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Mercredi 3 juin 2009

Standing Committee on Estimates

Comité permanent des budgets des dépenses

Ministry of Energy
and Infrastructure

Ministère de l'Énergie et de
l'Infrastructure

Chair: Tim Hudak
Clerk: Sylwia Przezdziecki

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON ESTIMATES

COMITÉ PERMANENT DES BUDGETS DES DÉPENSES

Wednesday 3 June 2009

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The committee met at 1636 in room 151.

MINISTRY OF ENERGY AND INFRASTRUCTURE

The Chair (Mr. Tim Hudak): Good afternoon, folks. The Standing Committee on Estimates is back in session, the estimates of the Ministry of Energy and Infrastructure, vote 2901. There are a total of two hours and 22 minutes remaining. When the committee was adjourned, the third party, Mr. Tabuns, had four minutes remaining in its turn. I understand that we have the agreement of all committee members to take an extraordinary rotation so we can complete the hearings today. This is what I believe is proposed: Mr. Tabuns would have his four minutes held over, and we would then go to the official opposition for 20, the third party for 20, the government for 10, the official opposition for 10 and the third party for 10. Then we're concluded and we'd have our votes. So the good news is, we would complete the estimates today and we wouldn't have to call back the ministry in the summer or the fall. We're all in agreement here? We're all agreed?

Mr. Lorenzo Berardinetti: Agreed.

The Chair (Mr. Tim Hudak): Okay, terrific. We will do that, then. We will start with the four minutes remaining on Mr. Tabuns' clock. The floor is yours, Mr. Tabuns.

Mr. Peter Tabuns: Minister, there was an interesting document left behind, reported by CTV: federal Minister Raitt's discussion with you noting that the Bruce 1 reactor was 324 days late in its refurbishment; Bruce 2 reactor, 433 days late; and the latest IESO report saying that the Pickering reactors aren't due back online until the third quarter of 2010. Can you tell me how many days behind schedule the refurbishment of Bruce 1 and 2 is? In other words, is that an accurate report or do you have a better report on that?

Hon. George Smitherman: I have no knowledge of—firstly, I guess I had a busy day, because I don't really know what all the news stories are referencing. I have no recollection of ever being briefed on the matter of the number of days behind on any expected project coming online.

Mr. Peter Tabuns: Set aside the article, then, and the CTV report. Do you have information that you can give us on how many days behind schedule the refurbishment of Bruce 1 and 2 is?

Hon. George Smitherman: I don't even know who establishes the timelines at the front end against which you determine that a project is overdue. But I'll take it as a question under advisement and seek to get all available information to members of the committee.

Mr. Peter Tabuns: Okay. At the same time, could you tell us if the refurbishment is over budget, and if so, by how much?

Hon. George Smitherman: Yes. I'll certainly look to all said information. I guess in this role AECL is like the service provider, but we'll certainly take a look at providing all available information to you.

Mr. Peter Tabuns: Okay. Given the questions that are being asked about AECL's future, whether it will remain owned by the government of Canada or sold off, is that having an impact on your assessment of them as a partner in building generating capacity in this province?

Hon. George Smitherman: No. I think overall we took quite a positive view to the level of interest that the government of Canada is showing in the future of AECL. Of course, this three-month period or what have you is probably a source of some uncertainty for particular individuals, but overall, we take the view that it's sometimes a feeling in the sector overall that maybe governments or the government haven't always been equally responsive, if you will, to AECL and their needs etc. So to see the level of attention that it seems to be garnering from the government of Canada is something that we see as positive overall. Our relationship with AECL is as their best customer—20 of 42 reactors or something to that order of magnitude. It's a long-standing relationship, and accordingly we see the efforts that are being contemplated as a good sign of interest on the part of the government of Canada.

Mr. Peter Tabuns: But are you concerned that their sale by the government of Canada may affect the stability of the corporation in the future, given that you're looking at purchasing some very significant investments from them in terms of nuclear reactor capacity?

Hon. George Smitherman: I would say two things. I'd say no, we're not seeing a threat to the project in that context. First, we've been given every assurance by the government of Canada that the team from AECL that has been involved in making a proposal for the procurement of replacement units here in Ontario is going to remain active as a group—so continuity from that context.

No, we didn't see the steps that the government of Canada was taking as anything that was particularly challenging or problematic in the context of their ability to provide product here in the province of Ontario.

The Chair (Mr. Tim Hudak): That will conclude that brief round. Now, according to our rotation, we'll go to the official opposition for a 20-minute segment. Mr. Yakabuski.

Mr. John Yakabuski: Thank you, Minister, for joining us again today. Where we left off yesterday, we were talking about wind turbines and developments and the costing of the Green Energy Act. You seemed to be speculating about where you think the cost of other forms of generation are going to go.

You have escalator clauses built into all of your FIT rates, so your expectation is that all of those costs are going to rise as well, I would gather, because steel's not going to go down in price, and all of the components that go into wind turbines—we know that they're essentially a physical unit. It's not about people and expertise. Once the developments are running, they run on minimal personnel, so the cost of erecting them is likely going to continue to rise unless we see all of the value and the cost of the components in those things stopping.

You're speculating on the price of other forms of generation. Where do you see the price that you would expect or project that you would be paying for wind over the next three, five, 10 years?

Hon. George Smitherman: On the first part of your question, where you said I was speculating on the price of other forms of electricity, I still think that, whether in this forum or otherwise, you owe people a more honest answer in terms of your policies around either continuance of coal or carbon sequestration, so I might just say to the honourable member, don't you agree that, in any jurisdiction, the transformation of existing coal-fired plants to some form of carbon sequestration is going to be costly, that we're going to have to bear some cost in the price of electricity produced by coal? Because that's really the point we were talking about.

Mr. John Yakabuski: I thought we were asking the questions.

Hon. George Smitherman: I thought we were engaged in more of a discussion than that.

On the issue of cost of living, it is true that in the proposals that we have that have been the subject of consultation on the feed-in tariff, 20% of CPI would be available as a cost escalator on feed-in-tariffs. Our starting point on wind, I think, was projected—and again we haven't firmed these up entirely, but the OPA has been working on them—as 13.5 cents, with a prospect of 20%—one fifth of CPI being available as a cost escalator on that. Recognizing a minimum of a 20-year life of an agreement, costs do march forward.

Mr. John Yakabuski: Have you read the LEI, London Economics International, report?

Hon. George Smitherman: No.

Mr. John Yakabuski: Have your staff read it and briefed you on it?

Hon. George Smitherman: I'm sure some people have read it, yes. The extent to which they briefed me on it—I looked at the executive summary, the first piece that you put up, circled three or four areas that I thought were particularly weak and asked questions, when you put the second piece in, whether the weaknesses had been addressed. That's where they mentioned to me some of the adjustments that were made in the calculation and also as an example that they've left behind any credit to the consumer for lower use on the conservation front.

Mr. John Yakabuski: Other than the conservation part of it, which you identified yesterday, what other parts do you feel that the—are they statistically or factually wrong in the data that they're using?

Hon. George Smitherman: I think a report like that that's got a range from $19 billion to $53 billion can neither be considered right nor wrong, because at the low end of their cost estimates, they're projecting increases in and around the 2% range, whereas I think we said 1.3%. So—

Mr. John Yakabuski: Are you going to provide us with that information?

Hon. George Smitherman: Yes, we have a lengthy list of things that we're obligated to provide you—

Mr. John Yakabuski: I thought maybe we'd get it by the time today's estimates came around so we'd have a chance to actually question you on it. No?

Hon. George Smitherman: I don't know what the status of all that is. There's rather a lengthy list of things.

Mr. John Yakabuski: That would have been helpful, that's all.

Hon. George Smitherman: To your core question: When you see a study that comes up with a range that says it could be between $19 billion and $53 billion, you can't even really evaluate that too much because there's nothing to pinpoint. That's an extraordinary range.

Mr. John Yakabuski: But if you looked at the data they used, which is stuff out of the only IPSP that is still in existence, so they worked off that—I think you wrote Mr. Andersen last September and told him you were not going to be proceeding with that IPSP, but we still don't have another report and it's just a couple of months away from being a year. That certainly is an issue in itself, I would think. Having said that, in that report they used stats that were provided by the OPA, by the IES and by other agencies that are active and trusted in the electricity forecasting business. Is there something in this report that you say London Economics International is factually wrong in the data that they used?

Hon. George Smitherman: Top of mind—because I answered your question already, did I read it? No. Have I had a briefing on it? No, but I've picked up little snippets here and there. Here are a few things by recall. One is that they created a monetary cost associated with a non-monetary item related to planning. As an example, when you look at their big $53-billion list, they put a cost associated with the alterations in the planning module. I can't remember the number but I think it was $2 billion or something. Another mistake that they made was that they took the costs and apportioned those only on the household portion of ratepayers, not across the breadth of the base of ratepayers in the province of Ontario. Those are just a few top-of-mind examples of some of the mistakes that were imbedded in that report, plus the one that I mentioned yesterday, which is that they attribute all of the costs associated with conservation programs and give the ratepayer no credit for the opportunity that those programs would lead to in terms of actually using less electricity.

Mr. John Yakabuski: I don't know what I can actually ask of you at one of these committees, but I'm going to ask this: Given that you haven't actually read it and your staff hasn't actually briefed you on it but you've picked out little things, it's sort of like reading a book every 35th page and thinking that you can retell the story. But if you would—

Hon. George Smitherman: The credibility of the report was established by the wild fluctuation of $19 billion to $53 billion.

Mr. John Yakabuski: I have a question coming. If you could take this report, your ministry, and analyze it and get back to the committee and break it down and tell us where and why and to what degree you would be in disagreement with the report so that we could actually quantify so we could then actually be able to—because you haven't provided us with a detailed analysis of how you're going to get to the amount of energy that you want and at what cost other than just saying, "It is our expectation that this is going to add about 1% per year to the hydro bill." So if you could take that report and break it down and analyze it in a piece-by-piece fashion so that we could actually receive valid and worthwhile information from the ministry with which to look at the report from a dissenting view ourselves.

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Hon. George Smitherman: Firstly, it's not my obligation to—

Mr. John Yakabuski: No, we're asking you because this is estimates. We're asking you to do this for us. As I said, I don't know what I can ask him. If that's out of line, we'll move on to something else.

The Chair (Mr. Tim Hudak): You've put the question. You've asked if he wants to respond to the report. The minister can—

Hon. George Smitherman: Firstly, it's not my obligation to take ministry resources and use that to create an analysis of a piece of policy work that you ordered up. So we're not going to do that.

It's not fair to say that we haven't passed along information to you. I walked across the floor of the Legislature and gave you the cost accounting on our expectations of five—

Mr. John Yakabuski: Three numbers.

Hon. George Smitherman: Well, more than three numbers, but if that's all that you took from it.

It's based on an expectation—please keep in mind that the model that we've developed here of feed-in tariff, as we've had a conversation through this estimates process, is not about creating a target or a cap with respect to how much renewables come online. The message was sent that we want to have more renewables in the province of Ontario, and we leave it to the communities and to project proponents to respond, either a lot, a medium amount or a little bit. And we don't know exactly what that is.

For sure, it's an estimate, a $5.3-billion projection in the first year, based on a certain number of assumptions which were embedded in the information that I provided to you.

Another example, where the London Economics work got a little bit challenging—and I think they made some improvement, I gather, in the second go-round from the executive summary—is that they did not treat capital investments the way that they are actually treated in the province of Ontario, as relates to their amortization and length of life. On transmission lines, as an example, they took the capital costs and made the assumption that the ratepayer pays off the capital costs in a shorter window of time, therefore with greater financial impact than the way that it actually occurs, which is a longer amortization. So it's part and parcel of the construct that London Economics used that was incorrect.

But I think, interestingly, when you take a look at their study, at the low end—again, it's $19 billion to $53 billion. if someone asked me a question and I give an estimate, and I say, "Well, it's going to be somewhere between $19 billion and $53 billion," well, right there I'm on pretty shaky ground in a credibility sense. But if you look at the low end of their projections, they see rate impact increases of somewhere in the 2% range. Well, I said 1.3%. So what is the range of the argument now?

Mr. John Yakabuski: When you talk about that range—because there is no cap on how much generation could be brought into the system under your Green Energy Act—what LEI did was give three scenarios. When you say the range is broad, in fact it is, because they're not making the decisions as to how much renewable energy is going to be brought online. But they gave three scenarios. One was a low, one was a midrange and one was a high, and they were based on a percentage of the IPSP that currently exists, even though I know you've said that you're not using that one. But they used the numbers based on that. You want something that you can work with, so there's a high, a mid and a low.

Now, you talked about amortization. You have said in speeches, when you have been challenging the LEI, that you use the figure of 50 years for transmission amortization—in the House, in Hansard.

Hon. George Smitherman: Forty years.

Mr. John Yakabuski: So what is the actual amount?

Hon. George Smitherman: As I understand it, as I've sought to understand it, there are established accounting rules associated with the amortization which are established on the basis of the pieces of equipment that are in play. But at no time has the model ever been, as it was characterized by the LEI study, that you pay for it on a cash basis within the period of time that a project is actually constructed. That was the assumption that was embedded in the first go-round of the LEI work and used to—

Mr. John Yakabuski: And nowhere is it 50 years, is it, Minister?

Hon. George Smitherman: Well, I don't know that. I don't know that to be the case.

Mr. John Yakabuski: Buy you used that figure in the House.

Hon. George Smitherman: You said, "And nowhere is it 50 years?" and I said, "I don't know that to be the case." I believe it was 50 years and, in other circumstances, 40. The point is, it's an amortization model determined by accounting law, whereas the study that you purchased actually took the view that these things are paid for on a cash basis. The big difference, of course, is that if a ratepayer is going to be responsible for an apportionment of a capital investment, that impact is over a lengthy period of time—

Mr. John Yakabuski: We understand that.

Hon. George Smitherman: You understand that now, but the report that you purchased didn't understand that from the get-go.

Mr. John Yakabuski: Perhaps we could ask the deputy if they could—

Hon. George Smitherman: We'll get you the whole list from Hydro One—

Mr. John Yakabuski: But maybe for the record, he could tell us now what parts of a transmission grid, for example, are amortized over what length of time.

Mr. Saäd Rafi: I don't have that at my fingertips, but clearly there are different components that go into the grid, and in terms of their asset life they're not amortized at the same period of time. But they're long-life assets, so—

Mr. John Yakabuski: Are some of them as low as 25 years?

Mr. Saäd Rafi: I don't have that at my fingertips; I don't know. I think the fundamental point is, the original information indicated that at time of in-service, the ratepayer was paying that cost at in-service—that is not how both the regulator and how these assets are treated from an accounting point of view. Those costs are apportioned over the asset life, and that's how the regulator assesses the capital plan and the capital outlay, and they give the rate base for the transmitter.

Mr. John Yakabuski: So when you're talking about the cost overruns, for example, at the Niagara tunnel, are you going to be amortizing that over 90 years?

Mr. Saäd Rafi: On the principal, that would be correct. I think there is an accounting treatment that suggests that after a certain period of time—you wouldn't go to 90 or 100 years, but I think 60, 65, 66 would not be unreasonable. I'm not an accountant. Like I said, I don't have the breakdown of everything that goes into a transmission project, in terms of the capital assets and what their asset life is.

Mr. John Yakabuski: If you took, for example, at the $600-million or $700-million cost overrun at the Niagara tunnel—obviously Strabag is not waiting 90 years to get paid; they're not going to take a monthly cheque or whatever, so there is a financing cost involved. I don't think we're talking 90 years here, but what would be the total cost, then, of that project and the total cost of the overrun—

Hon. George Smitherman: I have to correct your record, because you're repeating something that you've said that I mentioned yesterday was inaccurate. There's an upper limit that's established in terms of the cost of that contract. That's the number that you keep quoting as a firm number. I do think it's important, recognizing that the project will be ongoing yet for a period time, to recognize that what we've sought to do is give everybody the best information available in terms of the maximum cost of that project. You've accepted that as the final price and you've now, today, inflated it by at least $100 million. I think that's a little bit unhelpful to the discussion.

Mr. John Yakabuski: I'll just take my chances at the casino and bet that it doesn't come in under budget. Given the record of this government, I'm sure that I'm on pretty safe ground there.

Let's just, for the sake of argument, assume that it does come in at the $1.6 billion. What would be the total cost of financing that as well?

Mr. Saäd Rafi: The financing is in that number; so is contingency.

Mr. John Yakabuski: Then you do know how long you're amortizing it.

Hon. George Smitherman: We can find out what the length of amortization is —

Mr. John Yakabuski: Well, if you know what your financing costs are, you know how long you're going to be paying it.

Mr. Saäd Rafi: But how it's treated in the rate base does not necessarily align with that statement. So I'm afraid I don't follow you; sorry.

Mr. John Yakabuski: If you know what your total costs are going to be, and the government is going to have to carry it—

Hon. George Smitherman: The government?

Mr. John Yakabuski: Strabag; well, somebody, OPG, is going to carry it—all the taxpayers—for X number of years because the contractor gets paid upfront when the job is done to satisfaction. So you must have calculated that.

Mr. Saäd Rafi: I myself, or the ministry, have not done that calculation. It's not our responsibility; it's OPG's. I'd have to consult with OPG to find out how they made that case in their capital plan to the OEB, the economic regulator.

1700

Mr. John Yakabuski: Okay. How are we doing?

The Chair (Mr. Tim Hudak): About a minute thirty.

Mr. John Yakabuski: One thing that we talked a little bit about yesterday, but then we moved on to something else because we had a timing issue as well, was, what is the figure that the IESO has come up with or has used to determine at what level they have some challenges with regard to backup generation? How much wind can they put into the system without having to concern themselves with backup generation? What percentage of our—

Hon. George Smitherman: I don't understand the phrase "backup generation." Do you mean surplus generation?

Mr. John Yakabuski: Running reserves or whatever.

Hon. George Smitherman: I think a formula that obviously evolves by the day in terms of overall demand is the most crucial element of that. I mention, again, the lengthy conversations that we had in the earlier days of estimates, where we were working to try and improve the firing sequence for all of those various forms of energy that we have, because as we mention, in the periods in the last few months where we've had this surplus circumstance, part of our challenge has been that we've had gas assets fired up and producing electricity that overall could have been saved for a role that addresses only reliability. So through the course of the summer, we'll be working with the IESO to make improvements in that circumstance going forward. As we've mentioned, this isn't a circumstance that we've seen in Ontario since 1992. So I think that's the best answer that I could offer the honourable member.

The Chair (Mr. Tim Hudak): We'll have to limit it at that for the time being. That concludes Mr.Yakabuski's time. Now we have 20 minutes to the third party.

Mr. Peter Tabuns: Moving away from energy briefly to the budget and infrastructure spending, on page 10 of the provincial budget there's a table of planned infrastructure spending for 2009-10 and 2010-11, by sector. Including federal money, it's $15 billion this year and $18 billion next. Can you provide a project list that shows how these dollars will be spent?

Hon. George Smitherman: Can I provide a project list that shows how these dollars will be spent?

Mr. Peter Tabuns: Yes.

Hon. George Smitherman: I'm sure that we could overwhelm you with information on these topics, and we'll be very happy to assemble that for you. But I should also mention, just for the ease of your ability to determine that, ours to track it and also for the public to be more involved, we are also working on some web-based tools that will allow people in any community to determine where these—a tracking mechanism for all these infrastructure dollars. But yes, as an example, we could easily provide you, and will, with a list of all the hospital projects that are embedded, if you will, within these proposed expenditure lines. In some cases, there will be an allocation that is yet greater than the projects that are indicated. This would be examples of opportunities where we have to bring more projects into play. But yes, we'd be happy to get you lots of information on that front.

Mr. Peter Tabuns: That would be great. Can you tell me when you could get that to us?

Hon. George Smitherman: Just as an example, this last week we allocated $780 million, approximately, of provincial resources for post-secondary education. We have a backgrounder that we can provide which shows that allocation. In the next few weeks, working with the government of Canada, we'll be rolling out substantial additional—hundreds, if not thousands of projects in a stimulus context. Those backgrounders will all be available. So we can give you some now, and over the course of the next number of months that situation will continue to be informed. So I'm sure we could start giving you some of this information quite soon, keeping in mind that the picture will be fleshed out over the course of the next number of months.

Mr. Peter Tabuns: Okay, thank you. Can you say how much of the $12.7 billion you expected to get out the door in the first quarter of this year is committed?

Hon. George Smitherman: I don't think that we've been operating in a context of saying "first quarter," but let me leave it to ministry officials to try and provide whatever information is available to the nature of that question. I'm not sure that our models have got that down to quarterly flow. Please keep in mind that announcements are one thing and shovels in the ground and dollars being spent are another. The deputy might be able to assist in providing some information about how we pay, as opposed to the government of Canada. Some pay on invoice, some pay in advance. I'm not sure if that might be somewhat helpful to the honourable member.

I put you on the spot there, because I can't remember.

Mr. Saäd Rafi: That's fine. The minister is quite right: allocation versus actual spend. So for capital dollars, we wouldn't necessarily indicate by quarter what that spend is. You have an expectation, especially for the stimulus funds, that there is a fairly even flow and spend rate of the monies in 2009-10 and 2010-11, as part of the requirements for the federal government's stimulus program, which we have also adopted and followed.

For the remainder of those funds in 2009-10 and 2010-11, they go beyond the two-year, so there is a rolling plan, if you will, that is on a three-year fiscal framework that is, as you well know, in every budget.

So you make those adjustments based on the spend rate of that project. In large infrastructure projects, the spend rate can vary, depending on unforeseen issues and circumstances. The examples that have been given are akin to home renovations, especially when it comes to non-greenfield-type projects and, in some cases, greenfield-type projects, as we've learned in our previous discussions on other questions.

So I will have to check with the staff as to whether we break down quarterly spend. But those are some of the factors that impact what I call the spend rate of the money.

Mr. Peter Tabuns: My interest is in knowing the total value of projects that will be starting out over the next half-year, that have happened over the first quarter and then over the next half-year, to get a sense of people being put back to work in the stimulus effort.

Mr. Saäd Rafi: Right. So if I could just add, Chair, the net of the stimulus funds in the 2009-10 and 2010-11 fiscal years, I think it's important to keep in mind that since it's a rolling plan, those monies are from three years previous and so on, depending on the build-out time frame of the project.

So if it's an edifice, expect a 24- to 36-month, I would say, a 30- to 36-month build-out. If it's a four-laning of a highway, depending on its segment and depending on the nature of the segment, it could be a longer build-out.

It's hard to say exactly, then, project by project. That's why, when we give job retention and job creation numbers, they are based on Ministry of Finance calculations of X thousand jobs per billion dollars spent.

It's hard to determine at any one given time how many craft workers there are at a particular job site on a particular infrastructure project.

Mr. Peter Tabuns: Okay. I'd like to ask you about transit. I understand that $500 million of the 2009-10 transit dollars will be going to GO Transit. Is that correct?

Hon. George Smitherman: The governments of Canada and Ontario made an announcement of a joint contribution of half a billion dollars toward a variety of GO Transit projects which are enhancing the capacity for ridership. But there is substantial additional capital investment in the government's budget related to GO Transit, particularly, as an example, around land acquisition and initiatives on the Georgetown GO line. I'll start, at least, at that point.

Mr. Peter Tabuns: So you've allocated half a billion, provincial and federal governments together. Minister, you're saying that there are additional funds going to GO as well, for acquisition of land?

Hon. George Smitherman: Yes. The half a billion dollars that I mentioned is actually related to funds that are joint program funds between the governments of Canada and Ontario that are targeted at transit. But beyond that, embedded in the core transportation budget, would be capital investments related to transit.

So if you look at that list that you referred to us, an element of transportation—the line item that is noted here—would be for transit-related projects. In addition to that, some stimulus funds and other shared funds could also be allocated to transit projects.

Mr. Peter Tabuns: Okay. I understand that there's another billion that will be allocated for transit.

Hon. George Smitherman: Say again, please?

Mr. Peter Tabuns: There's a remaining $1 billion to be allocated to transit, outside of the $500 million going to GO.

1710

Hon. George Smitherman: The overall allocations related to transit—I'm not sure where your reference to $1 billion is coming from.

Mr. Peter Tabuns: The notes I have indicate there was $1.5 billion going to transit, half a billion going to GO.

Hon. George Smitherman: I'm not sure which notes you're working off. I'm going from memory here, but I believe that the costs and acquisition alone associated with the Georgetown line is a project in the multi-hundred-million-dollar range. If I understood better the nature of what you were getting at, I will do my best to provide all that information that you're requiring.

Mr. Peter Tabuns: I'll go at it in another way. Can you tell us what you're spending in other cities like Ottawa and Hamilton for transit upgrades?

Hon. George Smitherman: Hamilton is part and parcel of Metrolinx. That's for the greater Golden Horseshoe and Hamilton, and of course GO Transit is serving Hamilton.

The announcements that were advanced related to transit infrastructure that the Premier participated in here are Metrolinx initiatives that are in Toronto and other parts of the greater Golden Horseshoe, so there's an element of it there. In some cases, in places like Ottawa—and Kitchener-Waterloo would be another example where there has been a lot of talk about transit, local municipalities just kind of sorting their way through what their first phase would be. We've indicated some preliminary obligation, but we'll be working closely with the Ministry of Transportation to establish the overall amount of provincial contributions going forward.

So there is some of that transit stuff that would be fleshed out quite substantially over the next number of months. It will be our obligation as a ministry, as we're developing the government's 10-year horizon, to make sure that all of those priorities related to transit are embedded in our long-term infrastructure plan. Most transit projects, as you know, are not stimulus-oriented insofar as—at least the big transit projects—

Mr. Peter Tabuns: They're not fast.

Hon. George Smitherman: —we're not able to do them quickly, but there are a number of bus-ways and other initiatives that would be part of stimulus rollout and announcements that would be forthcoming even in the next month or so.

Mr. Peter Tabuns: Can you tell us what will be allocated to Ottawa?

Hon. George Smitherman: I can't tell you what will be allocated to Ottawa exactly, but I could tell you that we've had on the table in Ottawa a $200-million commitment for many years that Ottawa has not, so far, had call for, but we're of course working very closely between the Ministry of Transportation and officials in the city of Ottawa to evaluate their first-phase proposal which, if I recall properly, is an estimated cost of $1.5 billion to $1.6 billion. Certainly officials of the Ministry of Transportation are in very close contact at present with officials from the city of Ottawa to zone in on exactly what would be appropriate from a standpoint of provincial contribution and what would be the appropriate timelines in terms of when those resources would flow.

We've been very clear to say that we want to be a strong partner in helping to make sure that that much-necessary and long-awaited transit initiative in Ottawa takes flight.

Mr. Peter Tabuns: Maybe I can go back, Minister, because happily someone brought down the budget to me. Page 10—

The Chair (Mr. Tim Hudak): That's page 10 of the budget papers?

Mr. Peter Tabuns: Yes—shows "Infrastructure expenditures." Sector: Transportation, transit, $1.687 billion.

Hon. George Smitherman: Oh, okay. You were saying $1.5 billion, so that's what threw me off. Okay, $1.687 billion. Yes, we follow.

Mr. Peter Tabuns: And then the following year, $1.5 billion. I understand that out of that, $500 million is going to GO.

Hon. George Smitherman: No, the $500 million for GO Transit—the announcement that the Premier and the Prime Minister made—I believe I'm right to say, is supplementary to that figure.

Mr. Peter Tabuns: So it's outside that figure?

Hon. George Smitherman: Yes, in addition to that figure—

Mr. Peter Tabuns: Okay.

Hon. George Smitherman: —as our stimulus announcements over the next little while will also contain quite a few transit-oriented initiatives which will also be on top of that amount. But we can work to provide you with a list of what is to be captured in that $1.687-billion number.

Mr. Peter Tabuns: That would be great; and if we could have it for the $1.505-billion number as well?

Hon. George Smitherman: For the next year? Sure.

Mr. Peter Tabuns: In the infrastructure table, there's $1.9 billion for a sector known as "Other."

Hon. George Smitherman: This is a catchall. I could get you a list of the things it would include—

Mr. Peter Tabuns: That would be good.

Hon. George Smitherman: —but I believe it could include the government's own buildings, as an example. I think that one of the things you probably noticed is that we've initiated this Toronto accommodation plan, investing in the Ontario Realty Corp.'s properties to make them more energy efficient. I'm not sure, but 222 Jarvis, a building we intend to take to LEED Gold, could quite likely be an example of a project that is being captured in that "Other" list. We'll find out for you what all the buckets are that are rolled up in that number.

Mr. Peter Tabuns: If you could give us a breakdown for what "Other" encompasses, that would be useful.

Hon. George Smitherman: Sure.

Mr. Peter Tabuns: The budget says that the infrastructure funding will support 150,000 jobs in 2009-10. I assume this is derived from a model; in fact, there was some reference to that a few minutes ago. Can you give us that model, so we can see how many of these are direct construction jobs and how many are indirect?

Mr. Saäd Rafi: The model is an extrapolation that estimates, so I'd need to verify this, but I recall a number of 9,700 jobs per billion dollars invested. That is a conservative estimate; it doesn't include multiplier effects, which get into quite spurious calculations that we've seen in other jurisdictions, certainly south of the border. So if you're comparing it with numbers in other jurisdictions, and we have, these are numbers that we rely on from the Ministry of Finance.

Mr. Peter Tabuns: So—

Mr. Saäd Rafi: So 9,700 to 10,000; it depends on the sector. Pardon me for interrupting.

Mr. Peter Tabuns: No, go ahead.

Mr. Saäd Rafi: Just to conclude, the multiplier in transportation construction, for example, would be a little lower than in different types of construction because of the nature of that building.

Mr. Peter Tabuns: Right, but you've obviously done the calculation, and you've looked at the amount of money you're going to spend. You take those figures saying what you would normally generate in four-laning a highway and you've done a calculation. Could we see those calculations?

Mr. Saäd Rafi: Sure. As I said, it's fairly straightforward calculus.

I believe you had a previous question.

Mr. Peter Tabuns: Yes. I asked about the Green Energy Act a few lifetimes ago.

Mr. Saäd Rafi: They were person-year employment in the case of infrastructure, retained and created—

Mr. Peter Tabuns: That makes sense to me.

Mr. Saäd Rafi: —so I can't give you a breakdown between them.

Mr. Peter Tabuns: I understand that, but person years of employment would be fine. I'd just like to understand how you calculated that, and if it's a very straightforward mathematical model, that's fine.

Mr. Saäd Rafi: Okay.

Mr. Peter Tabuns: Ninety-seven hundred times the number of billions, and then we're there.

Mr. Saäd Rafi: Yes, exactly.

Mr. Peter Tabuns: P3s.

Hon. George Smitherman: We don't do P3s; we do alternate finance procurement. What is a P3? It's a very different model.

Mr. Peter Tabuns: Hansard will never fully capture that exchange. Whatever name you want to call private financing of public infrastructure, can you tell me the average cost of borrowing that the private sector is paying on these public-private partnerships or the alternative funding model, whatever term you want to use?

Mr. Saäd Rafi: That will vary depending on the project, because the prime in a consortium would be the one that would be—or the financier, depending; it usually is the prime. It will depend either on their credit rating, if they're publicly traded, as you would know, or on their ability to finance based on other features of their organization. So the financing rate or the cost of capital will vary project by project. So there is not an average rate; however, it is compared against the government's cost of capital. So that number fluctuates, and today's cost of capital to government is a little higher than it was eight months ago.

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Hon. George Smitherman: In a value-for-money audit?

Mr. Saäd Rafi: Yes. And that rolls up, perhaps as a portent to other questions, into a value-for-money calculation. So the cost of risk transfer is calculated based on a probability and severity assessment that is done and is informed by all the risk criteria for a capital construction project for buildings versus civil infrastructure—very different risk profiles informed by leading engineering firms.

Infrastructure Ontario, the agency that does these projects, will take those, risk by risk, assess them against that project and the risks that are being transferred based on the client, meaning the sponsoring entity—a hospital, the Ministry of the Attorney General if it's a courthouse, etc.—and will determine what risk can be transferred and logically accepted by the private sector, quantify those risks, and that gets factored into the value-for-money assessment along with the cost of capital.

Mr. Peter Tabuns: I've had that explanation before. What I'd like to go back to is this: What is the difference in the cost of capital at this point between what the province of Ontario would be paying and what these private consortia are paying?

Hon. George Smitherman: I think what we sought to do was just to make sure that others who are paying attention to this would recognize that that is one of several factors that are part and parcel of a value-for-money audit. I'm not sure; do we have information around the nature of those costs of capital?

Mr. Saäd Rafi: I think the answer is that it varies, project by project. I think that putting a number to it would do a disservice to the competitive process, which forces the most aggressive and appropriate cost of capital for that consortium versus the other versus the other. To say it's X amount of basis points different from the provincial cost of capital would allow me to step into a discussion that suggests these projects are simply about the cost of capital. The point I was trying to make earlier is that that's not something I could support.

Mr. Peter Tabuns: I understood the point you're making—

The Chair (Mr. Tim Hudak): We'll have to conclude at that point, Mr. Tabuns. We're past your 20 minutes. You will have one final 10-minute segment.

As a reminder, folks, we have 10 minutes from the government, 10 minutes from the official opposition and 10 minutes from the third party, and then we conclude with our votes.

Mr. Delaney, 10 minutes.

Mr. Bob Delaney: I'd like to chat with the minister for a brief bit about time-of-use pricing, and I guess I want to begin with an anecdote on that. We bought a new home, and I got to know the people at Enersource Hydro Mississauga pretty well. They came out and installed the first smart meter in Churchill Meadows in my home. They've sent me printouts that I've actually found quite useful in terms of determining what our usage patterns have been.

I guess the long and short of it is to ask what the thinking has been for the rollout of time-of-use pricing. Speaking in terms of Mississauga, how will the community know when its time to implement time-of-use pricing is up?

Hon. George Smitherman: We had the chance over at Toronto Hydro—the mayor and officials from Toronto Hydro were there—to roll out provincial time of use. In the province of Ontario today, there are fewer than 50,000 homes, and in some cases small businesses, that are on time-of-use, primarily in Milton, Newmarket and Chatham-Kent. Those have been our pilot sites. Over of the course of the next year, till June 2010, we anticipate going from 50,000 to a million households.

In Toronto's case, as an example—I will try to find out where Mississauga is. We typically have 13 of our larger municipalities. What we anticipate is that in advance of any person transitioning on to time-of-use, they would have substantial engagement from the local distribution company and, in addition to that, opportunities to come to sessions and learn more about it, and also localized advertising. Also, anticipate province-wide advertising on this basis to help inform people that we're moving in the direction of giving people more information so they can understand that the commodity of electricity has alterations in its value through the course of the day based on demand.

I don't know where Mississauga and Enersource figure in that first year, but in Toronto, they're going to choose folks at random across the city and will be working to inform them before it comes to life.

I'll see if I get some more information about the Mississauga situation.

Mr. Bob Delaney: Okay. I've actually had a lot of success in explaining it simply because I've been able to see some of the data, and to people who've asked how will this time-of-use pricing work, I say exactly like the way you pay for your telephone service. So if you have a cellphone or if you make long-distance calls at home, you already know how time-of-use pricing works.

Just to switch gears a little bit, in talking about the Green Energy Act, which is widely supported and a very, very popular talking point, particularly in schools, we've said that the Green Energy Act will create a best-in-class renewable energy feed-in tariff, which is quite a mouthful of words. I wonder if you could provide a few details on how the feed-in tariff will work and when the program will begin accepting applications?

Hon. George Smitherman: It is a mouthful so we've just turned it into an acronym and we call it a FIT, feed-in tariff. The language is adopted from Europe, where the model is quite well known, and I think that many of the commentators in this green energy space would indicate that we've lived up to the expectations created by this best-in-class language. A feed-in tariff, simply put, is a schedule of payment that the proponents of renewable energy projects would receive and the circumstances associated with it are that you would have a 20-year contract, what we call a PPA, power purchase agreement, that assists the proponent in going to the bank, so to speak, to gain access to the capital that they would require to bring their project to life.

We would anticipate that we're working to have several complementary streams in position to bring the program live in a July-August time frame.

Mr. Bob Delaney: Staying with renewable energy projects for a question, how would the Green Energy Act ensure that these renewable energy projects meet the kind of strong, consistent safety standards that we've come to know and that we take for granted in other forms of energy that basically protect our health and environment?

Hon. George Smitherman: Might I mention in just a second the complementary alignment? We have the feed-in tariff. That will be developed by the Ontario Power Authority. They've already done a lot of work on this. The Ministry of the Environment and the Ministry of Natural Resources are working together to create a single portal, a one-window approach to the necessary permitting. This will allow the Ministry of the Environment to evaluate matters on a province-wide basis, like minimum setbacks for wind projects, and we anticipate that the Ministry of the Environment will be in a position to proactively communicate expectations as people start to look at bringing projects to life.

I think that we've done a good deed here in the sense that we noticed that small municipalities were grappling with the issue—again, I'll focus on setbacks from a wind turbine to a home—and they were arriving in very different spots. A bit of a patchwork quilt was emerging. Instead, what we'll have is one universally strong standard in the province established by the Ministry of the Environment, which has good capacity in this area, and they will be building that model and establishing a number-like setback based on their access to information related to issues such as health, safety, protection of individuals and also the natural environment.

Mr. Bob Delaney: Here's a question I've been asked a few times, generally by people who share my propensity for reading this kind of technical material. After the hearings on the Green Energy Act, there was an amendment that allowed homebuyers to waive their right to a home energy rating. Could you provide the thinking behind that and an explanation of it?

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Hon. George Smitherman: We think that the principle, which has been broadly supported by members in all parties in the Legislature in private members' hour, that says that at the time of purchase or sale of a home it's really crucial to know how much energy and electricity the home consumes. We think that's a very, very good principal.

What we did hear, though, is that there are certain circumstances where a purchaser might be looking to acquire a home but not keep it in the form that it is presently in, which makes the information somewhat less relevant. So in response to situations, as an example, where someone says, "Well, I'm going to buy that house but I'm knocking it down to build another home," or, "Well, I already have plans to do a substantial renovation to that home; this is going to be pointless," the purchaser, in writing, can waive their entitlement to receive a home energy audit. We don't anticipate, in the grand scheme of things, that very many people would want to do that. I think most purchasers would say, "Hey, that's very, very valuable information, and I wish to receive it." But in those circumstances where a purchaser isn't interested in it, we've created conditions in law which will allow them to waive that entitlement in writing.

Mr. Bob Delaney: It makes perfect sense. How am I doing, Chair?

The Chair (Mr. Tim Hudak): About a minute and a half.

Mr. Bob Delaney: Okay. Just to wind it up, in a city like Mississauga, which has experienced some fairly rapid growth, could you talk about how the Green Energy Act supports and complements some of the growth planning principles that a city like ours would use?

Hon. George Smitherman: The heart of what the Green Energy Act does for cities like Mississauga and for really all urban and suburban environments is it gives the opportunity for—some people would use the word "micro," and others "more distributed" generation. One example would be communities that are growing; I use Toronto as an example for this. We're under pressure in Toronto, from the standpoint of reliability, to bring a third transmission line, which we could all imagine to be extraordinarily costly and very, very disruptive. By offering the opportunity for hundreds or thousands of points of microgeneration or distributed generation to occur, we stabilize our networks and we actually diminish the necessity for additional investments in transmission. That would be one example.

I would say also to your question that bringing together the Ministry of Energy and the Ministry of Infrastructure, with our responsibilities for growth planning, begins to create an alignment within the government of Ontario where energy is planned as a big piece of infrastructure rather than in a separate silo without regard for the rest of infrastructure. It gives us a chance to knit policies together more effectively.

Mr. Bob Delaney: Okay. Thank you.

The Chair (Mr. Tim Hudak): That does conclude your time, Mr. Delaney. To the official opposition, Mr. Yakabuski, for your final 10 minutes.

Mr. John Yakabuski: Thank you very much. Final 10 minutes; my goodness, how time flies, eh? I've got a series of questions here, so maybe we'll try and keep them tighter, if we could, Minister.

Smart meters, the original—

Hon. George Smitherman: Yes.

Mr. John Yakabuski: Good for you. The original plan, as I recall, may have even been 2008, but for certain was no later than 2010, that they would be implemented throughout the entire province. What's the problem, and why have you failed to keep to that time frame?

Hon. George Smitherman: I have to confess two things: I don't know that story as you tell it. I know that Ontario has installed nearly 2.5 million smart meters, and we're further ahead than any jurisdiction in North America. That doesn't sound like a failure to me.

Mr. John Yakabuski: The original wasn't about installing; it was about actually having them operational.

Hon. George Smitherman: The operationalization of the smart meter is the answer that we were just discussing with respect to time-of-use pricing. You can see that we're constructing, on that smart meter platform, sensible policies like time-of-use.

Mr. John Yakabuski: Very slowly. Your government just put out several billion dollars to bail out GM, with—

Hon. George Smitherman: Are you opposed to that? We haven't heard from your party on that.

Mr. John Yakabuski: —how many jobs, I'm not sure, but probably no more than 10,000 or 12,000 jobs now across the province, less—

Hon. George Smitherman: I think General Motors parts suppliers alone employ 45,000 Ontarians.

Mr. John Yakabuski: No, no, no. Can you let me ask the question?

Hon. George Smitherman: Oh, I'm sorry. I thought you did.

Mr. John Yakabuski: Whatever it is there, $4.4 billion or $4.5 billion, that's a lot of money. Yet we still have a situation here where it doesn't appear that there are any assurances that we're going to do anything to protect what are possibly more long-term viable jobs, if the right decisions are made, in our nuclear industry with respect to AECL and their bid for new nuclear reactors. If you don't choose AECL, quite frankly, it's highly unlikely that the company would be able to continue in the reactor business. So I'm not going to ask for an answer on that. You can do that in your windup, because I only have a few minutes here.

Hon. George Smitherman: I've foregone my windup, so maybe you should give me a chance to—

Mr. John Yakabuski: I only have 10 minutes. How long will you take to answer that?

Hon. George Smitherman: I'll take 20 seconds. I think that you should take a hard look at the answers that I gave to the member from the third party with respect to the interest that the government of Canada is showing in AECL.

The people of the province of Ontario have been AECL's best customer. We don't own that company, but we've been a very, very loyal customer to that company, and I think that the tone of your question didn't show very much respect, really, for the fact that the province of Ontario has been AECL's—20 out of 42 reactors that they've ever built.

Mr. John Yakabuski: Look, we do appreciate your continuing to move on the nuclear file—much later than we would have liked—

Hon. George Smitherman: Well, we have your record: For eight years, nothing happened on any front, really, on energy. So I'm not sure how you make that assertion.

Mr. John Yakabuski: I wasn't here anyway.

Let's get to a couple of other things—transmission challenges that you have. I want to ask you about the Allanburg-to-Middleport line, which has been in limbo since 2006. How long are you prepared to allowed that situation to exist, and how does that compromise our ability to rebuild or deal with the entire infrastructure transmission, and is there a contingency plan for that line?

Hon. George Smitherman: I think that's a line that is often referred to more often as a Niagara reinforcement. Obviously, it has been a very challenging situation with that line, but we're very, very hopeful that, working with the government of Canada in a co-operative fashion, we can create a dynamic there that will allow that line to be completed. I don't have a timetable for that. We're functioning okay regardless of that, but everybody agrees it would be a very, very good piece of progress to get that Niagara reinforcement completed, and many people are endeavouring to see that occur.

Mr. John Yakabuski: Minister, you know I would never put words in your mouth, but some of your opponents have. They've, again, said to me that you've referred to them as kooks—people who are concerned about the health effects of wind turbines. Given all of the testimony—now, what you have said that I could paraphrase is that there are no health concerns related to windmills and their establishment in the province of Ontario.

Hon. George Smitherman: Yes, you're paraphrasing, but you're just manufacturing words without source—

Mr. John Yakabuski: Anyway, after—

Hon. George Smitherman: It's a bit of a discredit, seriously.

The Chair (Mr. Tim Hudak): Hold on, gentlemen. Let's—

Mr. John Yakabuski: Now that we have had—

Hon. George Smitherman: You have no evidence for any of the language that you've used—

The Chair (Mr. Tim Hudak): Gentlemen, gentlemen, place the question, and then the response.

Mr. John Yakabuski: Now that we have had the hearings that have gone on throughout the province, with expert testimony from people such as Dr. Robert McMurtry, the former dean of health sciences at the University of Western Ontario, what is your view today with respect to potential negative health effects of large wind turbines?

Hon. George Smitherman: Firstly, I have never used the expression that the honourable member said. Secondly, I met with Wind Concerns Ontario and expect, on an ongoing basis, to meet with them and others who are not necessarily enamoured with the notion of wind power in the province of Ontario. Thirdly, I'd make the point, which is on the record already from our process here today, that the Ministry of the Environment will be establishing minimum setbacks, and those minimum setbacks will be greater than the minimum setbacks that were being established, in many cases, by municipalities.

Dr. McMurtry is an exemplary individual who was very involved with Roy Romanow and the Romanow report, which I'm sure you embraced wholeheartedly, but we note just from the survey work that he did that there is more opportunity to continue to learn and add to the amount of information that we have. That's why the Ministry of the Environment will be establishing, at a post-secondary education institution, a research chair that will enable them to gain more information going forward. It's an important subject to take stock of. We also know that coal-fired generation—

Mr. John Yakabuski: Okay. Thank you very much.

Hon. George Smitherman: —with mercury and its impact on the climate kills about 3,000 people a year in Ontario.

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Mr. John Yakabuski: A couple of things, then, Minister. Just two things—

Hon. George Smitherman: And you're in favour of coal.

Mr. John Yakabuski: We have a problem in Ontario today with being competitive with our electricity rates. In Quebec, Premier Charest has announced that he's going to proceed with the Romaine project and the Petite Mecatina project, which are going to provide Quebec with approximately another 3,000 megawatts of very dependable, renewable, green, low-cost hydraulic power. Your choices in Ontario are for much higher costs for generation. What can we expect for the long-term effect of our competitiveness on hydro in comparison to the province of Quebec?

One other question to finish it up: I would ask you why you would have left in the Green Energy Act the power for you to put wind turbines in Algonquin park. Why wouldn't you have removed that from the Green Energy Act? I think that's pretty well it because—

The Chair (Mr. Tim Hudak): With the minister's answer, that should wrap up the time.

Hon. George Smitherman: Firstly, we had a discussion today about how—obviously the province of Quebec has a natural bounty with respect to rivers which dwarfs ours, but we have some pretty great hydroelectric assets, with 25% of our electricity from hydroelectric. We have the Niagara tunnel as an opportunity to add 200 megawatts.

Mr. John Yakabuski: If we ever get it built.

Hon. George Smitherman: Well, it's under construction right now and you're going to go and see that with your own eyes.

On the Lower Mattagami, where we have seven dams existing, we're about to make an expenditure, in partnership with Moose Cree, to add 450 megawatts of hydroelectric power.

Mr. John Yakabuski: Three thousand new in Quebec.

Hon. George Smitherman: Yes, well, if you would like to show me how we can create rivers that have—

Mr. John Yakabuski: I can't.

Hon. George Smitherman: Exactly, so obviously we're taking advantage of the renewable energy bounty that has been made available to us here in the province of Ontario, and hydroelectric factors in it quite substantially. I'd be very happy to talk to you more about the exciting initiatives to bring new technologies to existing dam sites on the Lower Mattagami, which is going to add 450 megawatts of clean, green, renewable energy in the province of Ontario. It's not quite to the scale of the rivers that Quebec has, for sure—we acknowledge that—but doing the best that we can within the plentiful bounty that has been provided to Ontario.

The Chair (Mr. Tim Hudak): That does conclude our time, Mr. Yakabuski. Thank you very much.

Mr. Tabuns, you have your final 10 minutes.

Mr. Peter Tabuns: Minister, today, and once previously in the course of these estimates meetings, you've referred to the potential for a third hydro line coming into Toronto. You've talked about the potential for microgeneration and energy conservation to make such a line redundant and unnecessary. Can you tell me and this committee what level of micro-generation or what level of demand management or combined would be necessary to eliminate the threat of such a line being built?

Hon. George Smitherman: I appreciate the question for several reasons. We know that your party has a mischievous history around telling all the people on Leslie that they were the chosen route for such a line, when that was not the—

Mr. Peter Tabuns: I took the map that was published in the paper, which a reporter got from you guys.

Hon. George Smitherman: It didn't talk about only one option, and you know very well that no decision had been taken—

Mr. Peter Tabuns: There was no mischief whatsoever, Minister—none.

Hon. George Smitherman: —but nevertheless, we noticed the intent of the tactic.

Mr. Peter Tabuns: It was to defend my community, Minister.

Hon. George Smitherman: I think its also very important to acknowledge, in the earlier conversation that we had around why a third line may be abated, the important decisions that our government took to see the Portlands Energy Centre move forward. I don't have an exact count on how many megawatts or how many points of distributed generation would be necessary to abate the requirement for a third line, but conservation initiatives alongside distributed generation plus the Portlands Energy Centre, which we're proud to say is up and functioning very well, may create a policy dynamic that makes that possible. In the work that the Ontario Power Authority is doing towards an IPSP, we would hope to gain some insight into the very question that you've asked. So that's something that's being evaluated at present, but with our policies and with the strong support of a local distribution company in the city of Toronto, we feel very encouraged that this may be a possible as a policy construct.

Mr. Peter Tabuns: So are you developing a target for the amount of power consumption that will have to be avoided to ensure that this line is not built?

Hon. George Smitherman: The Ontario Power Authority, Ontario's energy planner, is responsible to undertake that, and as I've said, in the context of the work that they're doing on the IPSP, yes, they're considering such matters at present.

Mr. Peter Tabuns: And they will be bringing back an answer with their new IPSP?

Hon. George Smitherman: That's where I would anticipate it, yes.

Mr. John Yakabuski: Is it coming back at the same time as the Niagara tunnel?

Hon. George Smitherman: By then it'll be in its three-year window for review, possibly.

Mr. Peter Tabuns: Just going back, then, to the cost of P3s, I appreciate that the deputy has said that he can't give me an average. But if I could have the highest interest rate paid by the consortia that are doing public infrastructure with private financing and the lowest interest rate paid by consortia that are doing public infrastructure with private financing, that would be useful.

Hon. George Smitherman: It's not our responsibility to be harnessing that information. We ask for a consortium to bring forward their proposal for the construction of an established building, in most cases. They bring that forward with whatever inputs are there, we evaluate their all-in price versus their competitors, and then we put it to the test of a value-for-money audit.

Accordingly, while I understand your interest in the question, the nature of the way that the proponents submit this does not make that our interest. We're looking at the all-in implication associated with a consortium to lead the project as it has been defined. What their input costs are, what their anticipated returns of investment are, etc., are matters of their consideration, not ours. That's why that information is not known to us, not—

Mr. Peter Tabuns: You don't know what interest rate these consortia are paying. Is that correct?

Hon. George Smitherman: Our evaluation is on the bottom line: information that might be available and imbedded in those proposals, some of which is commercially sensitive. But our evaluation, the way that the whole mechanism works—we say, "This is what we want built." We put it out there and the consortium responds to that. We evaluate their all-in proposal, choose the best of those that's available and subject it to a value-for-money audit to ensure that it makes sense going forward. I think that model is the way that things have been established.

Mr. Peter Tabuns: I hear all that. Are you saying, then, that you don't have those interest rate numbers and that you can't provide them to us?

Hon. George Smitherman: If we have them, I don't see them; I don't know whether we do or not, but the nature of that information, of course, would be commercially sensitive.

Mr. Peter Tabuns: And you're not in a position to release it, you're saying?

Hon. George Smitherman: Exactly.

Mr. Peter Tabuns: Section 1605 of the US Recovery Act specifies that many projects funded under the Recovery Act for the construction, alteration, maintenance or repair of a public building or public work, that the iron, steel and manufactured goods used in the project must be produced in the US.

Are there equivalent rules requiring a minimum level of domestic content in any of the infrastructure programs currently being implemented by the ministry?

Hon. George Smitherman: No.

Mr. Peter Tabuns: No.

Hon. George Smitherman: Nor are they contemplated.

Mr. Peter Tabuns: And can you tell me why you're not contemplating that?

Hon. George Smitherman: This is a discussion that has been taking shape in newspapers and in our province. We're a trade-oriented jurisdiction. Accordingly, we think that, instead, we should be using all possible efforts to seek to have this protectionist instinct to be eliminated. This is the effort that members of the legislature have been raising in the context of question period over the course of the last week.

We do see opportunities to incent and accelerate the development of businesses in the province of Ontario, but in a fashion which allows those businesses to be part and parcel of long-established trading relationships. We think that, in these challenging economic times especially, it behooves us to encourage the United States not to take on a protectionist profile. So we wouldn't anticipate doing that.

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Mr. Peter Tabuns: So you're not anticipating any domestic content requirements for infrastructure. Is that, then, going to be your position with procuring investment in renewable power in this province?

Hon. George Smitherman: No. I've just sort of said in my answer, and I've certainly said more fulsomely over the course of the last few days, that we do have the intention of bringing forward domestic policy guidelines—or targets, rather; rules around that. I said to you it's very, very likely that we would not land in exactly the same spot that you're proposing.

We want to create the dynamic here in the province of Ontario that sees Ontarians benefit more from the supply chain and manufacturing opportunities associated with renewable energy, but do so in a fashion that also creates the circumstances where those same companies could be exporters of product to other jurisdictions. We don't simply want to say this market of 13 million people, which, in the grand scheme of things, is quite a modest market, is not sufficient to meet all of the objectives that we have for employing people. We want to create a model that forces the emergence of a supply chain, but in a fashion that allows us as a country and as a jurisdiction to be traders.

Mr. Peter Tabuns: If in fact you're going to bring forward—and you're right, we may disagree on the level—a domestic content requirement for new renewable energy investment, why do you not have the same sort of requirement for infrastructure investment?

Hon. George Smitherman: I think it's important to look at these on a case-by-case basis, at the nature of the product. There are some domestic content guidelines with respect to transit vehicles. There are obviously going to be some domestic content guidelines emerging with respect to renewable energy. Many of the infrastructure projects that we're involved in are utilizing labour and materials that are locally produced and acquired, but it's not our intention at present, as a matter of policy, to be attaching these kinds of prescriptive models, like that which you've quoted from the US recovery act. We think that works against the principle that is important for one of the most trade-oriented jurisdictions to be found anywhere in the world.

The Chair (Mr. Tim Hudak): Folks, that does conclude our time. Mr. Tabuns, thank you very much.

That concludes our time for the questions for the Minister of Energy and Infrastructure and staff. So folks, we will now proceed to the votes for the Ministry of Energy and Infrastructure. Shall vote 2901 carry? Carried.

Shall vote 2902 carry? Carried.

Shall vote 2903 carry? Carried.

Shall vote 2904 carry? Carried.

Shall the 2009-10 estimates of the Ministry of Energy and Infrastructure carry? Carried.

Shall I report the 2009-10 estimates of the Ministry of Energy and Infrastructure to the House? Agreed.

We are concluded. The Ministry of Energy and Infrastructure, Minister Smitherman, Deputy and staff of the ministry, thank you very much for being here and responding to the members' questions. Members of the committee, thank you.

Some quick, final business: Members may have heard the carry-over motion in the assembly today. To let you know, the Standing Committee on Estimates is authorized. It may meet on July 29 and 30, 2009, for the next ministry, which is the Ministry of Finance. What I'll do is call a subcommittee meeting through the clerk a couple of weeks from now and determine if it's in the interests of the committee to meet on the 29th or 30th or not for that ministry, and then report back to committee on that.

Any other business, folks? Very good. Thank you very much. We are adjourned.

The committee adjourned at 1755.

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