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**Official Report
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A-10

**Journal
des débats
(Hansard)**

A-10

**Standing Committee on
Government Agencies**

Intended appointments

1st Session
42nd Parliament

Tuesday 19 March 2019

**Comité permanent des
organismes gouvernementaux**

Nominations prévues

1^{re} session
42^e législature

Mardi 19 mars 2019

Chair: John Vanthof
Clerk: Jocelyn McCauley

Président : John Vanthof
Greffière : Jocelyn McCauley

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Hansard Reporting and Interpretation Services
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LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON
GOVERNMENT AGENCIESCOMITÉ PERMANENT DES
ORGANISMES GOUVERNEMENTAUX

Tuesday 19 March 2019

Mardi 19 mars 2019

The committee met at 0900 in committee room 1.

The Clerk pro tem (Mr. William Short): Good morning, honourable members. It is my duty to call upon you to elect an Acting Chair. Are there any nominations? Mr. Natyshak?

Mr. Taras Natyshak: I nominate Marit Stiles.

The Clerk pro tem (Mr. William Short): Ms. Stiles, do you accept the nomination?

Ms. Marit Stiles: I do.

The Clerk pro tem (Mr. William Short): Any further nominations? Seeing none, I declare the nominations closed and Ms. Stiles elected Acting Chair of the committee.

Mr. Taras Natyshak: Congratulations.

The Acting Chair (Ms. Marit Stiles): That was a nail-biter.

SUBCOMMITTEE REPORTS

The Acting Chair (Ms. Marit Stiles): I would like to call this meeting to order. The first item of business this morning is the subcommittee reports, both dated March 14, 2019. We have all seen the reports in advance, so could I please have a motion? Mr. Natyshak.

Mr. Taras Natyshak: I move adoption of the subcommittee report on intended appointments dated Thursday, March 14, 2019, on the order-in-council certificate dated March 4, 2019.

The Acting Chair (Ms. Marit Stiles): All those in favour? Carried. That was unanimous.

I believe we have a second motion. Mr. Natyshak.

Mr. Taras Natyshak: I move adoption of the subcommittee report on intended appointments dated Thursday, March 14, 2019, on the order-in-council certificate dated March 8, 2019.

The Acting Chair (Ms. Marit Stiles): Thank you. All in favour? That's carried.

INTENDED APPOINTMENTS

MR. JEFF WESLEY

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

The Acting Chair (Ms. Marit Stiles): We have Jeff Wesley, nominated as a member of the Ontario Infrastructure and Lands Corp., or Infrastructure Ontario. You may come forward now, Mr. Wesley. Thank you. Good morning.

Mr. Jeff Wesley: Good morning.

The Acting Chair (Ms. Marit Stiles): 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'll start with the government, followed by the official opposition, with 15 minutes allocated to each recognized party. Any time you take in your statement will be deducted from the time that is allotted to the government.

You can begin.

Mr. Jeff Wesley: Thank you, Madam Acting Chairperson and members of the committee. It is an honour and a privilege to appear before you all.

Infrastructure is an important issue in Ontario, as proper infrastructure drives economic development, jobs, health care, education and investment. I live in Chatham-Kent with my spouse of 38 years, Michelle, in a rural and urban municipality which has over 6,700 kilometres of roads, 850 bridges, and 20% of the drains in Ontario. In Chatham-Kent, we know, understand and appreciate the need for quality infrastructure.

Please allow me to share a bit of my background. I spent 34 years in the private sector working for Union Gas Ltd., where I retired in December 2018. I was responsible for developing and implementing an Indigenous relations program, and I personally visited 80 Indigenous communities across Ontario. But we also put in place an Indigenous procurement program to assist those communities. I thought that type of experience would be very beneficial to the recently announced rural and northern infrastructure program. In 2001, Union Gas was also the recipient of the Ontario Aboriginal Partnerships Recognition Award, along with Six Nations Natural Gas.

I was a key member of the major projects group on a \$250-million, 48-inch natural gas pipeline through the Niagara Escarpment—and you can imagine the complexities of doing that—to serve Hamilton, Milton and the GTA.

I was also involved with a 48-inch pipeline crossing of the Grand River and dealing with the Six Nations community on that project.

Finally, I was also involved with expansions at our Parkway and Dawn hub natural gas compression facilities and all that that entailed.

In my time with Union Gas, I had a key responsibility to deal with municipalities across Ontario, and specifically with the Association of Municipalities of Ontario, to address natural gas and Union Gas issues. I also spent 24 years in the public sector as a municipal elected official, where I also retired in December 2018. I served as a councillor, deputy reeve and mayor of the town of Wallaceburg, and also as a councillor with the amalgamated municipality of Chatham-Kent.

I was chairperson of the Chatham-Kent PUC, where we dealt with water and waste water infrastructure and all that is entailed with that. I was a director on the St. Clair Region Conservation Authority and also a member of the budget and audit committee. One of the greatest bits of knowledge that I got when I was at Chatham-Kent is that we were very proactive in developing an asset management plan and life-cycle asset funding, which are pretty key to infrastructure.

I also, like many of you, have a very strong record of community service. I've been involved with the United Way as a chair, a board member and a volunteer for over 20 years. I am a chairperson and still a member of the Save Our Sydenham committee, which worked in support of keeping our local hospital, and worked very closely with Natalie Mehra with the Ontario Health Coalition.

I'm also a former board chair and member of the Chatham-Kent Health Alliance and Sydenham District Hospital.

In 2001, I was recognized during the International Year of the Volunteer by then-MPP Pat Hoy. In 2012, I was awarded the Queen's Diamond Jubilee Medal by MP Bev Shipley. And just last year, in 2018, I was selected as the Wallaceburg and District Chamber of Commerce citizen of the year for my community.

From an education point of view, I have an honours BA from Western University and a law degree from the University of Windsor. I have a background in municipal law, real estate, contracts, administrative law, property, labour and employment.

One of the key things that I bring to the table, I feel, is my ability to work with everyone. My past has shown that, in the best interests of our citizens and our taxpayers, I will work with everyone, elected or not elected, from all walks of life. I can tell you, in all honesty, that my friends and those whose opinions I cherish and trust come from all political persuasions. I've moderated many debates because I am seen as being fair-minded to all sides and all viewpoints.

I will do my very best to serve the people of Ontario with proper governance and management of needed infrastructure in an efficient and cost-effective manner.

Thank you for listening, and I welcome your questions.

The Acting Chair (Ms. Marit Stiles): Thank you, Mr. Wesley. I'll turn it over to the government side now. You have about 10 minutes left. Mr. Roberts.

Mr. Jeremy Roberts: First of all, thank you so much for being here and for putting your name forward to take

part in this organization. It seems like you bring a wealth of experience to the table, both from your private sector experience and your public sector experience.

You touched on this a little bit in your opening statement, but as you know, last week Minister McNaughton came out with the first stream of our Investing in Canada Infrastructure Program; that's the \$30-billion rural and northern stream over the next 10 years. I'm just wondering if you can kind of elaborate a little bit more on how your experience being a councillor, deputy reeve and mayor in a rural community will be beneficial to you and allow you to bring some new perspective to the table.

Mr. Jeff Wesley: Well, as everyone can appreciate, the need for quality infrastructure in rural communities has never been greater. What we have to recognize, especially when dealing with some of the communities up in northern Ontario and some of the Indigenous communities, is that one of the things that prevents them from having that quality infrastructure is usually funding and dollars, because they are very small communities. I think, also, that my background in Indigenous relations will be of benefit, if we're going out to those communities in northern Ontario and the Indigenous communities and saying, "Here, we need you to apply for this infrastructure funding so that we can help you grow."

It's all about perspective, it's all about how you treat people and it's all about how you deal with people, and I've been very good at doing that. If there's something that I can do to assist Infrastructure Ontario in making the rural and northern program as successful as it needs to be, I think I am prepared to do that.

Mr. Jeremy Roberts: Fantastic. Thank you.

The Acting Chair (Ms. Marit Stiles): Ms. Fee?

Mrs. Amy Fee: Thank you for being here this morning and for all of the different service that you've done for your community and for the province. I'm very excited to see you here this morning taking that next step forward.

We know that we've been left with a very tight fiscal situation in the province, based on the debt load that was piled on by the previous Liberal government, and it is making constraints and restraints for our provincial government, but also for our municipal partners. To me, now more than ever, it is vital that we are ensuring that we spend money at the right time and in the right places. I'm just wondering if you can comment on the importance of asset management.

Mr. Jeff Wesley: Asset management is key. I think Chatham-Kent, where I served, is one of the leading municipalities in Ontario for putting in place an asset management program. What an asset management program does is that it doesn't just look at today, but it looks 20 years out so that you can plan and you can say, "This is how we're going to finance those in an orderly fashion, when we have the money and when we have the ability to do so."

The other thing that an asset management plan allows you to do is identify the gap between what we have funding for and, usually, what we don't have funding for. I understand, here in Ontario, that's an issue as well, because there is that gap. Asset management allows you to

manage that gap so that you can incrementally say that we have this gap and, over the next 10 years or 20 years, we're going to work to reduce that gap. It really just identifies where you should be spending your money, how you should be spending it and how you can plan for the future, and that's just good business sense.

0910

Mrs. Amy Fee: Thank you.

The Acting Chair (Ms. Marit Stiles): Mr. Nicholls?

Mr. Rick Nicholls: Good morning, Mr. Wesley.

Mr. Jeff Wesley: Good morning.

Mr. Rick Nicholls: Good to see you this morning.

Mr. Jeff Wesley: Nice to see you.

Mr. Rick Nicholls: You mention about Chatham-Kent, and of course I kind of chuckle because Chatham-Kent sometimes has been referred to as little Venice because of all the waterways, the bridges and so on. We don't have gondolas; I will say that.

Mr. Jeff Wesley: No, we don't.

Mr. Rick Nicholls: But that might be our next move.

Mr. Wesley, our government is committed to assisting small municipalities with their asset management planning, as you've touched upon, and that results in cost savings and maximized benefits provided by infrastructure. We've provided and will continue to provide workshops, online seminars, free expert asset-management plan assessments and so on. Because infrastructure requires a long-term perspective, asset management planning helps municipalities clearly identify their needs. You touched upon that in your reference to the last question.

In early 2014, Chatham-Kent council received a report on its \$2.9 billion worth of municipal assets. The corporate services department said that the infrastructure was in fact approximately 25% of the tax levy, but would rise to 33% when fully funded. There was a recommendation to hike water and waste water rates by 52% and 59%, respectively. So, when you were a councillor, you understood the devastating impact that those rates would have on families and seniors. I'm getting closer and closer to that latter category. All right; maybe I'm there. But there's going to be a reasoned approach taken to it—with your words, and I'll read your quote again with regard to rate hikes. "There's going to be a reasoned approach to take it," were your words. Can you please explain the critical role that asset management plays in managing the growing demands on infrastructure?

Mr. Jeff Wesley: Great. Yes. Let me be very clear: I did not vote for any of those increases, nor did we get to that point.

When you talk about asset management and you talk about, for example, the Chatham-Kent PUC, in an ideal world, if you wanted to go out there, you could spend \$10 billion, let's say, and correct all the infrastructure woes of that community, but that's not realistic. You only have so much money, you only have so many revenues you can raise from the taxpayer and you only have so much capital spending. That's where an asset management plan comes into place because it allows you to plan the development and completion of those infrastructure projects over time.

For example, with the PUC we know that there's some additional areas where we could be putting in water and waste water services, but we have to plan those as we can move forward and we have the funding.

The other thing I wanted to mention that goes very well with an asset management plan is what we call life cycle funding. Life cycle funding is basically where you have now put in a brand new asset—let's say it's a waste water treatment plant—as part of your asset management plan. Then, what you have to do is look at the life cycle funding. Life cycle funding basically says, "That waste water treatment plant has a life expectancy of, let's say, 40 years and it's going to cost us this amount of money to maintain and take care of it over the next 40 years." Well, you put that funding into your budget so that you're not ending up, at the end of the 40 years, with an asset that hasn't been maintained. As we know, an asset that hasn't been maintained is much more costly to bring back up to snuff and/or to replace.

Mr. Rick Nicholls: Sure. Thank you very much.

The Acting Chair (Ms. Marit Stiles): Any other questions?

Seeing none, we'll turn to the opposition: Mr. Burch.

Mr. Jeff Burch: Welcome, Mr. Wesley. Congratulations. Your credentials are very impressive.

Mr. Jeff Wesley: Thank you.

Mr. Jeff Burch: I'd like to ask you: How long did you work at Union Gas and were you involved in the merger with Enbridge?

Mr. Jeff Wesley: I'd been at Union Gas for 34 years. I retired December 1. That was just prior to—the Enbridge-Union Gas merger was basically effective January 1 of this year. I was there as some of those transition moves were taking place, but I retired as a Union Gas employee.

Mr. Jeff Burch: How did this appointment come about, and who approached you, or did you approach the government?

Mr. Jeff Wesley: It has been kind of a mutual thing because I knew in advance that I was going to be retiring from Union Gas and I also knew that I was not going to run for re-election on municipal council. I was looking to see how I could continue to be of value. As my wife says to me, I've never really been much of a person to lie around and take life easy, but I always want to do something substantive. So I started looking to see what there was out there that I could do. I certainly mentioned to the minister and to others that if there was something out there that fit my skills and fit my interests, that I could be of value—I want to be of value and do something substantive—I'd be interested. Certainly, I have a background in infrastructure across energy projects, across water and sewer projects, across municipal projects, with a background in Indigenous relations, so it seemed to be quite a natural fit.

Mr. Jeff Burch: Minister McNaughton recently tabled Bill 32, which enables subsidies to help pay for natural gas infrastructure that would otherwise be unprofitable for companies such as Union Gas. Do you foresee that Infrastructure Ontario might have any role in projects enabled by Bill 32 or any other natural gas projects?

Mr. Jeff Wesley: Are you referring specifically to Union Gas?

Mr. Jeff Burch: Or any other natural gas project.

Mr. Jeff Wesley: You know what? Natural gas is kind of like water and sewage: Everybody wants it, but it's not easy to get there. Let me use as an analogy a water and sewage project. In Chatham-Kent, if someone wanted water—for whatever reason; the well wasn't working or whatever—we would go out and get the cost to do that and then they would pay the water rates back to Chatham-Kent.

The problem with natural gas has been that there was a rule with the OEB that any future extensions of natural gas could not be subsidized by existing customers. That, unfortunately, made it so that it was not fair for those who did not have natural gas.

I see it as a bit of a win-win on both sides. I don't think that the charges that you will see current natural gas customers incurring—they're going to be miniscule in the big scheme of things. But it's also going to provide natural gas to those rural customers and those northern customers who need it. I can tell you that up in northern Ontario in certain areas there are communities where people are basically spending almost all of their disposable income to heat their houses because they've got hydro heat or they're burning wood or they've got oil heat.

I think providing that basic service of natural gas to communities that otherwise cannot afford it is a very good thing.

Mr. Jeff Burch: Thank you. Many rural hospitals have closed over the last several years, but last month Minister McNaughton announced that the Wallaceburg hospital, which was also once at risk of closure, would instead be modernized. The hospital is in Minister McNaughton's riding, and you used to be the mayor of Wallaceburg. Do you foresee that Infrastructure Ontario would have any role in the modernization of the Wallaceburg hospital?

Mr. Jeff Wesley: That's an interesting question. I've got to take a moment, though, and get the smile off my face because I've been working on Sydenham District Hospital since—believe it or not—the 1990s. Minister McNaughton, when he was a councillor in Newbury, was also helping us in that fight because he had the Four Counties hospital in his backyard.

I know, under the legislation, that hospitals, universities, hydroelectric projects and municipalities all come under the scope of funding from Infrastructure Ontario. How Infrastructure Ontario may be involved in that project, I can't tell you at this point. I know that what they've done is that they've made the planning dollars available so that they can start planning for the hospital. I do know with hospital infrastructure projects that there are various steps you have to go through, and it's a time-consuming and long process. So we're really at step number one, which is, let's get the planning done; let's look how we can do this. But it's my understanding that the hospital modernization will be done in steps over a long period of time.

Mr. Jeff Burch: Okay. Thank you.

The government recently announced plans to change Infrastructure Ontario's operational model to include selling its services outside of Ontario. How should IO make sure that this new for-profit business model does not interfere with its main mission, which should be about delivering value for Ontarians?

Mr. Jeff Wesley: One thing I will say is that in the information that I have read, certainly Infrastructure Ontario—if you look at the awards that they won just recently, in 2018, as agency of the year, and the fact that they've got a track record of having projects come in on time and on budget, I think is a very good thing—not to say that there are not improvements and things they have to watch out for.

If they're going to start providing services outside of Ontario, the first thing we have to do, number one, is make sure that the taxpayers of Ontario are protected, that their money is well spent, and that that money can hopefully come back in and make a profit and assist the taxpayers of Ontario to be able to do more infrastructure in here.

I am very strongly in favour of the protection of the taxpayers. We all work very hard, and money isn't easy to come by. As I mentioned in answer to an earlier question, there is that gap between the money we have and the projects we need to do, so we don't want that gap to get bigger.

If they can go outside and make some money outside of Ontario, hopefully that will help us, but it has to be separate. You've got to have the financial controls in place, you've got to have the audit controls in place and you've got to have the internal controls in place to make sure that we truly understand what they're doing outside of Ontario, and that that money, in fact, is going to come back in and benefit all the taxpayers of Ontario.

Mr. Jeff Burch: With respect to executive salaries: When Hydro One became a private company, it began an empire-building campaign that included acquisition of other companies, like Avista. This new mandate also meant that the CEO's salary was six times what the previous CEO earned when Hydro One was 100% publicly owned.

Do you expect that Infrastructure Ontario executive compensation will increase in response to the new mandate?

Mr. Jeff Wesley: I can't honestly say whether it will or it won't. But what I can tell you is that it's always a tricky situation in the sense that in order for any organization—Infrastructure Ontario, or any other organizations—they have to attract and retain good, qualified people who can carry out the mandate.

As a member of the board—we're an oversight body. They're the actual feet on the ground, doing the business decisions day in and day out. One of the things you have to look at when you're looking at any executive compensation—and believe me, I look at some of the salaries out there, and I probably think the same way you do. But you have to make sure that it's fair and that we're going to attract and retain good talent. There's a process you have to go through to do that, and that's looking at what the comparatives are out there. What is the competition?

Just because you add more work onto somebody doesn't necessarily mean that their salary needs to go up. We see that every day.

Mr. Jeff Burch: Do you think it should be tied to the successful completion of projects?

Mr. Jeff Wesley: I believe it should be, yes. That's one factor.

Mr. Jeff Burch: Thank you very much.

Mr. Jeff Wesley: Thank you.

The Acting Chair (Ms. Marit Stiles): Mr. Natyshak?

Mr. Taras Natyshak: I'm good.

The Acting Chair (Ms. Marit Stiles): All right. That concludes the time allocated. Thank you very much. You may step down.

Mr. Jeff Wesley: Thank you.

The Acting Chair (Ms. Marit Stiles): We will now consider the intended appointment of Mr. Jeff Wesley, member of the Ontario Infrastructure and Lands Corp.

(Infrastructure Ontario). Ms. Fee is going to move concurrence.

Mrs. Amy Fee: I move concurrence in the intended appointment of Jeff Wesley, nominated as member for the Ontario Infrastructure and Lands Corp. (Infrastructure Ontario).

The Acting Chair (Ms. Marit Stiles): Thank you. Any discussion? Seeing none, all those in favour? Any opposed? That's carried.

The next item on our agenda is the deadline to review the intended appointment of Clark Savolaine, selected from the February 22, 2019, certificate for March 24, 2019. Do we have unanimous agreement to extend the deadline to consider the intended appointment of Clark Savolaine to April 23, 2019? I just need a yes or a no. I heard a no, so there's no unanimous consent.

That's it for today. I'm going to adjourn this meeting. Thank you.

The committee adjourned at 0924.

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