

Mr. Doug Downey: Okay. I think that those are my questions for the moment.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Downey.

Now I'll turn it over to the opposition for 20 minutes of questioning, starting with Ms. Fife.

Ms. Catherine Fife: Thank you, Mr. Clark, for being here this afternoon. You said at the beginning of your statement that you're not really sure why you're here. I think it's safe to say that some of us are still trying to figure out what we're going to learn from this committee, but we do have some more names of the characters who were active, if you will, in developing the un—the Fair Hydro—

Mr. William Edmund Clark: The unfair hydro plan?

Ms. Catherine Fife: I almost did it; I almost said "unfair," yes. In my mind, it is unfair, actually. I think I would agree with you in your original statement on your assessment of that plan.

Just so you know, as we navigate through the list of witnesses, we have the commissioned report that was headed by Gordon Campbell. I don't know if you've had a chance to read that or—

Mr. William Edmund Clark: Yes. I know Gordon, and Mike Horgan used to work for me at one point.

Ms. Catherine Fife: Who didn't work for you at one point?

Mr. William Edmund Clark: Exactly.

Ms. Catherine Fife: In that report, obviously, the goal is to establish a higher level of transparency, if you will, and understanding how decisions are made. Some of us were here during this time frame and some were on the outside looking in, so we all bring different contexts to it and perspectives to it.

The report highlights a lot of concerns around establishing transparency and also trying to raise a new level of respect for the Auditor General's office. You would have been privy to some of that tension between the government and the AG. It also references cyber security and climate change as economic pressure points that any government, going forward, is going to be facing. I guess we're trying to figure out—when you bring advice, like yourself and your experience, into the government arena, if you will, where are the lines of accountability? Ultimately, because you've referenced already that you did give some advice with regard to the Fair Hydro Plan and you have a history of advising the Premier and the government of the day, one of the questions that I've been wanting to ask you for some time—and I hope you get a chance to answer it today. When you served on the advisory council, you did report back in 2014—and this is directly from the report on the Hydro One sale. It says, "While selling all or part of the transmission business would be attractive to the capital market, we believe this is an asset that, if retained in public ownership, can play a positive role in many aspects of electricity policy, including ongoing energy-sharing discussions with Quebec. Accordingly, we believe Hydro One transmission should remain in public hands as a core asset at this time." That was in November 2014, but the council reversed their position just five months later, recommending that up to 60% of Hydro One be sold off. This is really your opportunity. Can you tell this committee how that happened, please?

Mr. William Edmund Clark: That's a really good question.

Ms. Catherine Fife: I thought so.

Mr. William Edmund Clark: I think when you do this kind of work, you start and you say, "Whatever I might theoretically expect the government to do, I have to live in the boundaries of what is the doable." In this case, when we started the asset council—and I had an asset council, as you know, that had a range of political views on it. I think the government itself was saying, "Really, we would not want to sell off Hydro One as a whole"—and not as committed to selling off the local distribution network that Hydro One owned. There was an argument that said, "That's the piece that you're willing to sell off. This is a bigger piece that you're not willing to sell off"—and you believe that. So we said, "Let's advocate for selling off the piece that you are willing to sell off." And that's where we came out. When we then went out and tested that in what would be both the marketplace and operationally, we sat down with Hydro One and said, "What would it take to split you in two?" It turned out that that was a pretty difficult task—not impossible, but a difficult task. It was quite clear that the value the market would put on a combined Hydro One was dramatically different than this LDC sitting on its own. So we went back to the government and said, "We know you don't like this, we know this is probably not the politically smart thing to do, but if you actually wanted to sell and maximize the return to the citizens and to the government, we would do this dilution," and came up with the notion of doing it in slices so that

you got the maximum price—which I think is important, in the sense that if you look around the world and look at privatizations, generally, governments have skin in those deals. Because they try to dump an asset into the marketplace and because they're selling 100% of it, the market says, "Well, if you want us to do that, we're going to have to have a big discount," and then they turn out to in a sense realize profits.

So we went back to her and said, "We could do this differently. We could do it in slices. There would be small amounts going to the market. We can find out what the market will go to here"—so the next issue, we now have a market setting the price, not an investment banker telling us what we need—"and we could say you don't go below 40%, so you still have a heavy influence on it. Some of the things that you're worried about we can meet, because if things go wrong there, we could fire 100% of the board." As you know, there are a number of escape clauses.

I would say I think it's not unfair to characterize this—the Premier reluctantly said, "If you're really telling me that's economically the more sensible thing to do, I'll go along with it." And so we came with a new report.

Ms. Catherine Fife: How did the advisory council then reconcile the fact that we would lose revenue down the line by selling—I mean, it was a one-time sell-off. The financial pressure, obviously, was to address the deficit, just like last year as well.

1540

Mr. William Edmund Clark: Yes. I would say the origin is, if I go back to the Peter Wallace conversation, the province—and I think this is true of governments around the world, so this is not this province per se, and it's under different governments in the past—has under-invested in infrastructure. They're worried about putting money. So the core idea was, if you take the money and you put it back in infrastructure investment, that's a better return to the province than keeping that asset.

Ms. Catherine Fife: So you thought the decision to privatize the transmission portion of Hydro One would be worth it if it was dedicated to infrastructure. That was a tipping point for the rationalization?

Mr. William Edmund Clark: Yes, and that happened. As you know, in both cases, what happened with all the proceeds from the Hydro One dilution was, first, they were used to pay down the debt—

Ms. Catherine Fife: The \$5 billion.

Mr. William Edmund Clark: Yes, out of the \$9 billion that we had estimated, and \$4 billion was put into the Trillium Trust for investment.

Ms. Catherine Fife: Okay. I'm glad you raised the Trillium Trust, Mr. Clark.

Mr. William Edmund Clark: Do you want me to answer your question, or do you want to just move on?

Ms. Catherine Fife: No, no. I want you to—

Mr. William Edmund Clark: Yes. I think it's a fallacious economic analysis to just say, "Well, let's compare what you got if they'd kept it or not kept it," because then that would basically say, taken to the extreme, "What you surely should do is then go and nationalize Enbridge." I

mean, natural gas is no different than electricity, so if you can borrow at 5% to buy Enbridge and reap the difference in the dividend, why not buy Enbridge? Why not buy every natural monopoly? So I don't buy that argument as a sensible thing.

I also think the argument says, "Oh, Hydro One with public shareholders as well as private"—if you want to call them private; call it market shareholders as well as public shareholders—"will demonstrably work better," and it does demonstrably work better; "will demonstrably lower prices to consumers," which it demonstrably did.

So there are a whole bunch of benefits—including that then you've taken the money and bought infrastructure, which you wouldn't have bought with that money—that I think are in the long-run interests—

Ms. Catherine Fife: Okay. At the time, though, did you think the electricity sector, the energy sector, was in good shape? This is when we were still finding out that the full privatization of the Green Energy Act—how much it over-cost us as taxpayers. The Auditor General's number was \$36 billion. That is downright irresponsible, to pay 86 cents per kilowatt hour on solar when the competitive rate is eight cents.

I guess I don't really see the line of—

Mr. William Edmund Clark: I'm just giving you the argument that we had, but I'm not going to try to defend the previous—

Ms. Catherine Fife: I'm not asking you to defend it. I'm just trying to understand how you, as the chair of this advisory council in 2014, said that the privatization of Hydro One—you rejected that concept, and you said that if we retain Hydro One "in public ownership, this can play a positive role in many aspects of electricity policy, including ongoing energy-sharing discussions with Quebec." You said, "We believe Hydro One transmission should remain in public hands as a core asset..."

I'm glad that you referenced the Trillium Trust because, based on what you've told the committee, I think the decision point was predicated on the fact that some good would happen from the sell-off of Hydro One. I guess I have to ask you, around the Trillium Trust Act—as you know, the Trillium Trust Act was enacted, with Bill 91, in 2015. This changed the trust from a proper special-purpose account, which tracked the inflows and outflows of the money, to an abstract accounting fiction that allowed for non-cash accounting adjustments to be recognized by the trust. This is how the government of the day could claim that \$2.4 billion in un-spendable non-cash accounting gains, followed by the Hydro One IPO, existing only on paper, were being deposited into the Trillium Trust to be put toward infrastructure.

I tracked the infrastructure spending of the Liberals over those three years. In fact, there was no noticeable increase in infrastructure funding. The government of the day, by this accounting change, which speaks to the report, was allowed to spend that money in other places.

The Chair (Mr. Prabmeet Singh Sarkaria): I'm just going to quickly make a comment here, Ms. Fife. Within the report that we have, which was the mandate of the

committee, the note on the partial divestment of Hydro One—the report focuses around the long-term fiscal impacts of selling off our assets, and other financial treatment is regarded. I get a sense we're going very broad here. If we can tie it into what we have in our report so we can stay in our mandate. I see where the questioning is going, but if we can narrow the scope to the report.

Ms. Catherine Fife: Thank you. To be fair, I thought I was doing that. We're speaking about how governments—because the Fair Hydro Plan, which has used all sorts of language, like “GA smoothing,” global adjustment smoothing. We've heard “energy pricing bending.” With the Hydro One issue, we saw the “broadening of the ownership” and the “modernization” of this stuff. So language, at the end of the day, actually matters, because it's important that there be some transparency so people understand what was going on.

I guess I'm just asking you, were you able to advise the government on the Trillium Trust Act and were you privy to the changes to the rules of engagement for accounting on a major benefit that was supposed to go to the people of this province and actually did not?

Mr. Ed Clark: The answer is no. My job was to sell off the asset, maximize the value to the taxpayers and hand the money over to government. They correctly did not view me as an accounting expert here.

Ms. Catherine Fife: We go back to the original comments, where your experience was, for the most part, positive—I'm sure there must have been stressful points in that—where you are bringing an expertise into the government arena and hoping that they take your expertise. But then you also, at some point, as an adviser—as happened with the Fair Hydro Plan—lose control because partisan interests then trump public interest. Is that an accurate thing to say?

Mr. Ed Clark: I think it's an interesting area—I had to decide. If you come into the government and say, “I'm only going to work for this government if they don't make any decisions with which I don't agree,” then that means you decided not to go work for the government. So I said, “No, let's not. Let's just be clear. We will start off, and with every file, where are you trying to get to, what are your biases, what are your political necessities”—governments are political animals—“and do I think I can comfortably do a job for you within that even if you're doing a bunch of what I think are dumb, crazy things somewhere else in some other department?”

People could criticize me and say that those piled up. There's obviously some limit that you say, “This government is so far out of control, I should get out of here.” But I was working on stuff. My last file, as you know, was the Stelco file, and I just said, “This is incredibly important. People's lives are depending on my doing it. The government is willing to give me a mandate to do this.” While I'm doing that, they're doing fair hydro. I'm not going to walk out on the steelworkers because I don't agree with them on fair hydro.

Ms. Catherine Fife: No.

The Chair (Mr. Prabmeet Singh Sarkaria): Four and a half minutes.

Ms. Catherine Fife: Everyone who has come before us, to date, has at one point exercised their best judgment with regard to how the Fair Hydro Plan was developed, but at the end of the day if the partisan interests are so strong, then regardless of best advice and research and evidence that window is still open to make very poor decisions. You would never have advised the Liberal government to borrow money for the Fair Hydro Plan at an additional \$4 billion in interest costs, right? You would never have done that.

Mr. Ed Clark: Yes, as usual my views were, that's not how I would have done that.

Ms. Catherine Fife: That's right. Over the course of your work with the government in your advisory role, did you have many interactions with the provincial controller, who played a major role in developing the Fair Hydro Plan?

Mr. Ed Clark: No, I don't even think I met them.

Ms. Catherine Fife: Okay.

Mr. Ed Clark: If I did, I'll say “I'm sorry” to them that I don't remember meeting them.

Ms. Catherine Fife: I think those are my questions to you. How much time is left, Chair?

The Chair (Mr. Prabmeet Singh Sarkaria): Three minutes and 10 seconds. Ms. Shaw?

Ms. Sandy Shaw: I just have some questions, just high-level questions. You talked about, at the very beginning, that you weren't exactly sure why you were here, that you hadn't read a lot of the documents or reviewed the documents and you didn't know you were privy to the documents. I guess my question would be—I think my colleague asked that you did read the commission report. You've read this commission of inquiry report?

1550

Mr. William Edmund Clark: I would have done that as a citizen, even if you weren't calling me.

Ms. Sandy Shaw: In preparation for this commission of inquiry, there were a lot of comments made in the press; there was a lot of high language. I just want to get your opinion as a citizen on some of the things that the Premier said, because this referenced the time that you were advising the government. One of the things Premier Ford said—he was talking about the Liberals—“They do not get to just walk away from this. We will demand answers about where the money went. A lot of the Liberals got rich, really, really rich, under Kathleen Wynne and off the backs of the taxpayers of Ontario.”

I know this high language and this is political language, but that speaks to the heart of what's sometimes unspoken here, that this was not just a policy decision that was ill-advised, but something that was more nefarious than that. Can I get you to comment as a citizen, if you like, or even as an adviser who was part of this: What do you think about that statement?

Mr. William Edmund Clark: Well, I didn't get rich, and I don't know anyone who did get rich. I'd have to wait to see who it is that we're talking about here.

Ms. Sandy Shaw: Thank you for that. The other part of this was that this was essentially not that people were

getting rich, but that this was more than just an accounting scheme that was not endorsed by the Auditor General.

One of the things Ford also said was, “If you tried to play these dirty accounting tricks in a business, if you tried to pull that kind of cover-up in the private sector, the” Ontario Securities Commission “would come calling, the police would come calling.”

My question to you as well—that is speaking to the heart—I mean, that’s high language. That’s essentially saying that in fact crimes had been committed. I’m wondering if you could just clarify that as well, if you think that what we’re looking for in this inquiry will bring us to that point.

Mrs. Robin Martin: Point of order?

The Chair (Mr. Prabmeet Singh Sarkaria): Ms. Martin.

Mrs. Robin Martin: Again, the member opposite is asking witnesses—she did this in the last witness appearance, I think—to comment on the purpose of the committee. I don’t think that’s relevant to what we’re here for. Witnesses really don’t have a say on the purpose of the committee. We have a mandate.

The Chair (Mr. Prabmeet Singh Sarkaria): Okay. Thank you.

Ms. Sandy Shaw: But I would say that this speaks to the Premier’s description of what went on, which is what we’re trying to get to the bottom of. The witness was there during this time, so I think it would be appropriate to comment on whether or not there’s something beyond this that the Ontario Securities Commission should be investigating.

Mr. Ross Romano: Chair?

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano.

Mr. Ross Romano: Maybe just further to the point of order raised by my friend, notwithstanding what’s been said outside of this room, our mandate comes from the House. Our mandate is specified in the document. I don’t think our mandate in any way covers the specific question asked by the opposition member.

I would also like to add that throughout the course of these proceedings, we have all tried—I would like to say on both sides—to keep this as focused as possible and not to create the sort of three-ring circus that some would have alleged was occurring at the start—

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you.

Mr. Ross Romano: —and this is going down that path.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Romano.

Ms. Fife.

Ms. Catherine Fife: Thank you very much. I just want to speak to—these comments led to the creation of this committee. These comments were made by the Premier of the province. They are very high-level comments about the previous government, but those comments led to the creation of this committee, so they actually speak to the motive of the Premier. Mr. Clark is speaking to his experience during this time period, which the Premier has made some pretty strong comments about.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Ms. Fife. We’re not going to impute motive, but we do have our mandate, which is in front of us, and that we respectfully have been following.

Our time is up, so we will come back and give an opportunity again.

Now we’ll go over for 20 minutes to the government side, starting with Mr. Romano.

Mr. Ross Romano: Thank you, Mr. Clark, for being here today.

I’m going to ask you some very generalized questions here at the outset. As you were speaking in your 10-minute introduction, you spoke about your history and some of the awards you’ve received. Clearly you would have accepted this position as a special adviser to the Premier of Ontario with a degree of—I guess to put it in very, very lay terms, it must have been a very humbling experience for you to get that request.

Mr. William Edmund Clark: In what sense? I’m not sure I know what you mean.

Mr. Ross Romano: Well, you must have felt like, “I must have accomplished something pretty significant in my life to be asked by the Premier of Ontario to be a special adviser to her.”

Mr. William Edmund Clark: Yes, I think it’s fair to say that I operated at a level where Prime Ministers and Premiers are people you naturally interact with, but I was appreciative. As I said earlier, I was particularly—I mean, what do you worry about when you come in? I don’t want, with all due respect, 12 chiefs of staff running around telling me what to do and stuff like that. They were very, very respectful, as I indicated, and as when the government changed and you came into power, they were very respectful. I was pleased to get a chance to give back and pleased that they created an atmosphere where you could actually give back.

Mr. Ross Romano: Right. So you have to come to a point in your life—your business acumen, political acuity, all of those factors—to be able to get to a point to be asked to be special adviser to the Premier. What I gather and as I’ve watched and listened to you today, there’s certainly a degree of pride that goes along with your accomplishments and what you’ve been able to do in business and in politics. That’s a fair comment; right?

Mr. William Edmund Clark: Mh-mm.

Mr. Ross Romano: You made some comments at the outset as well in your introduction as to concerns about being in this setting now. I think you’re speaking on behalf of others as well within the bureaucracy who are now looking at this committee and saying, “We offer our advice to the government of the day and then we have to come back.” It makes someone in your shoes and other people looking at the role that you had, or volunteer positions, say, “Do I really want to do this if I’m going to be brought before a committee four years later and chastised for how I behaved four years earlier in trying to give my advice to the government of the day?” So that’s obviously a concern you have.

Mr. William Edmund Clark: Yes, I think that’s a legitimate concern. Yes.

Mr. Ross Romano: And we have to balance that as members of the government, now—

Mr. William Edmund Clark: Yes, I agree. Right.

Mr. Ross Romano: —saying we're in a situation where we can sort of appreciate where people feel uncomfortable about the very issue you raised. However, it's also very uncomfortable for us, as members of government and I think for the opposition as well, to be able to say, "Hey, we're sitting now, trying to answer questions as to why we have a \$15-billion deficit when we were told it was a \$6.7-billion deficit, and we still have roads crumbling, people receiving health care in hallways and the highest energy rates we're paying amongst anyone on the continent."

When you balance all of those things and you say, "These people out there, the people of Ontario, are demanding answers. It's up to us to give them those answers"—at the end of the day, they're paying the wages of all these bureaucrats and they have a right to know those answers. So that's a delicate balance that I'm sure you can appreciate as well.

Mr. William Edmund Clark: Yes, right. I agree with that.

Mr. Ross Romano: As opposed to going on a diatribe here, I do have some specific questions. As I listened to you speak about Hydro One, you clearly had a lot of knowledge and background involvement in that. When the idea of the Hydro One sale was proposed, I gather from the way I was hearing you, your initial reaction was that it was not really a good idea, because there were some concerns you had. Is it fair to say that at the outset, it didn't seem like a great idea to sell Hydro One, from your perspective, or the shares that were sold?

Mr. William Edmund Clark: I wouldn't put it that way. I think, as I said, when you're working for a government—in a sense, I have a bias. I have a bias to actually accomplish something. I'm not a big "let's sit around and talk about how we can make the world a better place." I'd rather, in the case of my Homeward Bound—if I can change the lives of 250 women and 400 children, I'd rather do that, even though I haven't solved world poverty in doing that. I think I can speak for all members of the asset council; we got that these were controversial decisions. As your party will well know, this a controversial topic.

We went into it and said, "What's the doable?" I think the message came back initially, "Well, the doable is if you wanted to sell the distribution, we can handle that, but we don't think we can handle selling the asset a whole. We believe, as a government, that it would be a useful instrument maybe to negotiate with Quebec or whatever."

1600

Then we went back to the government and said, "Well, you can stave that position, but we think that's an economically expensive decision to make. We think there are other ways to meet your public policy concerns. As I alluded to, it's not like Enbridge gets to run around and do whatever it wants; you have an OEB. So you can influence policy there. You still have rights. What about if you kept 40% of it and we gave you certain powers in keeping that?

Are there ways to meet the things you said in the first round, such as why you wanted to keep them?" After a lot of discussion—and it was a lot of discussion—the government said, "Okay, we'll change our mind."

Mr. Ross Romano: The pendulum sort of moved over, from the perspective of what was initially proposed of trying to figure out a way to get some assets sold off to presumably—we needed to get better in the budgeting system. The government wanted to find a way to get to a surplus, and that was an effective way to do that—

Mr. William Edmund Clark: Can I just interrupt?

Mr. Ross Romano: Yes, please.

Mr. William Edmund Clark: Maybe it was the deficit, but I think the bigger sense was the debt-to-GDP ratio.

Mr. Ross Romano: Fair. Good point.

Mr. William Edmund Clark: I think there is a dilemma that governments face: How do you build out the infrastructure and not have the debt-to-GDP ratio rise? This meant, by selling assets, paying down debt and pouring the money into infrastructure—that was certainly the concern they had more. Undoubtedly, from an accounting point of view, it goes to the deficit. But also it's not like people didn't know what the gain was that would be realized.

Mr. Ross Romano: The average Ontarian—and maybe you can speak for the average Ontarian. Whether you talk to the average Ontarian about the debt-to-GDP ratio, they really look at things and they say, "Okay, well, what's the deficit? What's the debt?" Those are the numbers that are more apparent or that you see. Those are the big headline items people notice.

Mr. William Edmund Clark: And I think the report directly addresses that issue. It says—I think, correctly—that in the end, the debt matters as much as or more than the deficit.

Mr. Ross Romano: Right. Moving forward on that sale of Hydro One, from everything you've said, there was a shift from where they wanted to go at the outset of being the government, and they spoke with you and you were able to bring them to a place that was a lot more comfortable. In essence, you were able to help advise the Premier and cabinet and say, "Maybe this idea isn't such a great way to do it. Maybe it's better if you do it this way so you can maximize what it's going to look like on a balance sheet and what it's going to look like for the Ontario ratepayer, taxpayer—all of the above, really. If you're going to go down this policy road, here's the best way to do it that's going to have the least impact on people." Fair?

Mr. William Edmund Clark: Yes.

Mr. Ross Romano: Okay.

Mr. William Edmund Clark: I'm always nervous saying yes to somebody because I know the zinger is about to come.

Mr. Ross Romano: Yes, the zingers are coming—well, maybe there won't be any zingers; maybe there will just be moments of enlightenment.

While I watched you and listened to you speak about the Fair Hydro Plan, the zest, if you will, or that—I didn't

see in you much interest in discussing the Fair Hydro Plan as opposed to the Hydro One sale. I got the sense that, in terms of the discussions surrounding the Fair Hydro Plan, you were sort of checked out of those discussions. Is that a fair characterization?

Mr. William Edmund Clark: Yes, I think that's a fair characterization.

Mr. Ross Romano: Okay. You made a comment at the outset as well, I believe it was during your introduction, where you said that you were giving advice to the Premier even when she was clearly not going to take it. So it's fair to say that you knew, on this Fair Hydro Plan—whenever it was that you first learned about it, sometime before this January 16 meeting that you heard of earlier—that the Premier, the cabinet, the government of Ontario of the day, was not going to take your advice on the Fair Hydro Plan.

Mr. William Edmund Clark: Well, hope springs eternal in the human breast. It was clear that they were keen on this, but I knew that I probably wasn't alone in saying that this might not be the best thing to do. But, yes, the answer is, and I said it right from the start—again, I admire the fact that—it's a little uncomfortable if you're the Premier and you have your business adviser saying, "I'm checking out on this one." A lot of people wouldn't handle that emotionally well. She's a very respectful person and she said, "Fine. I don't agree with you and you don't agree with me."

Mr. Ross Romano: "Move on."

Mr. William Edmund Clark: "Move on."

Mr. Ross Romano: I want to get back to some of those discussions, but I just want to touch on this a bit. You made the comment about "maybe you didn't agree with me," but what we've heard through this committee—again, we're here looking for answers for people. What we've heard so far is we've got the special adviser to the Premier, yourself, who didn't feel it was a good idea. The four high-ranking bureaucrats didn't think it was a good idea—those are all the deputy ministers to the obvious ministers, and you know who has testified here so I'm not going to repeat all of those.

Mr. William Edmund Clark: Sure.

Mr. Ross Romano: Essentially, every single person that has been before this committee has told us this was a bad idea. Those are my words, not theirs—I don't want to put words in everyone's mouth—but we've received all of this negativity.

All of these risks—I'm going to ask you some questions about risks here, but there was a constitutional risk that was identified by the bureaucrats and brought forward to the Premier, being that you're saddling future generations with today's costs of energy, which is unconstitutional, or was at least borderline. There were the financing risks, which you'll be able to characterize a lot better than I. There were the accounting risks, which was clearly this issue of borrowing between the rate base versus the tax base and what the implications of that were.

Then we've been faced with emails that we see, right from Andrew Bevan to Andrew Teliszewsky—chief of staff for the Premier and chief of staff of the Minister of

Energy—expressing that this was done for political purposes and expressing that this Fair Hydro Plan needed to go in this direction because they had to have a balanced budget.

Again, I'm characterizing that evidence, but clearly that was part of the reason you were checked out—because you knew there was no way that anybody is going to listen to any ideas of how we do this in a way that is going to be fair to the taxpayer. This is a political decision. The political decision necessitates that there be a balanced budget, and there's no way to do this borrowing, this GA refinancing, in any other way that brings us to a balanced budget other than this way that they're proposing, which carries with it substantial, substantial risks. Fair?

Mr. William Edmund Clark: Mhm.

Mr. Ross Romano: You're saying "mhm," but for the record, that's a yes?

Mr. William Edmund Clark: Yes. I think you'll find that from time to time, governments make political decisions.

Mr. Ross Romano: Absolutely. I guess that's the question that we're here to deal with. The question that we're here to deal with is that there's the political reason to do something, but we still have an obligation, do we not, as governments—and maybe the greatest recommendation coming out of this committee is that we still have an obligation to do things that are going to create the least impact on the people of Ontario, on the taxpayers.

Mrs. Gila Martow: Negative impact.

Mr. Ross Romano: The least negative impact, right. That's our obligation.

Mr. William Edmund Clark: Mhm.

Mr. Ross Romano: And that's a yes?

Mr. William Edmund Clark: Yes.

Mr. Ross Romano: Sorry. Again, for the record.

Mr. William Edmund Clark: Exactly.

Mr. Ross Romano: And that's why, when you were asked for your advice on the sale of Hydro One, you came up with the way to do it: "If this is the policy you want to go down, if this is the path the government wants to take, this is the least negative impact with which we can do it." Fair?

Mr. William Edmund Clark: Yes, I think that's right.

Mr. Ross Romano: But when it came to the Fair Hydro Plan, you talked about how there is a way to do this, you characterized it earlier: "If you're going to do it, I don't agree with it, but the least negatively impactful way to do it is by borrowing from the tax base." But they weren't going to have that because it would not have brought about a balanced budget. Correct?

Mr. William Edmund Clark: They clearly ruled out the possibility of rolling it through the budget, so that's why they did that, but there wasn't an obvious, nuanced, "Here is a way of doing this through the budget that won't hurt."

Mr. Ross Romano: It's going to hurt, but it won't hurt as bad.

Mr. William Edmund Clark: And so I said, “Okay, if that’s what you want to do. That’s not what I think you should do.”

Mr. Ross Romano: You’re absolutely right in your characterization, and I think that’s what a lot of people will look at. They’ll say, “Politically, this is the choice of government.” Politics obviously plays a part in it, but we still have to do it in a way that least negatively impacts people. It’s fair to say that wasn’t the course of action that was taken on this, because we clearly racked up a much more substantial debt by doing it in the way it was done, to the tune of at least \$4 billion.

1610

I want to speak just briefly about some of these risks. We talked about accounting, financing and legal, but also there are other risks that we cannot—and they tried to control those risks. Some of those risks were controlled by things like indemnity agreements. Some of these things were controlled by the manner in which this sort of a shell game, I’ll call it—I know you won’t agree—with respect to the accounting practices used. But there were uncontrollable risks. For instance, if the interest rates go up, we can’t control that risk, right?

Mr. William Edmund Clark: Right.

Mr. Ross Romano: You’re nodding in the affirmative, but—

Mr. William Edmund Clark: Unless you’ve got new powers that I don’t know about, and we should talk after the meeting if you do.

Mr. Ross Romano: Yes. That’s an uncontrollable risk that could blow up in our face—

The Vice-Chair (Mr. Doug Downey): There are about four minutes left.

Mr. Ross Romano: —as taxpayers and people of this province.

Mr. Ed Clark: Right. But I think, just to be clear, having checked out, I checked out.

Mr. Ross Romano: Yes.

Mr. William Edmund Clark: So there’s a lot of stuff there that I spent no time on, that I can’t offer a lot of information about because I wasn’t involved in that project.

The Vice-Chair (Mr. Doug Downey): About three and a half minutes.

Mr. Ross Romano: Just briefly, in my last few minutes here—

Mr. William Edmund Clark: Hey, you were king for a minute there.

Interjections.

Mr. Ross Romano: When you talked about your discussions with the former Premier, Kathleen Wynne—as special adviser to Kathleen Wynne, I trust you had each other’s cellphone numbers. There was a lot of talking back and forth. Most of your conversations were probably—

Mr. William Edmund Clark: No. I wouldn’t have said that, no. I think you’d be surprised, how little actual contact there was with her, but it wasn’t—I didn’t need it. She probably didn’t feel she needed it.

I would say that most of the time, we would meet. I’d go to her office and we’d have a meeting, and so it was fairly formal. I think she may have called me on my cell, or at Christmas to wish me Merry Christmas. But, no, I wasn’t her political adviser.

Mr. Ross Romano: No, I understand that.

Mr. William Edmund Clark: I was a business adviser on very specific things, and so—

Mr. Ross Romano: Sorry. Go ahead. I don’t want to interrupt.

Mr. William Edmund Clark: No, no. We would have check-ins every once in a while—but, no.

Mr. Ross Romano: Okay. You don’t seem to exactly recall when, but you do recall getting a call, I guess, at Christmas. You get notified; you get a “merry Christmas” call. But do you remember—there must have been some time where she would have approached you and said, “This is what we’re thinking of doing. What are your thoughts in terms of the Fair Hydro Plan?”—before anything got rolled out, that is.

Mr. William Edmund Clark: Yes. The only thing I recall is, I was to have an update, and Steve Orsini contacted me and said, “I’m sure she’s going to want to hear where you are on the Fair Hydro Plan.” I emailed him back saying, “Well, you know where I am on this, but I will tell her that.” And I did tell her that.

Mr. Ross Romano: So when you told her that, can you please tell us exactly how that conversation went? I’d like to have some—like, what was her response? Well, first and foremost, what were your concerns that you addressed?

Mr. William Edmund Clark: My concern was, as I said from the start—I think that governments, with all due respect—as I started off, I do respect politicians. I think you can’t come in and do my role if you don’t respect politicians. I think there’s too much cynicism about politicians. But if you give the political system a free good, they will overspend it, just the same way as if you make things free in society, they’ll get overused.

So when you say, “I’d like to have lower hydro rates, and I want to subsidize them, and I can just do this magically because my grandkids will pay for it and I don’t have to pay for it”—

Mr. Ross Romano: Sorry. You referred to this—that we would do it magically because my grandkids will—

Mr. William Edmund Clark: Yes. And so—

Mr. Ross Romano: Well, I appreciate that language.

Mr. William Edmund Clark: That’s a free good; I don’t believe in that. I think that if you want to subsidize—and my view is, and I said that to her, that the distribution effect of putting this on the backs of the ratepayers is remarkably different than the distribution effect of putting it on the taxpayers, because, thankfully—and I’m an advocate of it—we have a progressive tax system. So Ed Clark will pay a hell of a lot more than if he had to subsidize it through buying electricity use.

So it is a more just—and you can tell from my thinking that I am a social liberal, but not as a big-L Liberal. But I

have very strong views about doing the right thing. So it just doesn't accord with those views, and she knew that.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you. That's going to conclude our time for the government.

We'll turn it back over to the opposition with Mr. Vanthof. Thank you.

Mr. John Vanthof: Thank you.

Mr. William Edmund Clark: Oh, I was hoping you were coming back at me again, but anyway.

Interjection.

Mr. William Edmund Clark: You will, eh? You're lying in wait? Okay.

Laughter.

Ms. Catherine Fife: I like that you're heckling us.

Ms. Sandy Shaw: Yes, exactly. Didn't you say you're a socialist liberal? Is that what he said?

Ms. Catherine Fife: No, a social liberal.

Mr. John Vanthof: You're making my life very hard.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Vanthof. Thank you. Order.

Mr. John Vanthof: Mr. Clark, thank you very much for coming, thank you very much for your service, and congratulations on your history. I've got to say—not everyone appreciates when I say this—

Interjections.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Baber, Mr. Downey, order.

Mr. John Vanthof: I'm a farmer by trade, and the first time I had to go to a bank to apply for a loan—

Interjections.

Interjection: Chair, I can't hear him.

Mr. John Vanthof: It's nice that we listened to you, but anyway.

The first time I had to apply for a loan, I laid awake all night before I could see the bank manager. I did my best to—you know what? The numbers didn't quite work. At the end of the day, I got the loan and—thanks to him—I had a long career. So I can appreciate that in your role, in your many roles, sometimes when you've looked at the facts in front of you, you've had to change your position slightly. I think that's what you did on Hydro One.

I'd like some discussion or some description. You've been described as a financial adviser to the Premier, and rightfully so, but in many cases it wasn't just advice; you were as much a facilitator as an adviser. I think a lot of people, myself included, don't really understand how, as a volunteer basically, you would get such a powerful position over ministries. How does that come about? Do you get the phone call and away you go?

Mr. William Edmund Clark: I think it's fair to say that we were making it up as we went along, to a certain extent. It wasn't as if you had a job description: "Here's a job and this is what you do." As I indicated earlier, if you think about what worries you in government—as I said earlier, I think governments matter enormously. If you ask what are the societies that are going to do well going forward, they're going to be societies where governments

work well. That isn't big government or small government; it's just that governments turn out to really, really matter.

One of the problems that governments have is that they're good at talking and not at doing. I used to always say to the government people that when you go out and you try to hire people, you like people with big ideas: the bigger the ideas, the better that person is. When business goes out and hires people, they want people who can actually do. So government has trouble getting things done.

Then, as I indicated earlier—these are discoveries of mine, being in the system—they have trouble coming together. If I'm running a bank, and I say, "Go left," we go left and everybody gets on board. If they don't want to get on board, they can go work for another bank. But if you're going to work for my bank, we're going left.

That is much harder to do in a political system, because each department is reporting to a minister and each minister is in a sense an independent businessperson who is managing their career and their constituents. They're worried. They think they get "performed" on how they manage that. If you come to a Stelco file, which had difficult environmental issues, you say, "My job is just to defend that. If that torpedoed the deal, that's not my problem. I want to go home, so I do that."

I ended up playing a role to say, "I think I can help you—not just if you agree to this idea, but I can help you do the idea." The circumstances of where did I "do" the idea: In the case of Stelco, we were dealing with a very, very sophisticated firm. There was nobody in the government who had in any way the capabilities to negotiate with that. I think if you go and ask Gary Howe or Bill Ferguson, they would tell you, "My God, we would have gotten cleaned by those guys, but we had somebody on our side who was just as good at doing deals as they are."

You ended up getting involved at a more practical implementation level because why would someone who worked at the department of finance—how many acquisitions have they made? How many bankruptcies have they gone into? They just didn't have the backbone of the people. So you drift into, "Okay, I not only advise, but where we agree on what we're going to do, I will help mobilize getting it done." That's how my role evolved. Whether that's duplicable or it was just a circumstance where for whatever reason, "Work with me" wouldn't work again, I don't know.

1620

Mr. John Vanthof: Changing gears a little bit, we've spent a lot of time in this committee talking about the Fair Hydro Plan, talking about what time this meeting was, what time that meeting was. What we've heard—and I think I've heard it from you, too—is that a lot of people didn't agree with the Fair Hydro Plan, but gave the government their advice, and the government, within their political power, made a different decision. So far, that's all I've heard, and as far as I can tell, that would be the same case today. If the government of the day or the government of any day came forward to qualified people—when we

listened to the deputy ministers, I was quite relieved that the deputy ministers actually had the confidence to say that to the government. The government didn't take their advice, but then, when the government made that decision, they did their public service and did the will of the government.

I'm not assuming that you would be the financial adviser to this government, but whoever would be a financial adviser or a minister should be able to do the same thing, and it would be up to the government of the day to make a decision rightly or—hindsight is always 20/20—wrongly.

Mr. William Edmund Clark: There's a big difference between me and a civil servant. They're going to get paid to do a job, and so they are being paid. When the government makes a decision, your job is to implement that decision, or you can resign from the government. I was in a position that said, "You're not paying me anything. I'm paying you, in effect," because of the expenses and things, and I've got an agreement with you ahead of time where if I say I'm not interested, you are not going to say, "Well, we want you to do this anyway." So it was easier for me to say, "Okay, I'm checking out on this file because this is not a file that I agree with where you're going."

But, yes, I think if you believe in democracy—I used to say this all the time: I don't have to get elected, so it's easy for me to say, "That's just a political decision," but the reality is governments everywhere as I said earlier, make political decisions. Sometimes, they're getting advice not to do that and they say, "Well, I don't agree with you." Whether in their heart of hearts they believe it's the right thing to do or whether they think it's a political thing to do, who knows? I'm not their confessor.

Mr. John Vanthof: I want to get back to part of your opening comments. How big a chill is a commission of inquiry where there are no missing millions here, no missing billions? We know where the money is. The issue really is between the Auditor General and the government, where that money was—but there are no missing billions.

Mr. William Edmund Clark: Right.

Mr. John Vanthof: So how big a chill is it to people of your calibre to get involved when you are potentially being involved in—it's been characterized in the press as missing billions when there are no missing billions, really. They're in the wrong column—and that's a very serious issue; we're not discounting the issue—but it's not a political scandal.

Mr. William Edmund Clark: Right. What I think the issue that you guys are going to have to wrestle with is how to do this in a way that you don't create that chill. In one sense, as you said, you want to commend the civil service for having stood up. It's hard to go into the Premier's office and say, "I don't agree with you. I don't think we should do this." It's not so hard for me because I always said, "Well, just fire me if you don't like it. What does it matter?" But if you're a career civil servant, you feel that personal heat. It's one thing to come out and say, "The government didn't listen to professional advice on this," but you have to do it in a way that says, "But it's a good thing that at least they got professional advice."

Mr. John Vanthof: As someone who's a concerned citizen but obviously very involved in the financial community, how concerned do you feel the financial community was when the Auditor General basically said, "I can't sign off on the books"? Was that a big concern?

Mr. William Edmund Clark: I think, again, that I probably wouldn't be the expert here. I think that rating agencies will listen to what the Auditor General says, will listen to what the government says, and they will make their own determination on what to include in their debt ratings. From our own experience, if you want to do fancy accounting, go ahead and do it, but rating agencies are going to plow through and figure out how they think you did.

I think it's not a good event, obviously, that the Auditor General is not agreeing with the government, but it's not as if you don't have sophisticated analysts who will come to their own view of the right way to handle how they're going to treat the accounting for the purposes of rating the province.

Mr. John Vanthof: As a former CEO of a bank, how about from a customer perspective, from Joe Blow Public and Jane Blow Public, who already have, quite frankly, a basic mistrust of government? Sometimes governments and political parties perpetuate that mistrust when the Auditor General, who I think most people, even if they don't know—quite frankly, when I was first elected here, I didn't really have a clue what the Auditor General did. But for the general public, do you think that sends a bit of a warning signal?

Mr. William Edmund Clark: I would say you're well above my pay grade here. Whatever I can do well—as everyone has always said, "Ed, you should never think about going into politics." I think I'm not the best person to ask that.

Mr. John Vanthof: Okay. I'm going to switch gears again just a little bit. Regarding the sale of Hydro One, I think we've talked about it enough.

You mentioned Enbridge and about monopolies and why we don't buy monopolies. The one thing that I find concerning about—I disagree with the sale of Hydro One, obviously, so we can agree to disagree on that one.

Mr. William Edmund Clark: Yes.

Mr. John Vanthof: But the difference between Hydro One and Enbridge is that Hydro One provides service to everyone and Enbridge doesn't. Coming from deep northern, rural Ontario, we are quite concerned that a privatized Hydro One, regardless of what the regulations say, is not going to provide the same maintenance as a public—

Mrs. Robin Martin: Point of order.

The Chair (Mr. Prabmeet Singh Sarkaria): Sorry. Point of order by Ms. Martin.

Mr. John Vanthof: I know I might not be—I need to get that on the record because in northern Ontario we have hydro outages constantly—

The Chair (Mr. Prabmeet Singh Sarkaria): Ms. Martin.

Mrs. Robin Martin: On a point of order, Chair.

The Chair (Mr. Prabmeet Singh Sarkaria): Point of order—

Mr. John Vanthof: Yes, I recognize that.

The Chair (Mr. Prabmeet Singh Sarkaria): You recognize that. Okay. I was going to say—

Mrs. Robin Martin: I understand, yes. It's a fascinating tale, and it may be an important point to your constituents to make, but I don't think it's within scope—

The Chair (Mr. Prabmeet Singh Sarkaria): I agree with that. Mr. Vanthof, if we could just keep the divestment of Hydro One within—

Mr. John Vanthof: Yes, I know I was out of order. I just had to get it in there.

The Chair (Mr. Prabmeet Singh Sarkaria): I agree. Thank you very much.

Mrs. Robin Martin: He was enthusiastic.

The Chair (Mr. Prabmeet Singh Sarkaria): You can continue, Mr. Vanthof.

Mr. John Vanthof: I would like to turn it over to one of my colleagues.

The Chair (Mr. Prabmeet Singh Sarkaria): Ms. Shaw.

Ms. Sandy Shaw: Going back to the divestment of Hydro One—just so I can understand, because I wasn't there; my colleagues were there and I was not there. The idea of the divestment of Hydro One was that it would be a one-time sale of a government asset, and it would do one of two things. One is pay down the debt. Is that correct?

Mr. William Edmund Clark: Yes.

Ms. Sandy Shaw: What was the amount that was intended to pay down the debt then?

Mr. William Edmund Clark: In a sense, the key to understanding what was different—and this is a pretty unique thing that was done. I think, if you went around to the privatization experts in the world, they were pretty fascinated with this as a model; maybe, as it has turned out, not as fascinated as they would have been a year ago.

1630

What we decided to do was sell it in tranches. Our prediction was—we didn't know what exactly we would get for it, but as you said, if we were going to get \$9 billion, \$5 billion would go to the associated debt and pay that debt down, and then \$4 billion would be dedicated to infrastructure investment. So that's the plan we proposed.

The Chair (Mr. Prabmeet Singh Sarkaria): Just under four and a half minutes.

Ms. Sandy Shaw: Do you know what those tranches ended up recouping on the market—

Mr. William Edmund Clark: Sorry?

Ms. Sandy Shaw:—how much you made selling the tranches?

Mr. William Edmund Clark: We basically hit the targets that we did.

Ms. Sandy Shaw: So \$9 billion?

Mr. William Edmund Clark: Yes. Today, Hydro One is selling for less than what we sold it off for, which is pretty remarkable.

Ms. Sandy Shaw: When the Trillium Trust was created, how much went in—again, help me to understand. The trust was set up to be able to identify—

Mr. William Edmund Clark: I didn't spend any time on the accounting on the Trillium Trust, other than when I was out holding a press conference, I said, "Here's the split. We understand the government is committing itself to spend \$4 billion more on incremental infrastructure than it would have spent if it hadn't done the sale."

Ms. Sandy Shaw: At the time, when Trillium Trust was set up, the money that went into it from the sale—you would have known that that was \$4 billion from the sale? Is that what you—

Mr. William Edmund Clark: Well, as I said, it didn't come in one lump. With each issue, we would say, "We sold off these shares. Their book value was this. That money goes to pay down the debt, and the rest of the money is earmarked for infrastructure investment."

Ms. Sandy Shaw: You would have no idea beyond that—is what you're saying—how much of that actually was spent on infrastructure?

Mr. William Edmund Clark: No. I didn't see it was my job to follow the dollars, whether they did what they said they were doing.

Ms. Sandy Shaw: I read in these documents that there was the idea that there was a departure tax. For Hydro One, there was about \$2.6 billion which was identified as a tax that would be required. Is that included in that amount that you're talking—

Mr. William Edmund Clark: There was a bunch of restructuring the balance sheet done around the departure tax, but I'd say all of that turned out to be a wash. I think the simple economics were, \$5 billion to pay down debt; \$4 billion earmarked, whether spent or not, for infrastructure.

Ms. Sandy Shaw: I just want to read a statement in the commission of inquiry. I don't know if they're related—the \$2.6 billion for the departure tax—but it does say, "Potential Risks to the Revenue Outlook"—that's from the commission—"A risk to the province's revenue projections from the 2018 budget is the impact of the outcome of the appeal of Ontario Energy Board's recent decision on Hydro One Ltd.'s deferred tax asset related to costs associated with the utility's privatization." Help me to understand what that means.

Mr. William Edmund Clark: We're into the periphery of my knowledge, but in past situations, this would have been something that got capitalized and spread into the rate base. I think everyone assumed that was going to happen. But the OEB, I gather—when I read the report, I noted that too—obviously hasn't finalized that they've agreed that that could be charged to the rate base.

Ms. Sandy Shaw: The departure tax, the \$2.6 billion, and this are two different things entirely?

Mr. William Edmund Clark: I'm happy to try to research this, but it has been a long time.

I think in the end, the fairer thing was that the government, in a sense, granted equity. It should have been a wash, but it may be that now the OEB will rule that it will

not be a wash. I gather that's what was said, but I haven't followed up on it.

Ms. Sandy Shaw: Maybe to help—because I think I understand that there's \$2.6 billion—

Mr. William Edmund Clark: Let me go ask people who should know the answer to the question.

Ms. Sandy Shaw: That would be great. Maybe if we could note that—

Mr. William Edmund Clark: I will come back to you with whatever they tell me is the answer.

Ms. Sandy Shaw: Chair, how much time do we have now?

The Chair (Mr. Prabmeet Singh Sarkaria): Forty seconds.

Ms. Sandy Shaw: Okay, I'm going to ask my question. Maybe you won't get time to answer.

One of the impacts to future revenue that's identified in the commission's report is climate change, and my question to you, was that anything that you—was anything a consideration in the Fair Hydro Plan? Or do you have any comments on how this would be a significant impact to future revenue?

Mr. William Edmund Clark: I do not play in the climate change file.

Ms. Sandy Shaw: You don't play at all?

Mr. William Edmund Clark: Not at all.

Ms. Sandy Shaw: But you've got grandkids. You have to worry about that, right?

Have I eaten up my 40 seconds?

The Chair (Mr. Prabmeet Singh Sarkaria): You've got seven seconds.

Ms. Sandy Shaw: Put it on my tab.

The Chair (Mr. Prabmeet Singh Sarkaria): Yes. Thank you very much.

We'll turn it over to the government side. Just as a caution, we have the 20 minute, 20 minute, 10 and 10, and then we'll be concluded—so for the final 20 minutes with Ms. Martin.

Mrs. Robin Martin: Mr. Clark, I'm just getting my head around the time frame again, and I know you've said you're not exactly remembering some things, but I was reading an article by John Lorinc from the Globe and Mail from November 26, 2015. He said, "Not long before she won a majority in June 2014, Wynne named Clark to head an advisory council with a mandate to look at the future of three prominent government assets"—the LCBO, OPG and Hydro One. Does that accord with your memory of the time frame?

Mr. William Edmund Clark: Yes. I first had discussions, I think, in April of that year with, as I said, Peter Wallace. That started—I'm not sure I remember exactly the date the asset council was created, but yes.

Mrs. Robin Martin: Around then. So that would have been prior to that election.

Mr. William Edmund Clark: Yes, prior to the election.

Mrs. Robin Martin: And Peter Wallace was with the Cabinet Office?

Mr. William Edmund Clark: He was the principal—he had Steve Orsini's job, secretary of the cabinet.

Mrs. Robin Martin: Right. Okay. So he was the one with this advisory council and Premier Wynne named you to be part of that advisory council. Other than you and Peter Wallace, who else was on the advisory council?

Mr. William Edmund Clark: Frances Lankin—

Mrs. Robin Martin: Oh, this ended up being the same advisory council—

Mr. William Edmund Clark: Yes. Janet Ecker, Dave Denison and Ellis Jacob.

Mrs. Robin Martin: Thank you. I just wasn't sure it was the same one. Okay. And that's June 2014.

At that time, Mr. Lorinc says in his article, "Unlike previous privatization campaigns, the Liberals were motivated more by a craving for cash than ideological fervour." Is that how you understood your mandate at the time?

Mr. William Edmund Clark: Now we're getting into—I think my mandate was: "Are there assets that you think would be better were we to sell assets and redeploy the funds to either pay down debt or build infrastructure?"

Mrs. Robin Martin: Okay, but they were looking for money.

Mr. William Edmund Clark: Absolutely.

Mrs. Robin Martin: Because they were cognizant of either the large deficit or the large debt or the infrastructure that they wanted—

Mr. William Edmund Clark: I would say—again, I can't comment, but in the sense of what the statements were: "We are going to spend a lot of money on infrastructure, we know that's going to put upward pressure on the debt-to-GDP ratio, and are there ways of mitigating that?"

Mrs. Robin Martin: Okay. You mentioned the debt-to-GDP ratio before. I'm no financial adviser but I have heard, and I think the government had said, historically—I remember Deb Matthews maybe on The Agenda, that TVO show; it's an excellent public affairs show—

Mr. William Edmund Clark: Blame him.

Mrs. Robin Martin: I believe Deb Matthews said before the last election that they watched that number to make sure it didn't go over 40%; that that seemed to be the number at which they would be worried. Is that your understanding?

Mr. William Edmund Clark: Yes, I think generally, people in the financial area know that deficits are an annual flow. Things can happen that the deficit goes up and goes down. The debt-to-GDP is: How much money did you borrow and therefore will ultimately have to pay back? So I think, in the financial business, that's the number that people tend to watch. Ontario has fairly high debt-to-GDP ratio, and I think the financial sector would prefer that number to be coming down, not going up.

Mrs. Robin Martin: Right. And I guess it has been going up for some time under this government, and part of the reason you were looking for money was to try to address some of those concerns. Is that correct?

Mr. William Edmund Clark: Yes. Yes.

Mrs. Robin Martin: Okay. And did you discuss—because it’s the second time you’ve mentioned it—the debt-to-GDP ratio as being the focus with the Premier?

Mr. William Edmund Clark: Probably less than there, but I definitely said to the bureaucracy: “When you present numbers to the Premier, you should have more prominence given to that, because for the financial sector that’s the number that they watch most tightly.”

Mrs. Robin Martin: I get that. So you would have said that to, say, Peter Wallace or Steve Orsini?

Mr. William Edmund Clark: Yes, Steve or Peter. So, generally, all the bureaucrats need to understand how a banker looks at this.

Mrs. Robin Martin: Right. Did you have a conversation with the Premier to make sure she understood the significance of that?

Mr. William Edmund Clark: I’d be surprised that I didn’t say something about that.

Mrs. Robin Martin: That rating?

Mr. William Edmund Clark: Yes. I would be surprised if I didn’t, but I can’t recall any—

Mrs. Robin Martin: Okay, you don’t remember any specific conversation with respect to that?

Mr. William Edmund Clark: No, but, as I said, if I found out that I had, I would say, “Yes, that’s probably true.”

Mrs. Robin Martin: Okay. Because obviously she’s also not from a financial background, so I don’t know that she would have the same perspective on debt-to-GDP ratio as somebody in your position, for example.

1640

Mr. William Edmund Clark: Right. I’ll say something politically incorrect, I gather; but she’s very smart, works very hard and is very good at taking briefings.

Mrs. Robin Martin: Briefings—yes. I was just wondering if someone gave her a briefing on that debt-to-GDP ratio, but you said you don’t recall doing so.

Mr. William Edmund Clark: I don’t recall, but as I say, given that I was making that point to other people, I’d be surprised if I didn’t make it to her. I just don’t recall an occasion on which I did.

Mrs. Robin Martin: Okay. You had this advisory council, and then in November 2014, you issued your initial report. I think my friend over there went through a little bit of what you were talking about at that time. You made certain recommendations with respect to not selling Hydro One at that time. Then, in December 2014—so just maybe a month later—there was a restructuring secretariat created to help with the sale of Hydro One, and you were at the centre of that somehow, were you?

Mr. William Edmund Clark: Yes. Once the government agreed to the shift, then we moved into “How are you going to do this?”

Again, as I said, attempts to privatize: There have been difficulties around the world, because you have a lot of smart bankers on one side and less capable—and we were determined to show that we could have a team on our side that was as good as the team they had on their side.

Mrs. Robin Martin: Sure. That was just a month, though, after your report was issued, I guess, or after you gave your report. Did you talk to the Premier about your recommendations and have a discussion, or how did you get, within the month, from the report that said one thing to “Now we’re having a secretariat, which will”—

Mr. William Edmund Clark: I think there was—maybe you have the date. When was the date that we did the “No, don’t sell the”—

Mrs. Robin Martin: November 2014, and then in December 2014, apparently the restructuring secretariat was created, according to your second report.

Mr. William Edmund Clark: Right. I kind of went through this before. We went out to the market, tried to understand the value, went to Hydro One and said, “Let’s work through a restructuring where you do split the two organizations,” talked to other places in the world that had tried doing that and ended up coming to the conclusion that it was operationally difficult and value-destroying. So we went back to the government and said, “Is there a way we could persuade you to change your mind?” It might not be politically as nice of a solution, but I think, from a policy point of view, it’s a better solution.

Mrs. Robin Martin: That second report is dated April 16, 2015, when, among other things, you are recommending selling Hydro One. The next budget was April 23, 2015. I’m a little confused on the timelines, because the initial asset multi-year sales targets to get funds for the government were set in the 2014 budget.

Mr. William Edmund Clark: Yes.

Mrs. Robin Martin: It was looking for \$3.1 billion or something in monies that they could acquire. So then the 2015 budget has now an asset optimization target of \$5.7 billion. Again, I’m just wondering, what was the change? The government obviously needed money; that must be part of it.

Mr. William Edmund Clark: Right. The work we were doing was not all of the things the government was doing to sell off assets. The LCBO building would have been an example of that. Even though I had ended up doing the beverage thing, we were not involved in the selling off of the LCBO. The government already had a program to sell stuff, and then ours was in addition to that program.

Mrs. Robin Martin: Okay. But the changing target: Did you have any discussion around that with the Premier or Cabinet Office?

Mr. William Edmund Clark: Again, I worry about saying something that’s incorrect, because I don’t—I’d have to go back and talk to people. I don’t think our numbers rolled in until we decided what we were actually going to do, as I said, in that switch. When we finally figured out what we were going to do, that’s when we gave them the numbers. Up to that point, they were using what the other numbers were for the other assets.

Mrs. Robin Martin: And then in June 2015, you were given the role as the Premier’s business adviser.

Mr. William Edmund Clark: Right.

Mrs. Robin Martin: Was that somehow different from what you had been doing up to that point?

Mr. William Edmund Clark: Yes, I think so, because in a sense it was very specific around, “What are you doing on Hydro One, and how are you restructuring the beverage industry?”

Mrs. Robin Martin: That was the first role, as the advisory counsel chair?

Mr. William Edmund Clark: Yes, that’s the first role. Then out of that they said, “From time to time other things come up. Would you be prepared to hang around?” There was obviously stuff left doing the first role but meanwhile, “We want to be able to take you files that are beyond that. Are you up to doing that?” That’s when I said yes.

Mrs. Robin Martin: Okay. What kinds of files would that have involved?

Mr. William Edmund Clark: They ranged. You would have seen that I did an eHealth report. Again, as a citizen—this is my personal view—I’m a very big believer in universal health. I think it’s a distinguishing factor and an economic asset, but it’s economically and financially challenged. The health care system is way behind in using modern technology.

Mrs. Robin Martin: Sure, but other than eHealth and Stelco, were there other issues?

Mr. William Edmund Clark: Yes, there were other files I worked on. I worked on a Canada Pension Plan file. Originally, the government had an ORPP file which I would say I was not a fan of. I said wasn’t a fan of that, but I would tell you what I would do, and I ended up playing a role in doing that.

Mrs. Robin Martin: Sorry. Can you just tell us what part of the ORPP you weren’t a fan of?

Mr. William Edmund Clark: What I didn’t like about ORPP? Yes, I guess it was because it was an Ontario-only plan.

Mrs. Robin Martin: Right.

Mr. William Edmund Clark: There were some good features to it and some not-so-good features to it. The good feature is that it was more targeted, so the companies that were giving really good pensions weren’t going to be drawn into it. They were more directly dealing with the precarious worker, if you will, or people who weren’t getting good pensions.

The bad thing was that there were going to be a whole bunch of people and it was going to create significant fragmentation of the security system in Canada. I thought in discussions with the federal government that if we could find a way to have it a national plan, where both sides compromised a little, that was a better outcome.

Mrs. Robin Martin: Okay. Does that cover all the things that you also advised on business-wise?

Mr. William Edmund Clark: No. If you really want to get all of the gruesome details, I did work on, but not very successfully, trying to reduce the regulatory burden—“deregulate” is a bad word that doesn’t capture what you’re trying to do, but to allow a system that achieves the same outcome or better but with a lower economic burden.

I worked on getting rail service to Waterloo, and what it would take to get an hour-and-10-minute direct

Waterloo-to-downtown-Toronto route. It turned out we couldn’t get the kind of support that we were hoping for from the federal government to do that, but we worked out how to do that. Again, you can see fairly quite specific things to say—

Mrs. Robin Martin: Okay.

The Chair (Mr. Prabmeet Singh Sarkaria): Sorry, if I could just caution the member: We’re getting a bit broad here. If we can stick within the mandate, thank you.

Mrs. Robin Martin: Yes, sorry. I just wanted to know what the other things were, but that’s fine.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you.

Mrs. Robin Martin: You can cut me off any time on that.

You said at one point that you told the Premier exactly what you thought about things and she always thanked you for your advice, even though sometimes it was clear that she wasn’t going to take it. Is that the case with the Fair Hydro Plan?

Mr. William Edmund Clark: Yes.

Mrs. Robin Martin: So you did have a conversation with her about that, but you can’t—

Mr. William Edmund Clark: Yes. I had a conversation with her but we didn’t spend a lot of time on it.

Mrs. Robin Martin: You just said, “I don’t think this is the way to go” and you told us—

Mr. William Edmund Clark: Yes. I explained that I think that if you want to subsidize things, you should tax Ed Clark more than the average ratepayer.

Mrs. Robin Martin: Right. Other than, “If you want to subsidize, use the tax system”—you mentioned that point. Other than that, did you have any other specific recommendations about what they should do to reduce the hydro prices, which you said was the Premier’s goal?

Mr. William Edmund Clark: No. I think the fair answer to that is “no.” I mean, I think there was a conundrum. I think, having made the decisions that were made, you had locked in higher energy prices for the next 20 years and you were trying to deal with that conundrum.

1650

Mrs. Robin Martin: Right. We discussed earlier that you and Steve Orsini from Cabinet Office had a similar view on this issue. Did you discuss with Steve Orsini or anyone else other measures which could be taken to mitigate the rates, that you recall?

The Chair (Mr. Prabmeet Singh Sarkaria): Five minutes.

Mr. William Edmund Clark: Not really. I didn’t see that as my mandate.

Mrs. Robin Martin: Okay. You’ve mentioned a couple of times that you were kind of shut out of the meetings on the Fair Hydro Plan, but we also know that you were at some meetings on the Fair Hydro Plan.

Mr. William Edmund Clark: I wouldn’t have said—I wasn’t shut out. Again, the government was quite good; if I wanted to sit and listen to stuff, I could show up at the meeting. But having said, “I’m not up for what you’re

doing,” how many times do you want to go to a meeting and make that point?

Mrs. Robin Martin: Right. But there was a meeting, for example, on May 11, 2017—I have an agenda for you—and the first item of discussion was the Fair Hydro Plan global adjustment refinancing. Were you involved all the way along in those meetings?

Mr. William Edmund Clark: What I would say is that because of my role, I would often get updates of where they were, but I didn’t act on any of those updates because everyone knew where I was. Interview anybody in the government; they’ll tell you—

Mrs. Robin Martin: Okay. As you were getting updated, did you learn anything that concerned you about the direction they were going in, more than your initial concerns?

Mr. William Edmund Clark: No, I don’t think so.

Mrs. Robin Martin: Okay. Were you aware that it was going to cost \$4 billion extra to finance it through another entity?

Mr. William Edmund Clark: No, I didn’t get into that.

Mrs. Robin Martin: You didn’t express any concerns about that?

Mr. William Edmund Clark: I mean, it was obvious to anybody doing it that the nature of the financing was probably not the most efficient way to do the financing. It doesn’t take a banker to figure that out.

Mrs. Robin Martin: Right. Did they tell you why they were doing it that way, even though it wasn’t the most efficient way?

Mr. William Edmund Clark: No. They clearly made a decision: They’d like to do it off balance sheet rather than on balance sheet.

Mrs. Robin Martin: In the meetings you attended, did they express why?

Mr. William Edmund Clark: No, but I think it was fairly obvious.

Mrs. Robin Martin: They never said why they were doing it off balance sheet in any of those meetings?

Mr. William Edmund Clark: As I say, think of the dynamics of your finance in your own government. If someone comes and says to the Premier, “I don’t agree with what you’re doing,” I expect the Premier’s not going to keep on asking them for their views on things.

Mrs. Robin Martin: Except that, as you pointed out, you were still included in the meetings, and I’m sure—

Mr. William Edmund Clark: The bureaucracy would naturally put me in those things, but I wasn’t—you know.

Mrs. Robin Martin: Yes. You also said that you know you were probably not alone in thinking the Fair Hydro Plan was not a good way to proceed. Who else—

Mr. William Edmund Clark: Well, I think you’ve interviewed them.

Mrs. Robin Martin: Steve Orsini. Anyone else?

Mr. William Edmund Clark: Gadi, I think, wasn’t—that wouldn’t be the way—he was in charge of the borrowing. I think in general, the bureaucracy wasn’t a huge fan of this plan.

Mrs. Robin Martin: Okay. Would you invest in a company if that company’s auditor refused to sign off on its books?

Mr. William Edmund Clark: Probably not. I won’t get into it. I’m not sure it’s a perfect parallel to what this is, but the answer is probably I wouldn’t invest in a company like that.

Mrs. Robin Martin: Okay. Go ahead, Roman.

The Chair (Mr. Prabmeet Singh Sarkaria): Just under two minutes—one minute and 45 seconds. Mr. Baber.

Mr. Roman Baber: Mr. Clark, the province of Ontario has experience in carrying hydro debt, yet collecting the amount of the indebtedness from the ratepayers. Specifically, the debt retirement surcharge comes to mind. Correct?

Mr. William Edmund Clark: Yes.

Mr. Roman Baber: We’ve seen something similar to that before on the books, but it’s paid by the ratepayer. Do you have an understanding of whether, directly or indirectly, before the election, the Liberal government sought to get back to balance? Did you have that understanding?

Mr. William Edmund Clark: I was not central to the budget planning process and what their deficits were.

Mr. Roman Baber: But, in fairness, was it your understanding that their goal, a policy priority, perhaps, before the election—

Mr. William Edmund Clark: I think they clearly wanted to have a downward trend on the deficit, and they would like to stop the growth of the debt-to-GDP ratio.

Mr. Roman Baber: They have suggested that for fiscal 2017-18, they in fact ran a balanced budget. That’s what they suggested.

Mr. William Edmund Clark: Well, I think that’s what their budget numbers were.

Mr. Roman Baber: I mean, there’s some disagreement on that. The Auditor General disagrees on that.

Mr. William Edmund Clark: No, I’m just saying what they published.

Mr. Roman Baber: But I’m not asking what the numbers are. I’m asking that, in fact, they have suggested that they want to get back to balance and they have suggested that they have gotten back to balance.

Mr. William Edmund Clark: Yes.

Mr. Roman Baber: You confirmed earlier in your testimony that you spoke to Premier Wynne about the Fair Hydro Plan and expressed concerns to her about it; correct? And we heard from Mr. Orsini that Kathleen Wynne was warned, cabinet was warned by the bureaucracy that borrowing through OPG would be more expensive than borrowing directly through the province. Did you understand that to be the case?

The Chair (Mr. Prabmeet Singh Sarkaria): My apologies, Mr. Baber; we’re over time with the question asked. We’re going to have to ask you to come back to that in the final round of questioning.

We’ll go back to the opposition, with Ms. Fife, for 20 minutes.

Ms. Catherine Fife: Our questions are going to be condensed, because I think we've heard your entire career now, and we know a lot more about you, Mr. Clark.

Mr. William Edmund Clark: If you want to hear about my grandkids, I'll show you—

Laughter.

Ms. Catherine Fife: No, I don't—unless you can connect it to climate change. That would be the point where I would ask you to intersect those points.

When I was asking you questions about navigating through the whole Hydro One decision-making point, and then also your statement that the Trillium Trust was originally set to use the funding from that sale to invest in infrastructure because infrastructure investment is an economic driver—I didn't actually get an answer from you about whether or not you had been in a position to advise on some of those changes. Just as a reminder, when Bill 91 was enacted, it changed the Trillium Trust from a proper special-purpose account, tracking inflows and outflows of money, to an abstract accounting fiction that allowed for non-cash accounting adjustments to be recognized by the trust.

Then, the Financial Accountability Officer—I'm not sure if you would have known this because it was from February 2018—in his report, he said, "Of the \$4.6 billion allocated to the Trillium Trust, \$2.2 billion is cash generated from sale proceeds," citing Hydro One, "while the remaining \$2.4 billion is a non-cash gain. As a result, the province will still be required to borrow \$2.4 billion to finance infrastructure investments connected with the Trillium Trust."

Up until 2015, the government would not have been allowed to recognize the \$2.4-billion non-cash gain in the Trillium Trust. This speaks to the need for greater transparency and accountability when governments make decisions about taxpayer dollars, especially when the goal is actually to invest in infrastructure.

Did you have any say in those changes around restructuring the Trillium Trust through Bill 91?

Mr. William Edmund Clark: The simple answer is no, totally—this was finance; that's what they do for a living.

Ms. Catherine Fife: That's good. At the beginning, you mentioned in your comments that calling people to committees such as this, when people have expertise to advise the government—that there can be a chilling effect. Do you feel that this committee could potentially have that kind of effect on securing private expertise on government?

Mr. William Edmund Clark: I think it could. I think it's entirely dependent on how you handle it. I've talked to people from the outside who are aware that I'm coming up there, and their immediate reaction is, "Wow. That's going to be really interesting, because they're asking you to disclose what were confidential conversations that—when you had them, it never occurred to you that you would be sitting there." I think that's something you should worry about. I'm 71 years old. I've got tons of things going on in

my life, and so I won't be in this position ever again. But I think for government, and former government—you will want to get help, and I don't know what you do about that.

I get perfectly why you want to say, "I want to get to the bottom of this"—and how do you manage that so you create an atmosphere that people will want to serve?

Ms. Catherine Fife: To be fair, the government has established this committee—we're the official opposition, so we had a choice to participate in it or not. I think we'd rather be here than not be here.

To your point about when you pull in private expertise: The guiding principles of the Premier's advisory council were, the public interest remains paramount and to protect it. What I heard from you around the Hydro One decision, though, and this would be similar, I think, to the Fair Hydro Plan, is that there's a decision-making point that governments have the power to make—and I think you're already on the record as saying—and they will make those decisions.

1700

Our goal as a committee, though, is to try to prevent a future accounting scheme as we've seen with what I call, truly, the "unfair hydro plan" from happening again. Do you see any mechanisms that can actually make that a possibility?

Mr. William Edmund Clark: Obviously, having an Auditor General is one way to do that. I don't know that I can, off the cuff, say something, but just as it has happened in the private sector—I think today private sector firms are forced to be more open and disclose, and if they're doing financial engineering, it's driven out more into the public domain. I don't think there's anything wrong in trying to say, really, we should try to be very, very transparent about how the finances—I think the average citizen would be pleased to do that. I think that's a good outcome.

Ms. Catherine Fife: Thank you very much for being here today. I think your testimony provided an insight into what was happening during the Hydro One sale. Had we had that insight prior to the Fair Hydro Plan being negotiated, perhaps we would have been in a position to have a level of openness and transparency, as the Auditor General has made recommendations to this committee. It will be in the government's hands to see if they accept those recommendations that she has put forward.

We have no further questions for Mr. Clark, Chair.

The Chair (Mr. Prabmeet Singh Sarkaria): For the final 10 minutes, I'll go to the government side, with Mr. Baber.

Mr. Roman Baber: We'll resume where we left off, Mr. Clark.

We understood from Mr. Orsini that cabinet was warned that borrowing through OPG would cost significantly more than borrowing through the province. In fact, we heard from the FAO, according to their spring 2017 report on the Fair Hydro Plan, that the costs associated with borrowing through OPG are estimated over the long span of the plan to be \$4 billion greater than the provincial alternative.

Is it safe to say that Premier Kathleen Wynne understood that borrowing through OPG would be significantly more expensive than borrowing through the province?

Mr. William Edmund Clark: I've never been in a meeting that had that statement. I was not in the cabinet meeting that had that statement. I think asking Mr. Orsini that question would be the way I'd find out the answer to that question.

Mr. Roman Baber: We did ask Mr. Orsini and he did suggest that—I mean, we have a briefing note to that effect.

Given your understanding and your concern of a ratepayer-based structure, would it be fair of us to conclude that Ms. Wynne understood that financing through OPG would be significantly more expensive than borrowing through the province?

Mr. Ed Clark: I think if you have documented evidence and testimony that says she was told that, then it's likely that she understood what she was told, as I say—

Mr. Roman Baber: In that case, I wonder if perhaps you could assist us by telling us why you think she elected to go that route? Why did she proceed—

Mr. Ed Clark: I was not in any of the meetings where that decision was made. With all due respect, I think you will discover that in the Premier's office there are a number of decisions being made that maybe even you don't agree with at times and you'll say, "Well, why is that being made," and you'll say, "Well—

Interjection.

Mr. Roman Baber: But you would agree with me that it was policy priority that the government sought to get back to balance, or at least tell voters that it got back to balance prior to the election?

I would put it to you, sir, that perhaps it's possible that they've consciously made the choice to put it off-book in order to represent to voters that they have attained balance, despite the fact that borrowing through OPG resulted in an additional \$4-billion worth of expense. How do you feel about that proposition?

Mr. William Edmund Clark: Steve is probably more capable of answering that question than I am because he follows these things. But yes, I hear your logic. I'm just saying that I wasn't a party to this. I think you're asking me to now play political guru, and I'm not a political guru.

Mr. Roman Baber: Well, in fairness, you advised Ms. Wynne.

We understood from Mr. Orsini that a day before the announcement, which was on March 2, cabinet was advised that at the time just before the announcement, the total cost of the Fair Hydro Plan, the guarantee backing the Fair Hydro Plan, could not be estimated at the time. In fact, the cost was unknown. At any point, were you advised of any prospective costs prior to the decision being made?

Mr. William Edmund Clark: No.

Mr. Roman Baber: We also heard from the FAO that contrary to the initial estimated total cost of \$45 billion, given that the province is continuing to subsidize some of the cost of the Fair Hydro Plan, given that we're still in

deficit spending, in fact those costs are now higher than \$45 billion and growing. Does that surprise you?

Mr. William Edmund Clark: It does surprise me a little, but, again, not having been involved, it's hard to come to any judgment on that.

Mr. Roman Baber: In fairness, you recommended against the plan, for which I thank you. But we now understand that the revised costs, if they were to recalculate the costs today, all things being equal, they would probably land somewhere between \$70 billion and \$90 billion. It's absolutely astounding, I think.

Mr. William Edmund Clark: I can't comment on that.

Mr. Roman Baber: Well, at the commencement of your testimony, you told us about your 11 grandchildren.

Mr. William Edmund Clark: Yes.

Mr. Roman Baber: How does that make you feel?

Mr. William Edmund Clark: I go back to, I didn't think this was the way to do it. I think you'll discover yourself, if you will tell the Premier you don't agree with him on something, you're probably not the first person he's going to ask advice on the particulars of implementing something. So I haven't been involved. I didn't think it was the right thing to do. But governments do things all the time that I don't feel are right.

Mr. Roman Baber: There's another element to this which is, it had to be understood—and you probably understood it—that effectively we're subsidizing rates for the first 10 years; we're keeping them steady for the first four years, then they're adjusted to the rate of inflation for the subsequent six years. However, subsequent to the initial 10 years, costs were expected to significantly mount. Is that correct?

Mr. William Edmund Clark: Again, I've read descriptions of the thing. That seems consistent with how it was described.

Mr. Roman Baber: It was really short-term gain—

Mr. William Edmund Clark: There was a roll-forward plan—

Mr. Roman Baber: —for long-term pain.

Mr. William Edmund Clark: Right.

Mr. Roman Baber: So we know that we didn't know the cost. We know that even though we could probably put it on the ratepayer regardless of the books, we opted not to put it on the books, thereby compounding an additional \$4-billion worth of debt which we didn't need to incur. We didn't know the total costs, and we knew that it was going to be short-term gain for long-term pain.

Again, I put to you, as someone who advised the Premier, as someone who, I would say, with respect, is familiar with some of the workings of this government, why was this decision made? Why did she not take your advice—and proceeded to structure this transaction in the manner that she had, that by all accounts is not in the best interests of the province?

Mr. William Edmund Clark: I'd ask that question to her.

Mr. Roman Baber: Would you like to ask that question to her?

Mr. William Edmund Clark: No. I'll leave that to you.

Mr. Roman Baber: I want to follow up on a phrase you used earlier in your testimony. You said that all of a sudden they created this magic structure, and then I believe you were interrupted. My question to you is, why did you use the word "magic" to describe the Fair Hydro Plan?

Mr. William Edmund Clark: Because the exact effect that you had is that you were able to lower rates with no immediate impact on either the taxpayer or the ratepayer. That's pretty magical.

Mr. Roman Baber: You were the CEO of Canada Trust. You also—

Interjection.

Mr. Roman Baber: That's an actual question asked by the member from Thornhill, Ms. Martow. Who was the magician in this case?

Mr. William Edmund Clark: The government.

The Chair (Mr. Prabmeet Singh Sarkaria): Three minutes.

Mr. Roman Baber: Mr. Clark, you led a number of prominent banks. Your reputation precedes you, and I thank you for your service.

To go back to the Auditor General's characterization of the accounting associated with the Fair Hydro Plan, in fact the accounting that we've seen from the former Liberal government over the last couple of fiscal years—she calls it "misleading." She calls some of the numbers "bogus." Is that something that was of concern to you as the business adviser to the government?

Mr. William Edmund Clark: Again, maybe that's a fault. I think if you ask people to come do this job and you say, "You know what you should do is, once you decide that the government is doing something that you wouldn't do, you should immediately resign"—I think that's a perfectly legitimate position. I think you're going to find it very hard to work for governments if you take that position.

1710

When you get into accounting issues, if the government says, "Our outside auditors say this is right, the Auditor General says it's wrong," as a mere banker and not an accountant, I don't know what the answer to that question is. You sit there and you say, "I didn't like the scheme in the first place." It doesn't endear me that the Auditor General doesn't like it either, but I'm not an accountant and I don't go around saying to the government, "I don't agree with your accounting."

Mr. Roman Baber: Right, but the accounting issues were not just limited to the Fair Hydro Plan. There were other—the Liberal government calls them "accounting disputes," and we've heard different evidence from the commission. Nonetheless, the Auditor General did suggest to this committee that if she was acting privately for a client, reporting issue or not, she would have resigned.

My question to you is: In view of some of the findings of the Auditor General, in view of her unequivocal

characterization of the government's purported accounting, have you expressed any reservations with respect to the conduct of business by the former government, or would you have shared the Auditor General's sentiment and have considered resigning?

Mr. William Edmund Clark: If you look at the two big items—how to treat the pension surpluses and the Fair Hydro Plan—I guess I would look at those and say they were totally in the public domain. Everybody that follows these things knew about those two issues. This was not hidden. They were very much out in the open, and the government had a view that's different than the Auditor General.

Was that such a serious issue that I think I should have told the steelworkers, "Sorry guys, you're on your own. I'm out of here. I cannot work for a government that has a dispute with the Auditor General"? I chose to save those jobs and those pensioners, because it's really the only file that I was working on during all of this. I think that's still the right decision. I'm standing by that decision.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you. That concludes the government's time for questioning.

We still have the final 10 minutes. If the opposition would like to use up the time or not, I just have to ask. Ms. Fife?

Ms. Catherine Fife: No, we're satisfied with the testimony today.

The Chair (Mr. Prabmeet Singh Sarkaria): Okay, well thank you very much, Mr. Clark, for your participation and time here today. We really do appreciate it.

I do believe there's further business on the floor, but I would suggest maybe if we could just do a quick—

Mr. William Edmund Clark: I will happily leave you alone.

The Chair (Mr. Prabmeet Singh Sarkaria): Yes, okay.

Would you like to take a five-minute recess?

Interjections.

The Chair (Mr. Prabmeet Singh Sarkaria): Is it agreeable, for a five-minute recess? Okay. Thank you. Committee will resume at 5:18. Thank you.

The committee recessed from 1713 to 1718.

The Chair (Mr. Prabmeet Singh Sarkaria): The Select Committee on Financial Transparency will now come to order.

I believe there's further business with Mr. Romano—oh, Mr. Vanthof?

Mr. John Vanthof: I would like to make a motion.

The Chair (Mr. Prabmeet Singh Sarkaria): Hold on one sec—just one second, Mr. Vanthof. I recognized Mr. Romano first, so I'm going to ask that Mr. Romano—my apologies, Mr. Vanthof. Mr. Romano, please go ahead.

Mr. Ross Romano: I would like to move that the Select Committee on Financial Transparency call on the following individual to appear before the committee as a witness: Glenn Thibeault, former Minister of Energy; and

Further, that the Select Committee on Financial Transparency invite the following individual to appear before

the committee as a witness: Kathleen Wynne, former Premier of Ontario; and

That each witness be scheduled to appear for two hours and 30 minutes; and

That each witness be given up to 10 minutes for an introduction; and

That the timing of the questioning be split evenly between the two recognized parties.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Romano. I'll just ask, do you have any extra copies of the motion? Or we can ask Madam Clerk to—

Interjections.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano has moved a motion which is now in front of the members of the committee. Any discussion? Are the members ready to vote? Shall the motion carry? Motion carried.

1720

Further business? Mr. Vanthof.

Mr. John Vanthof: I'd like to move a motion. I have copies here.

I move that the Select Committee on Financial Transparency call on the following individuals to appear before the committee as witnesses:

—Cindy Veinot, former Provincial Controller and Assistant Deputy Minister, Treasury Board Secretariat;

—Tracy E. Brennan, partner, Ernst and Young, signatory on the opinion letter accompanying the report on the Fair Hydro Plan;

—Jad Shimaly, chairman and CEO, Ernst and Young Canada;

That each witness be scheduled to appear for two hours and 30 minutes; and

That each witness be given up to 10 minutes for an introduction; and

That the timing of questioning be split evenly between the two recognized parties.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Vanthof has moved a motion, which is in front of us. Further debate? Ms. Fife?

Ms. Catherine Fife: I just wanted to add my support, obviously, for calling in particular the Provincial Controller. Members of the committee will know that Ms. Veinot has written to us on several occasions, most recently November 19 and November 20. On November 25, she wrote to the President of the Treasury Board, and of course we received that on November 26.

She has very clear and adamant that she appear before the committee, because she says herself—and this has been confirmed by delegates who have come before this committee—that she is “clearly viewed within the OPS and by the Ministers of Finance, Energy and the President of the Treasury Board as the lead accountant on the determination of the accounting for the net pension assets and the global adjustment refinancing element of the Fair Hydro Plan.” She says that she briefed these ministers and cabinet on these issues, and she says, “With respect to the financial reporting responsibilities for the province, my

role was equivalent to that of Kim Marshall and Ken Hartwick of the IESO and OPG respectively.”

She goes on to say, “If the committee decides not to meet with me, I can only conclude that the government is not interested in a complete and transparent process in the execution of the committee’s mandate.” And so, we have tried to bring forward this name via the subcommittee, and that is why the motion is before us today.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Ms. Fife. Further debate? Mr. Romano.

Mr. Ross Romano: At this time, we do not intend to call Cindy Veinot. We believe that she is attempting to use this as a platform to advance an agenda and protect her reputation, and that is of her own. When I hear the comments that I’ve heard, specifically the nature of the last email that we received, I think that really speaks to a desire to undermine this committee and not get to the bottom of the previous government’s fiscal decisions, and it’s on that basis that we have no intentions of calling Ms. Veinot. It is not up to individuals to ask to be before this committee. At this point in time, we don’t see any benefit in calling Ms. Veinot.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Romano. Ms. Fife?

Ms. Catherine Fife: The rationale of the government makes absolutely no sense. If the government is serious about uncovering all the layers of decision-making that happened with regard to the Fair Hydro Plan, then calling the Provincial Controller would be probably one of the first things that should have happened.

For Mr. Romano to say that Ms. Veinot is trying to cover up something or create a new agenda or a narrative is imputing motive, actually, so that should have been called out of order, because she’s not here to defend herself. Let’s call her to this committee. Give her an opportunity. She was directly involved in creating the accounting scheme of the Fair Hydro Plan. In fact, she goes on to say:

“Today, during the committee meeting, Mr. Sarkaria repeatedly referred to the mandate of the committee as including the review of the accounting practices. In addition, the witness today repeatedly referred questions on accounting to myself as the Provincial Controller during the period during which the Ontario Fair Hydro Plan was developed.

“The role of Provincial Controller includes the preparation of the public accounts of the province of Ontario, which must include assessing the accounting practices used for complex and material accounting issues. As the provincial controller for the period from July 17, 2016, to September 27, 2018, I led the assessment of the accounting practices used by the province for the net pension assets and the Ontario Fair Hydro Plan.

“It is unclear to me how the committee can complete its work without meeting with the Provincial Controller of Ontario during the period that the accounting practices being reviewed by the committee were reviewed and confirmed...”

So one has to ask, why is the government so resistant to calling the Provincial Controller? Suggesting that she has her own personal agenda, suggesting that she has an ulterior motive, is not fair and transparent of the government to do so. We have agreed to your last two witnesses. Our witness list also speaks to uncovering the layers of decision-making points with regard to the Fair Hydro Plan. The rationale that you are guessing as to her motive is, quite honestly, irresponsible to do so.

The Chair (Mr. Prabmeet Singh Sarkaria): Further debate? Mr. Vanthof.

Mr. John Vanthof: I asked one of our previous witnesses how he would describe the provincial controller. Basically, the response was “the internal auditor of the government.” We have quoted—all of us—at length the views of the Auditor General, who is the external auditor, and now the government is telling us that we do not want the views of the internal auditor because you fear that she has an agenda. To uncover if a witness has an ulterior motive is the job of the committee questioning the witness—not the job to eliminate witnesses.

If you want to have a legitimate process and in that process you’re saying, “No, we do not want to listen to the internal auditor when the Fair Hydro Plan was developed and implemented,” my simple question to the government members is, what are you afraid of? If you are afraid of nothing, Ms. Martin, then you would be happy to have Cindy Veinot sitting at the table, and then you would be able to see if she has an agenda or not. But to say that she does without allowing her to give her testimony—you can say you’re not afraid; you’re afraid of something and you are discrediting this whole committee by saying, “Fiscal transparency, but only for the government witnesses that we want to ask.”

You have something—I wish I knew what it was—

The Chair (Mr. Prabmeet Singh Sarkaria): Direct the comments to the Chair, Mr. Vanthof.

Mr. John Vanthof: Thank you, Chair; I apologize. Why does the government not want to listen or even contemplate the testimony of the former internal auditor of the previous government? While we have sat here for months, talking about what time this meeting was, what time that meeting was, this was the controller of the province, the internal auditor. In our opinion, it discredits the whole process, that the government does not listen. This will be as discrediting as releasing a million pages of privileged information for 24 hours, believe me.

I wish—I hope—that the members of the government will take it upon themselves and make the right decision and allow Cindy Veinot and the other people we have suggested to testify at this committee.

The Chair (Mr. Prabmeet Singh Sarkaria): Further debate? Are members ready to vote?

Mr. John Vanthof: Recorded vote.

Ayes

Fife, Shaw, Vanthof.

Nays

Baber, Martin, Martow, Romano.

The Chair (Mr. Prabmeet Singh Sarkaria): The motion does not carry.

We do have one last piece—

Interjection.

The Chair (Mr. Prabmeet Singh Sarkaria): Oh, sorry. Any further business? Mr. Vanthof?

Mr. John Vanthof: I would like to move another motion.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you.

Mr. John Vanthof: I move that the Select Committee on Financial Transparency call the following individuals to appear before the committee as witnesses:

Tracey E. Brennan, partner, Ernst and Young, signatory on the opinion letter accompanying the report on the Fair Hydro Plan.

Interjection.

Mr. John Vanthof: Can I do that?

Mrs. Robin Martin: He’s moving the same amendment.

The Chair (Mr. Prabmeet Singh Sarkaria): Read the entire motion.

Mr. John Vanthof: Yes.

The Chair (Mr. Prabmeet Singh Sarkaria): Then we’ll—

Mr. John Vanthof: —Jad Shimaly, chairman and CEO, Ernst and Young Canada;

That each witness be scheduled to appear for two hours and 30 minutes; and

That each witness be given up to 10 minutes for an introduction; and

That the timing of questioning be split evenly between the two recognized partners.

Thank you, Chair.

Mrs. Robin Martin: On a point of order.

The Chair (Mr. Prabmeet Singh Sarkaria): Point of order, Ms. Martin.

Mrs. Robin Martin: I believe we are now amending the motion that we just voted to reject, but we voted on those potential witnesses as well. So I’m not sure that it’s appropriate; otherwise this could go on and then we could have another motion where we try to vote just on the last one as opposed to the top. I think we’ve voted on it already.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Ms. Martin.

Okay. We’re just going to need to recess for a couple of minutes and then the committee will resume in five minutes. The committee will resume at 5:36—

Ms. Catherine Fife: Did you make a ruling on that? I’m sorry; did you make a ruling?

The Chair (Mr. Prabmeet Singh Sarkaria): No, I haven’t made a ruling. No.

Ms. Catherine Fife: Thank you.

The committee recessed from 1731 to 1737.

The Chair (Mr. Prabmeet Singh Sarkaria): The Select Committee on Financial Transparency will now come to order.

The motion will be allowed to be debated. Since Mr. Vanthof has moved the motion, I now put it to the floor. Further debate? Ms. Fife.

Ms. Catherine Fife: Thank you, Chair, and thank you for recognizing that members have the right to amend motions.

As you can tell by the witnesses that we've called from Ernst and Young—one is Tracy E. Brennan, who was a partner; and she did sign the opinion letter that accompanied the report on the Fair Hydro Plan. Jad Shimaly is the chairman and the CEO of Ernst and Young Canada. We heard a fair amount during the various delegations of the relationship that third-party accounting firms have with the government and the role that they played in determining what the Fair Hydro Plan looked like.

I would also refer the committee members to the executive summary of the commissioned report, where one of the recommendations to the government is, "Require that the Auditor General is given advance notification and is asked for comment when a ministry or an agency consolidated in the financial statements of the province proposes to engage a private sector firm to provide accounting advice. In addition, require that the province approve, after consultation with the Auditor General, the retention of the same private sector firm for both accounting advice and auditing services."

I think that calling Ernst and Young, and not only questioning them on their experience that they had with the Fair Hydro Plan, but also seeking how the recommendations that the Auditor General had for this committee may play themselves out on a go-forward basis, would inform some of our report-writing. The committee has rejected Cindy Veinot, the Provincial Controller, but these two other names that are contained within this motion make a lot of sense for us to call them to committee, and it's consistent with the mandate that has been outlined for us and the work that is before us.

The Chair (Mr. Prabmeet Singh Sarkaria): Further debate? Mr. Vanthof.

Mr. John Vanthof: Just to add a little bit of context, I think Ernst and Young, specifically the people we've asked for, could provide a unique perspective to this committee for several reasons. One, we heard during testimony that Ernst and Young was involved at the very outset of the design of the Fair Hydro Plan, so they could provide a unique perspective there. Secondly, when market-regulated accounting was implemented by IESO—they were involved in that, we heard, from the people from the IESO. They were also involved in the audit process of the IESO, which again would provide a unique perspective—as you recall, the committee brought it up. They were also involved in the commission's report, because sometimes I have heard it called the E&Y report, the Ernst and Young report.

So Ernst and Young has been involved from the outset of the Fair Hydro Plan until the end of the Fair Hydro Plan,

at multiple steps. I think this could provide a unique opportunity for us to see how private financial advisers are involved. They could possibly provide a unique perspective on how, going forward, we could avoid the problems that we're trying to identify and how we could avoid them in the future. Actually, that is the purpose of this committee—to try to ensure that people have confidence in government processes regardless of who is in government.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Romano?

Mr. Ross Romano: I do not intend to posture on this issue. We have tried, throughout the entire duration of this committee, to maintain a quasi-judicial function in this room.

With respect to my comments on Ms. Veinot, as well as my comments with respect to these two witnesses, I will digress for a moment and say that we have heard evidence in this committee that KPMG, Deloitte, Ernst and Young, Blake, Cassels and Graydon and numerous firms were involved in the construction of the Fair Hydro Plan. If we bring in every single person who might have something that they want to say about this particular issue, we could certainly be in here for the duration of the next number of years in this committee.

We have to gauge it based on what is going to be materially relevant for us to make our recommendations, and we do not feel that there is going to be any additional relevance to any of the witnesses proposed by my friends that we don't already have. I will remain with those comments at this time. It is simply a factor of that there is nothing further we can foresee gaining at this point that would add to the relevance or the materiality of what the mandate of this committee was set out to do.

The Chair (Mr. Prabmeet Singh Sarkaria): Mr. Vanthof?

Mr. John Vanthof: I don't often concur with the member from Sault Ste. Marie, but on one point I will: There are multiple companies involved, multiple private firms involved, with the Fair Hydro Plan. But they were all involved at different stages. What makes Ernst and Young able to give us a unique perspective is that it was involved at the start of market-regulated accounting with IESO, it's also the auditor of IESO, and it had a big part, actually, in the commission's report. Again, they are involved at multiple stages, so they would have a unique perspective, not simply—they're not a contractor for one specific part, as many of the others were. Ernst and Young is intimately involved with the whole process.

If the government votes this down, I believe, once again, it's a loss to the overall effectiveness of this committee. We are not trying to stall the process at all. That's why we picked who we felt would have the most direct impact on the findings of this committee going forward.

The Chair (Mr. Prabmeet Singh Sarkaria): Thank you, Mr. Vanthof. Ms. Fife?

Ms. Catherine Fife: The rationale from the government side is highly questionable. Mr. Romano is already assuming what the testimony is going to be by not

allowing the Provincial Controller and not allowing one of the third-party accounting firms to come in.

Our goal of this committee is to restore accountability, trust and transparency. If we don't make it an inclusive process, then it undermines the work of this committee. The rationale that the government side has given does not meet the test, so there must be another motive to not call these witnesses, and I fail to see what that is.

The Chair (Mr. Prabmeet Singh Sarkaria): Further debate? Are members ready to vote?

Mr. John Vanthof: Recorded vote, please.

Ayes

Fife, Shaw, Vanthof.

Nays

Baber, Martin, Martow, Romano.

The Chair (Mr. Prabmeet Singh Sarkaria): Motion lost.

Further business? Before we adjourn, I would like to draw the committee's attention to the letter from the IESO dated November 20, 2018, which you have in front of you. The committee previously agreed that the documents received from the IESO that are in the "confidential" folder not be made available publicly.

Before I ask if the committee agrees that we remove the original submissions from the October 25 submission to avoid confusion, paragraph 2 of the letter indicates that "the IESO has identified 10 documents that are wholly not responsive to the committee's" motion and "respectfully requests that these documents not be produced to the committee."

Any concerns? The committee agrees to remove the original submissions. Thank you.

The committee is now adjourned.

The committee adjourned at 1747.

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Vice-Chair / Vice-Président

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