

Legislative
Assembly
of Ontario



Assemblée
législative
de l'Ontario

**Official Report
of Debates
(Hansard)**

A-6

**Journal
des débats
(Hansard)**

A-6

**Standing Committee on
Government Agencies**

Intended appointments

1st Session
42nd Parliament

Tuesday 27 November 2018

**Comité permanent des
organismes gouvernementaux**

Nominations prévues

1^{re} session
42^e législature

Mardi 27 novembre 2018

Chair: John Vanthof
Clerk: Jocelyn McCauley

Président : John Vanthof
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Room 500, West Wing, Legislative Building
111 Wellesley Street West, Queen's Park
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
Salle 500, aile ouest, Édifice du Parlement
111, rue Wellesley ouest, Queen's Park
Toronto ON M7A 1A2
Téléphone, 416-325-7400; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

ISSN 1180-4335

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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON GOVERNMENT AGENCIES

COMITÉ PERMANENT DES ORGANISMES GOUVERNEMENTAUX

Tuesday 27 November 2018

Mardi 27 novembre 2018

The committee met at 0900 in committee room 1.

SUBCOMMITTEE REPORT

The Chair (Mr. John Vanthof): I'd like to call this meeting to order.

The first issue this morning is to deal with the following subcommittee report, from November 22, 2018. We have all seen the report in advance, so could I please have a motion? Mr. Natyshak.

Mr. Taras Natyshak: Good morning. I move adoption of the subcommittee report on intended appointments dated Thursday, November 22, 2018.

The Chair (Mr. John Vanthof): Any discussion? Seeing none, I'd like to proceed with a vote. All those in favour? Opposed? Seeing none, the motion is carried.

INTENDED APPOINTMENTS

MS. ANNESLEY WALLACE

Review of intended appointment, selected by official opposition party: Annesley Wallace, intended appointee as member, Ontario Infrastructure and Lands Corporation (Infrastructure Ontario).

The Chair (Mr. John Vanthof): Next we have Annesley Wallace, nominated as member of the Ontario Infrastructure and Lands Corp., otherwise known as Infrastructure Ontario. You may come forward.

As you may be aware, you have the opportunity, should you choose to do so, to make an initial statement. Following this, there will be questions from members of the committee. With that questioning, we will start with the official opposition, followed by the government, with 15 minutes allocated to each recognized party. Any time you take in your statement will be deducted from the time allotted to the government.

Thank you for being here, and you may begin.

Ms. Annesley Wallace: Good morning, Mr. Chair and members of the committee.

I appreciate the opportunity to appear before you today and to be considered for a position on the board of Infrastructure Ontario. In applying for this position, I am hoping that I can apply my experience and make a positive contribution to the province.

Like many jurisdictions around the world, Ontario faces significant demands for new infrastructure, and tackling this challenge is important for our families,

communities and businesses. It is important that we have a long-term plan to make needed investment. The role that IO plays in ensuring that we make these investments in a prudent and effective way is critical.

Thank you for providing me with the opportunity to share some highlights about my professional background. I currently serve as the senior vice-president, pension services, at OMERS. OMERS is one of Canada's largest defined benefit pension plans, investing and administering pensions for nearly half a million active and retired employees of nearly 1,000 municipalities, school boards, libraries, police and fire departments and other local agencies and communities across Ontario.

I have been with OMERS since 2012. Prior to my current role in pension services, I spent the majority of my time in the infrastructure group. The first three of my six years with the infrastructure group were largely spent working on infrastructure investment opportunities in sectors including energy, transportation and social infrastructure. Geographically, most of the infrastructure projects I was involved with were focused in North America, but I also had the opportunity to look at opportunities in Australia and South America.

The second three years were primarily focused on managing assets in the OMERS infrastructure portfolio across North America to deliver value for pensioners. This involved sitting on the boards of many companies in which OMERS has an investment, including Bruce Power, Alectra, LifeLabs, Midland Cogeneration Venture, DynaLIFE and Canam and working hand in hand with management teams to deliver on strategic priorities. This included ensuring effective governance of these assets.

Prior to joining OMERS, I worked for SNC-Lavalin, where I managed major engineering and construction projects, negotiated contracts under a wide range of contract models, including fixed price and target price in time and materials, developed strategy and executed on acquisitions. This experience served me well at OMERS in both pursuing new infrastructure investments and managing the existing portfolio.

In terms of education, I am engineer by training and have earned my designation as a professional engineer in Ontario. I went to Queen's University for mechanical engineering and then stayed to do a master's in materials and mechanical engineering.

I also have a master's in business administration, specializing in finance and strategy, from the Schulich

School of Business at York University, and I am a chartered director from the DeGroot School of Business at McMaster University.

I'm passionate about infrastructure and governance. I'm interested in ensuring that our province can successfully meet the heavy demands of a growing population and would very much appreciate the opportunity to contribute as a member of the IO board. The mix of expertise that I can bring to the IO board, having spent time with an engineering construction company in contract managing and then later with OMERS, investing in infrastructure assets and overseeing a portfolio of infrastructure companies, is unique. I am confident I can make a positive contribution.

Thank you very much for your time. I am happy to answer any questions you may have.

The Chair (Mr. John Vanthof): Thanks for your presentation. The questioning will start with the official opposition. Ms. Stiles.

Ms. Marit Stiles: Hi. Thank you very much for being here today and for your presentation, and I guess congratulations. You understand, of course, that our role here is to make sure that we fully understand and we've asked some questions to shed some light on appointments. It's really important. It's public dollars involved, and we really take the transparency and accountability of this process seriously.

I wanted to ask you a little bit more about what your vision is for the role that you'll be taking on.

Ms. Annesley Wallace: IO is responsible for overseeing the mandate provided by the government in the successful delivery of infrastructure projects in Ontario. I feel that my experience, having worked both for an engineering and construction company and, later, investing in infrastructure, is complementary to that effective oversight of infrastructure project delivery.

Ms. Marit Stiles: I wondered if you might have some thoughts—I'm not sure if you're aware, but in 2014, the Auditor General found that Ontario's public-private partnerships were costing an average of an extra 30% above the base costs that would have been paid for the project if it had been delivered through traditional procurement. Working with OMERS, I'm sure you've been involved in some P3 investment projects. Do you have an opinion about—the way I look at it is, the more profitable an infrastructure investment might be but from OMERS' perspective. I appreciate that you're trying to invest in profitable enterprises because this is all about the pensions of public employees, but there is a cost to Ontarians. That's what the Auditor General says. Do you have any thoughts on that?

Ms. Annesley Wallace: I didn't read the Auditor General's report, but I do think it's important to consider what the benefit is for the province of different types of procurement models, and consider the risks associated with different types of models as well. I think it's the government's responsibility to ultimately set the policy, and then it's Infrastructure Ontario's responsibility to ensure there's effective project delivery of those projects.

Ms. Marit Stiles: And would you, then, perhaps undertake to review some of those Auditor General reports over the last few years just to get a better understanding of some of the critique that the Auditor General has had of Infrastructure Ontario and of P3 projects?

Ms. Annesley Wallace: Yes.

Ms. Marit Stiles: Thank you. I also want to just ask you a couple of questions about your time at SNC-Lavalin, because you were there till 2012—is that what you said?

Ms. Annesley Wallace: Yes, I think 2012.

Ms. Marit Stiles: Okay. SNC-Lavalin, obviously, has been embroiled in some difficult times, let's just say—some scandals. I'm just wondering—I just want to make sure—did you, when you were working as VP of operations at SNC-Lavalin, report to Pierre Duhaime, the CEO?

Ms. Annesley Wallace: No, not directly.

Ms. Marit Stiles: Okay. But you would have worked with him, though, and you're aware of the charges that are against him right now?

Ms. Annesley Wallace: I am aware. I've met him, but I think that's the extent of it.

Ms. Marit Stiles: Okay. My understanding is that while these charges play out in Quebec—

Interjection.

Ms. Marit Stiles: Sorry?

Mrs. Marie-France Lalonde: Allegations.

Ms. Marit Stiles: —these allegations—thank you—play out, and we're looking at seeing—I guess Mr. Duhaime is scheduled to go on trial next year. I'm wondering if you want to comment a little bit on the fact that Infrastructure Ontario is going to continue, as I understand it, allowing SNC-Lavalin to continue bidding on Infrastructure Ontario projects. As a former executive, do you feel like you can be objective when you're considering how Infrastructure Ontario should respond to whatever revelations emerge?

Ms. Annesley Wallace: I feel I can definitely be objective. It has been a long time since I worked for the organization, and I think a lot has probably changed since I left the organization. In terms of SNC-Lavalin's role in bidding for Infrastructure Ontario projects, as far as I'm aware, there is no restriction in having them participate in the procurement process.

0910

Ms. Marit Stiles: I think this is just one example of where you might have some issues arising. In this case, some of this came out of the Charbonneau commission. We know that the Charbonneau commission made a lot of recommendations coming out of some of the investigations around potential corruption in Quebec. What steps do you think Infrastructure Ontario should be taking to ensure that Ontario's infrastructure procurements are conducted with the utmost transparency and integrity? Because, obviously, this is to serve the public interest, do you want to comment a bit on how we ensure transparency and accountability?

Ms. Annesley Wallace: Sure. I agree it is critical that in any procurement process there is transparency and

accountability. I think that the board of Infrastructure Ontario needs to ensure that the organization has the right culture, the right processes and systems in place, and checks and balances, to feel comfortable that that transparency and accountability exists throughout the entire organization.

Ms. Marit Stiles: Thank you. All right.

The Chair (Mr. John Vanthof): No further questions? To the government. Mr. Cuzzetto.

Mr. Rudy Cuzzetto: Thank you very much for being here this morning. What are the key infrastructure projects and priorities that you envision for the province that you will be dealing with in the coming year?

Ms. Annesley Wallace: Infrastructure Ontario has a number of projects already under way. I think one of the biggest challenges that they will face is that there is such an increased demand for infrastructure projects and there is a significant commitment to actually getting these projects built and in service. So, without yet being a part of the organization, I think one of the areas of focus and priority will need to be to ensure that it is prepared to take on all of the projects that the government would like it to ensure are successfully delivered.

Mr. Rudy Cuzzetto: Thank you.

The Chair (Mr. John Vanthof): Ms. Fee.

Mrs. Amy Fee: First off, thank you for coming in today. One of the things that I was very excited to see when I saw your name come forward is an award that you were previously nominated for, the Women's Infrastructure Network emerging leader award. For those members who may not know, it's to recognize the work that someone has done in the community and in this industry to make sure that women are recognized and are leaders in engineering and infrastructure as well.

I'm just wondering if you could walk us through any ideas that you have or things you think you can build on to bring more women and more young girls into infrastructure and engineering.

Ms. Annesley Wallace: Sure. I think it's critically important that we continue to encourage young women to go into fields like science and engineering. I try to look for any opportunities that I can find to help people who are looking to make a decision about what fields to go into, but also women who are in engineering and then looking at what their potential careers may be coming out of university, really making sure that they understand the full range of options. I think it will be important that we look to make progress at every level, whether it is people going into university or women coming out of university—and then also staying in the roles that they find to really continue to make progress. I think it was only 20% of my class at Queen's who were women in engineering, and it was actually considerably less in mechanical engineering. I think we've made some progress, but I think there's still a very long way to go.

The Chair (Mr. John Vanthof): Mr. Ke.

Mr. Vincent Ke: Good morning, and thank you for being here. My background is in engineering too. It's noted in your biography that you have a long and well-

established record of work associated with major nuclear energy projects and corresponding energy infrastructure networks in this province.

Could you please elaborate on some of the past work, and any challenges that you faced regarding these projects? Furthermore, can you also provide the committee with your thoughts on what role nuclear energy infrastructure has in this province going forward? Thank you.

Ms. Annesley Wallace: What is interesting about the work that I have done related to major nuclear infrastructure projects is that they are extremely complex. Where IO focuses is large, complicated infrastructure projects.

I have had the benefit of seeing those projects from both sides, from a contractor's perspective as well as from an owner's perspective, and really understanding the trade-offs that have to get made around risk and contingency.

Looking at any of those things, like how the contracting models work or some of the key challenges that those complex infrastructure projects ultimately can face, is all experience that I can apply going forward.

In terms of the role that nuclear may play in this province going forward, there are existing arrangements that define the role that is anticipated for the two major operators, Bruce Power and OPG. Outside of those existing arrangements—I'm not sure that there is anything else, but I think that with those plants we have that are actually good, strong operators, there is a good future for nuclear.

Mr. Vincent Ke: Good. Thank you. Yesterday, actually, we met their delegation and they are saying that 60% of power will come from nuclear. It's very important.

Ms. Annesley Wallace: Yes.

Mr. Vincent Ke: Okay, thank you.

The Chair (Mr. John Vanthof): Mr. Baber.

Mr. Roman Baber: Good morning, Ms. Wallace, and thank you for joining us today. As you've probably heard, our government is committed to making Ontario open for business, and we're committed to attracting high-end manufacturing jobs back to Ontario.

I was wondering, from an infrastructure perspective, if you could provide any insight as to what steps government could take, or what steps IO can take, to make Ontario a prime development and infrastructure construction spot in North America. What would give it a real shot in the arm?

Ms. Annesley Wallace: I think that a commitment to large projects is what will ultimately move things forward, both from getting infrastructure built as well as, then, all of the jobs' economic benefit, direct and indirect, that goes along with it.

A lot of the time, infrastructure projects are talked about for a long time, and there are starts and stops in terms of actually moving projects ahead. I think that carefully selecting the right projects to move forward—and then the role Infrastructure Ontario can play is to actually ensure that there is successful project delivery of those projects.

Mr. Roman Baber: Thank you.

The Chair (Mr. John Vanthof): Mr. Roberts.

Mr. Jeremy Roberts: Ms. Wallace, thank you so much for being here. Looking over your resumé, it's obvious that you have a ton of really valuable experience in this sector that I think is going to bring a lot of value to Infrastructure Ontario.

Recently, I had a really interesting conversation with some representatives from HOOPP. We were talking about why it is that Canadian pension plans aren't as invested in Canadian infrastructure projects. I just did a cursory glance at the teachers' pension plan. Based on the website, they don't have any infrastructure projects in Canada. I looked at OMERS. I think you guys have a couple: Bruce Power and others. But certainly it looks like a lot of the investment in infrastructure from the Canadian pension plans is happening overseas.

So I'm just wondering if you had any thoughts on that. Is this an area that the government should be looking at—increased collaboration? Is this something that you see as an opportunity for us to partner with some of these local pension plans to get some good benefits on infrastructure investment here at home?

0920

Ms. Annesley Wallace: I think that the reason for more investment in some jurisdictions by large pension plans than others really comes down to how the government chooses to structure the projects. In Ontario, Infrastructure Ontario has been successful with its model for delivering projects. In other jurisdictions, Australia is an example where the model is structured such that it makes more sense for a large pension plan to participate. So as the government is considering its options in terms of different investments, it would certainly make sense to me to look at all of those options, including the one that has been successful so far.

Mr. Jeremy Roberts: Perfect. No, that's fantastic. Excellent. Thank you so much.

The Chair (Mr. John Vanthof): Mr. Nicholls?

Mr. Rick Nicholls: Thank you very much. Good morning, Ms. Wallace.

Ms. Annesley Wallace: Good morning.

Mr. Rick Nicholls: It's nice to have you here this morning to be grilled by our panels. Not really grilling, actually. You hear a little sizzle every once in a while, though.

But you know what? You have made presentations in the past regarding the process of asset recycling. I find that an interesting concept, interesting term: asset recycling. I guess as described in the presentation—the synopsis of your presentation, actually—you describe asset recycling as a concept of, I guess it's called, selling or leasing of underperforming or surplus assets for the purpose of making investments in new and/or existing infrastructure investments.

My question to you is simply this: Could you explain a little further what this concept is and what potential implication this could have for infrastructure investments right here in Ontario?

Ms. Annesley Wallace: Sure. I think the concept is that a government could actually fund future infrastructure

investment that is required from either leasing or somehow raising money from existing assets that are already operating. In some cases, those investments could be underperforming and an experienced operator could come in and make improvements to the existing infrastructure assets.

But I think more importantly, any revenues that are generated from that model are then clearly linked to future infrastructure investment. Given the demand for infrastructure investment in countries around the world, it's one way for a government to look to fund some of that significant infrastructure demand and get more projects moving. I think the benefit is that, ultimately, the communities benefit from having more infrastructure built and in service, offering opportunities for those communities.

Mr. Rick Nicholls: Do you—

The Chair (Mr. John Vanthof): Excuse me. You have 10 seconds left.

Mr. Rick Nicholls: So on behalf of our panel over here on the government side, we'd like to thank you very much for your time and diligence and, of course, your response to our questions.

Did I eat up my 10 seconds?

The Chair (Mr. John Vanthof): Yes, thank you.

There is time remaining in the overall allotment. I would like to cede the floor to Madame Lalonde, if she so chooses to ask some questions. Thank you.

Mrs. Marie-France Lalonde: Well, actually, there was a lot. Good morning.

Ms. Annesley Wallace: Good morning.

Mrs. Marie-France Lalonde: Thank you very much for being here.

I sit on this committee, but I'm also on House duty every morning, so it's always difficult for me to make a decision as to, "Do I come or do I stay in my House duty period?" When I saw your credentials, I was a little bit surprised to see that we had called you, so I wanted to meet you, actually. I wanted to hear you. I know that a lot of individuals have asked questions, so I just want to congratulate you. You get a paper. You don't realize who the actual person is. I certainly appreciate MPP Fee's question as a young woman with all of these credentials and that knowledge.

I really wish you the best of success if we, hopefully, support your appointment—certainly, I will—in moving forward, because I think you would be a great asset on Infrastructure Ontario's board. We need people like you, with different types of backgrounds, to bring a different perspective, maybe, to that board.

Congratulations, and all the best.

Ms. Annesley Wallace: Thank you very much.

The Chair (Mr. John Vanthof): That concludes the time allotted for questions.

Thank you very much. You may step down.

We will now consider the intended appointment of Ms. Annesley Wallace as member of the Ontario Infrastructure and Lands Corp., otherwise known as Infrastructure Ontario.

Mrs. Amy Fee: I'd like to move concurrence in the intended appointment of Annesley Wallace, nominated as

member of the Ontario Infrastructure and Lands Corporation (Infrastructure Ontario).

The Chair (Mr. John Vanthof): Concurrence in the appointment has been moved by Ms. Fee. Is there any

discussion? Seeing none, I'd like to proceed to a vote. All those in favour? Opposed? It is carried.

Thank you very much. The meeting is adjourned.

The committee adjourned at 0926.

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