



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Gene Makowsky, Chair
Regina Dewdney

Mr. Trent Wotherspoon, Deputy Chair
Regina Rosemont

Mr. Larry Doke
Cut Knife-Turtleford

Mr. Bill Hutchinson
Regina South

Ms. Victoria Jurgens
Prince Albert Northcote

Mr. Delbert Kirsch
Batoche

Mr. Don Toth
Moosomin

[The committee met at 15:00.]

**General Revenue Fund
Highways and Infrastructure
Vote 16**

Subvote (HI01)

The Chair: — Good afternoon, committee members. We are resuming consideration of the estimates and supplementary estimates for vote 16, Highways and Infrastructure, central management and services, subvote (HI01).

Substituting this afternoon for Trent Wotherspoon — member of the committee, Vice-Chair — is Mr. Buckley Belanger. This is a continuation of previous estimates. I still would ask the minister if she would like to make any comments or opening statements.

Hon. Ms. Heppner: — Thank you, Mr. Chair. I don't have any introductory comments. I do have answers to some of the questions that were asked at a previous committee meeting. I will go through those relatively quickly, and then I'll table them with you, Mr. Chair, for the benefit of committee members.

One of the questions was on contracting. There were . . . A question on how many contracts were awarded through invitation, advanced contract award notice, request for proposals, and a public offering or open tender. The ministry awarded 133 construction invite tenders for a total of \$11 million in '14-15. There were zero contracts through the ACAN [advanced contract award notice] process; zero through request for proposals, although obviously the Regina bypass is currently going through a request for proposal process, but that project is obviously slightly different than our regular roads capital. In 2014 the ministry awarded 145 construction contracts through public tender at an award value of \$277 million.

The next question was how many contracts are for Saskatchewan-based construction companies. The first 10 months of the '14-15 fiscal year, 25 per cent of publicly tendered construction contracts were awarded to out-of-province, so obviously 75 were in-province.

Consulting firms, as I mentioned last committee meeting, some of the company names that were given by the member for Athabasca are no longer relevant as they've been taken over by other companies.

But we went back and, based on those companies that were requested, the first one was Genivar. No contracts were awarded in '14-15. The company no longer exists, but WSP Group was awarded 22 contracts in '14-15 with a value of 13.4 million. Aecom, nine contracts for a value of 2.1 million. EBA, no contracts in '14-15. That company no longer exists, but under Tetra Tech, they were awarded 19 contracts with an award value of 8.5. MDH Engineered Solutions, none in '14-15 as the company no longer exists. They are now under SNC Lavalin, which was awarded 5 contracts with an award value of 1.2 million. And Associated Engineering, 19 contracts with an award value of 22.9 million.

The next question on tender plans and what is on our tender plan for the '15-16 construction year. We put out a fall tender plan in the fall of 2014 which included 80 new construction projects with a value of \$206.8 million. We just recently put out the spring tender plan for 2015 which had 54 projects valued at \$200 million. This includes 30 preservation projects on the expense side of 49.5, and three worth 5 million on the spring tender plan. There's also capital projects that will be announced later this year in the fall 2015, fall tender plan.

The member from Athabasca had asked specifically about the Sucker River bridge on behalf of his colleague from Cumberland. Back in 2004, the ministry negotiated and signed an agreement with the Lac La Ronge Indian Band to transfer the ownership of the Sucker River bridge. The band agreed at that time to accept ownership of the bridge and are responsible for the demolition of the bridge as per the agreement. The ministry at that time agreed to pay a lump sum of \$25,000 for the demolition of the bridge. That was agreed to in this agreement with the band, and the band had agreed at that time to submit an invoice for the \$25,000 once the bridge had been demolished. That work has not been done. We will stand by the commitment and agreement that we made in 2004 to the Lac La Ronge Indian Band, and it would be up to them to follow through with the work that was agreed upon 11 years ago.

The last question was on maintenance contracts. There was a question on who does maintenance, whether it's ministry staff or contracted out. For surface preservation, about 70 to 75 per cent of maintenance work is completed by ministry staff. And then winter maintenance, about 85 to 95 per cent is completed by ministry staff. These totals will vary year by year, depending on what kind of emergency work or flood work is necessary, whether we take contractors off of different jobs and redeploy them for emergency purposes or redeploy ministry staff to do those things.

There was one question on MREP [municipal roads for the economy program]. I don't have that information with me today. We'll try to put something together as quickly as possible. But I will table these with you, Mr. Chair, so the committee members can have them. Those are all of my introductory comments.

The Chair: — Well thank you very much, Madam Minister, for that information update for the committee members. At this point I'd ask if there are any questions that the committee would like to ask the officials and the minister. I recognize Mr. Belanger.

Mr. Belanger: — Thank you very much, Mr. Chair. Just to give the minister the heads-up, for the next hour or so I wouldn't mind spending a bit of time on the Regina bypass project. And so we'll probably dedicate the first hour to that because we have a number of questions. And I just want to prepare the minister because obviously when you have a list of questions that you want to ask, sometimes as I know in committee that you could ask the questions in 30 seconds and it may take the minister a bit of time to get together with her officials to get the answer. And obviously we can eat up the hour fairly quickly. And so I would just want to ensure that we do get our points across on the bypass itself and to ensure that

we are able to have a good exchange of information.

But at the outset, I want to say that I did have the occasion to take a tour yesterday, which was a very well-spent two hours, two and a half hours of taking a tour with folks out there that are not convinced that the route is the correct route. And we've been having this discussion, not necessarily around the committee room but around the whole city, for a number of years now.

And the gentlemen, the two gentlemen that we spent some time with yesterday — I'm sure the minister is aware of who these gentlemen are — they made some very, very compelling arguments yesterday. And when we toured the area in which they suggested would be the better route, the more affordable route, the more effective route, the more intelligent route, what happens is that when we ask the questions of them, they had some very succinct answers and very, very straightforward questions of me and certainly of the government.

They have done a petition, and I presented that petition in the Assembly. There's 700 names. It's a very impressive ability to get 700 people in a given area to sign a petition regarding the largest highway project probably in the history of Saskatchewan. And that's why these two gentlemen and many other people are paying very, very close attention to what is being done with the Regina bypass project. They have committed an enormous amount of time and energy and focus to presenting their case. They have done so, and they were completely frustrated with the fact that even though they had some very, very good compelling arguments and some very sound processes that they would abide by, that many of their concerns were not addressed. They were not discussed at great lengths. And they just felt that at many of these meetings that were held, these informational meetings that were held, that they're just basically not really listened to properly.

Now I think one of the things that I said at the earlier forum, and I'm prepared to say that here today, is that I asked the question of the minister, what if these gentlemen are right and history shows that we should have done the bypass with this alternative route. And the minister at the time indicated that she didn't want to do any speculation or didn't want to respond to a speculative statement.

Well after I toured the area with these two gentlemen, I think they're right. I think that this bypass plan for the city, (a) should be a bypass. Everybody agrees with that. But I think these two gentlemen are right, that they have a plan in front of us and they have dedicated a great amount of time, a great amount of time and energy. And don't forget, these people are working people. They have a business to run. They're doing very, very well in terms of finding the extra time to study a project that has profound implications for the city and of course for the province for years to come.

The number one point that I want to make and I think they want to make, and they want to make it from probably the highest hill in Saskatchewan, that they are saying that Regina needs a bypass. The opposition is saying, we need a bypass. And I'll keep reiterating that point because what we don't want to do is discourage discussion or to encourage any kind of political statement that we don't support a bypass because that's not true.

We absolutely support the bypass project. The argument is around how to do it cost effectively, how to do it that gives the best benefit for the city, how to do it to ensure that there's good future growth and, above all else, to improve traffic safety.

So when I met with these two gentlemen yesterday, and I had done the tour of the highway with them. They really, really put a lot of time and effort into this whole process, you know, and I could certainly see that they were dedicated.

So in my opening statement, I want to be able to point out that the Regina committee for an alternative bypass solution spend incredible hours. They are so deeply frustrated with the fact that some of their great sage advice that's going to save a lot of money, that's going to improve the economy of the region, that's going to dramatically improve traffic safety, is all work that they were totally committed to and continued being committed to.

So that's my opening statement on what I think is a really, really important issue. The gentlemen that I spoke to, their biggest issue . . . And I just want to ratchet off a few of their points that they wanted to make.

Number one is that they totally agree, for traffic safety and for sound investment, that White City keeps the overpass. We need the overpass at White City. They're not arguing that at all. They're applauding that. It's a good, sound investment.

The Balgonie overpass, they want to keep it. They think that's also a sound investment that does a tremendous amount for that region in terms of handling traffic and of course ensuring safety for everyday traffic flow.

The question that they have is really around the interchange at Tower Road. They think that a central plains access overpass is probably the more logistical choice because of property costs and the service road issues.

Now just at the outset, when we took a tour of the region — and I want to kind of walk the minister through this; I'm sure she has been briefed on this issue — but as you look at northeast Regina and the area that we toured, there's all kinds of economic activity there, which is great to see. There's expansion. There is the service industries. There's Evraz Place. I think the upgrader is there as well. There's a list of companies here that dot the various parts of northeast Regina, and it's an exciting part of the city, a lot of growth, a lot of opportunity. So why is it . . . The biggest question they have is that, if that's the intent of the bypass is to make sure we have incredible traffic control happening where most of the traffic to deal with the economy, which are large trucks, which are semi trucks, well that's obviously the region that they go to, northeast. And northeast Regina, I think on an average, there's 5,000 trucks a day, every day, that currently use No. 1. These gentlemen are suggesting that instead of using No. 1, that we should use Highway 46, twin Highway 46 so we're able to get the traffic right off No. 1, right into the commercial hub that is in northeast Regina area. And I go to the upgrader being there, Evraz Place being there, and a number of large, large companies and corporations that need these services.

[15:15]

And they also propose route 46 for a number of specific reasons in the sense that there's land available, there's no reason for service roads, which reduce a number of costs for the other proposed location, and basically the list goes on. They've indicated to me that if you eliminate Tower Road overpass that you could save as much as \$200 million. They've also showed, in various presentations not just to me but to a number of people out there, that this alternative route really would save a lot of money. It would serve the purpose of getting 5,000 trucks off No. 1 and congesting that particular area, which in turn would ensure traffic safety for many people using the highway from White City and from Balgonie and other areas of the province in that area.

So as I look at the map itself, they've done a tremendous job of trying to organize all the processes that they were talking about.

Now we made references to Henday Drive in Edmonton, where this project began in 1974, and there's still discussions around land and issues around that particular Henday Drive.

The minister had made reference of discussions that happened 10 years ago. Well things can indeed change, and there are a lot of dynamic factors that need to be included. And the one point that I raised with the minister, or she raised with me rather, is that this has been studied since 2004. We've been going on and on and on about the studies. But the critical part that the minister did not include and did not incorporate in her response and I think also in their thinking, was that over the last six or seven years there's been incredible change in that area, incredible change. And those factors have to be incorporated in the government's thinking around the Regina bypass. You see the incredible growth in that particular area; that is one factor alone why this route needs to be considered and why the people that have spent hours and hours on this should be heard, should be heard.

Now taking 5,000 heavy semi trucks off No. 1 really results in about 20,000 vehicles because each semi-trailer truck represents about four passenger vehicles. And if you can imagine for a moment having all those particular vehicles off that No. 1, it will reduce congestion and strain on No. 1 overall. It'll improve safety for vehicle traffic that many of the people from White City, Pilot Butte, and of course Balgonie, and that's their primary concern is safety.

Many of the leaders in the areas of Balgonie and White City and so on and so forth, in the general region of the RMs [rural municipality] as well, their primary concern is around safety for people that are travelling. That's why the gentlemen yesterday explained to me that we need to keep the White City overpass; we need to keep the Balgonie overpass. But why would it have an interchange at Tower Road when the big solution clearly is putting the overpass at Great Plains which makes a lot of sense in many ways?

So I've went on a bit about the presentation and the tour that I took yesterday, and I guess I would now ask the minister of her thoughts on what I just basically presented as a result of my tour yesterday.

Hon. Ms. Heppner: — Well thank you for that. On the specifics of Tower Road and 46, I'll let Ron answer that, but I

do want to address some of the comments that were made in that detailed preamble. A lot of it was brought up at our last committee meeting. It was the same comments. My answers will be pretty much the same.

The two gentlemen that he referred to, the member from Athabasca said that their concerns have not been addressed and they haven't been listened to. As I mentioned when I was at committee last time, the ministry has tried on several occasions to meet with these gentlemen. They had a list of 60 questions which they submitted to my ministry. They didn't return phone calls. I got another letter from them, I believe it was dated April 6th, saying that they still had concerns. The ministry has attempted since that day, since the day I got that letter, to meet with these two individuals and our phone calls are still not being returned. So if they're not being listened to, it's not for lack of trying on behalf of the Ministry of Highways. So the accusation remains in the preamble of the member's question, and I absolutely, fundamentally reject that accusation because my ministry has tried.

We can't force ourselves upon people. I'm not going to go knock down their door, but if they're not going to return phone calls . . . They can say they're not being listened to, but we can't talk to them if they're not going to answer the phone. So I want to put that on the record yet again, that we have made every effort to meet with these gentlemen over their 60 questions, and unfortunately they don't want to talk to us.

And on the part of not being listened to, as I said again when I was in committee last week, we actually changed the design of the Tower Road interchange based on the concerns that they raised with us early on. So they are being listened to. And as I pointed out, they're not engineers; nor am I. But the engineers involved in this project listened to their concerns and actually changed the design of that particular interchange. So people are being listened to. So again I fundamentally reject the accusations made in the member's preamble.

The member had referred to studies being done since 2004 — they were actually dated back to the initial discussions started in 1999 — and made the comment that since 2004, in about six or seven years, things have changed. Well absolutely they have, which is why we went back in about 2012 to validate the route, to make sure that the assumptions that were made when it was originally chosen still held based on the growth plans of not only the city of Regina but the RM of Sherwood and the other communities that are found along Highway 1, and the results came back that that route was still valid.

And I know it has been raised with me by these gentlemen and others about Regina's growth and how the interchange, particularly the one at Tower Road, would affect that. And to quote Regina's mayor from a *Leader-Post* article in December of 2014, "We are totally satisfied with the location." So if the people who are in charge of planning for the next 20, 50 years of Regina's growth is pleased with the route and is okay with the Tower Road location, I take that rather seriously that they're onside with this. Because obviously the growth of the city of Regina will be impacted by where we put the interchange and the route itself, and the mayor is pleased with the route.

On the overall selection of the route, there is a long list of

criteria that the ministry goes through. Like I said last time, we didn't just slap a line on a map and say, that's what we're going to do. And I'd like to run through the criteria list that is the basis of the decision that we made. It's network compatibility, route continuity, highway design standards, traffic safety, traffic operations, access control, interchange spacing, emergency access, dangerous goods, over-dimension routes, socio-economic impacts, the overall cost, the impacts to residents and businesses, impacts to agricultural land, impacts to environmental and heritage sites, geotechnical and topographical features, drainage considerations, compatibility with plan development, impact to goods movement, construction staging opportunities, phasing opportunities, utility impacts, and the noise and visual impacts.

This is not something that we have done lightly. The member referred to the studies that I had referred to and it's true; there was over 40 studies done on this particular route. And at some point you just have to say, this is what we're doing. We can't continually go back and change. This has been validated. We have gone back to stakeholders. We have gone back to the public. And I totally understand not everybody's going to be onside with this. You do a project of this size, you're not going to get 100 per cent approval. We never went into it believing that we were going to get 100 per cent approval.

But as I said again, because the question was the same so my answer is similar, even the auditor in her report last year said, and I quote, "We found that the ministry actively sought input from the public and stakeholders throughout the process." And she is satisfied with the approach that the ministry has taken. And again, as I said last time, I am not changing the route. The route that has been selected is the route that we are working on. And we have listened to people. We've made changes to the interchange design. And to go back to the member's original comments that people are feeling that they are not listened to, these two particular gentlemen, if they were to return our phone call, we would be happy to talk to them.

But I will let Ron go through the particulars on the Tower Road location and the issues that were raised by the member on Highway 46 for the northeast traffic.

Mr. Gerbrandt: — Okay. I'd like to comment on a number of questions that were raised and it deals with the actual route, some of the components of the route, why the route was chosen in some of those locations, talk a bit about northeast Regina, some of the development and truck generators in northeast Regina. Also talk about a number of factors that weren't discussed or raised by the questions, and that has to do with some of the roads within Regina, some of the existing roads around the Ring Road, the fact of the developments that are going on west of Regina and so forth.

So if I take a step back and I look at the actual intent of the Regina bypass, it was really twofold. One was to address the safety concerns that were raised on Highway No. 1 East — so the actual people that commute from Balgonie, White City, Emerald Park, Pilot Butte, other places along there. Over the last number of years, we've heard concerns about traffic safety along that corridor. So one of the main principles of the Regina bypass project was to address those traffic safety concerns.

The second component was the support of economic development and the recent developments that were going on around and within the city of Regina. And if I start to talk about some of those, there are a number of those that are existing along the west side of Regina. For example, we have the Global Transportation Hub. We have Westerra development that was recently announced by the city of Regina. We also have Coopertown in the northwest section of Regina and a number of other developments south of Regina and just east of Regina that will become part of the city of Regina.

So one of the primary things we had to take into consideration was one of the existing, was the existing traffic patterns or truck patterns that were existing today. The fact that we do have congestion and heavy truck traffic on Victoria Avenue East in the city of Regina is a major concern for us. We do have an interchange at the Ring Road which is primarily almost failing today to meet levels of service there. So making sure that we address truck traffic going through the city that would then bypass the city with a new Regina bypass was very important to us. We also had to also look at what the traffic generators would be for the Global Transportation Hub. The fact that we actually have to take traffic from Highway No. 1 East and transport them to Highway No. 1 West is a major travel pattern for us. Taking those trucks off of Victoria Avenue East, off the Ring Road, was important to make sure that we had a high-speed, free-flow facility for trucks and vehicles along that route.

So looking at the actual bypass, we had to fully understand what the current traffic generators were, what the future traffic generators were, and take those into consideration. So what we did is, we talked to municipal government. We talked to developers. We talked to others in regards to what those future . . . [inaudible] . . . demands would be not only today, but 20 years from now and 30 years from now and even further. So looking at those projections, that's how we developed the routes and identified the appropriate location of the route.

[15:30]

So there are a number of developments that we have looked at. We've looked at the future population development not only in the city of Regina, but also in the municipalities around that. So looking at that, they were all considerations that we needed to take into account to make sure that where the route was, what the utility of the route was going to be, was very important to that.

We are very much aware of traffic that's generated in the northeast and north of Regina. You talked about Evraz and other parts. We have heard others raise the opportunity to use Highway 46 as the potential bypass location. When we looked at that particular route as a potential route for the bypass, what we found is that there was a couple of issues. One was the fact that we still needed or required the interchanges at Balgonie. We still needed them at White City. We still needed them at Pilot Butte, and we would need them also at Tower Road given the amount of traffic that's coming in on that corridor.

There are communities that are not only north of Highway 1 East, but there's also communities that are south of Highway No. 1 East. So it was important that we built those interchanges and we built them in a corridor that would include the bypass

route that would provide us with utility with those interchanges along with the four-lane highway facility.

If we went to Highway 46, some of those communities may not benefit from some of those interchanges. In fact we would have to add additional interchanges if we were on the Highway 46 route. We'd have to look at one at Pilot Butte, perhaps one east of Pilot Butte, and one at Tower Road. So we were looking at the addition of at least three additional interchanges. And when you look at the cost of interchanges that can range anywhere from 40 to \$60 million for service interchanges, it becomes very cost prohibitive, very quickly.

It would also have to include the fact that we would also have to add an additional set of lanes from Balgonie all the way into the city of Regina. So there again, we're looking at costs in the neighbourhood of two and a half to \$4 million a kilometre for additional four lanes that we talked about last week.

So when we started to look at those additional costs to look at that corridor, look at the fact that that particular corridor wouldn't provide us with necessarily a good access to Highway No. 1 East or to the west Regina bypass portion of the route or the bypass itself, it started to really look at, is that the most appropriate, most cost-effective way of moving traffic east of Regina into Regina and then around through that?

So having said all that, that was things that were considered and looked at. The fact that we did know that we had to connect the west side of Regina, Highway No. 1 west of Regina, Highway No. 6 south of Regina, Highway No. 33 south of Regina, these all factored into where was the most appropriate place for the route to be constructed. Having said that, there is also consideration of sometime in the future of a potential bypass to the north and northeast of Regina so there again that is a long-term development plan but there are potential opportunities to look at a route north of Regina that would better serve and connect the future ring road at that location.

So given all those potential reviews and as the minister stated, we did look at a number of different criteria to provide the best solution that we could for the criteria that we were looking at.

Mr. Belanger: — Thank you very much for the response. I just wanted to point out again that the gentlemen that I have been dealing with got 700 petitions or 700 names on petitions. They have spent countless hours and they have emphasized to me as I have emphasized to them as well is that we are all in support of a bypass. Regina needs a bypass. They talk about traffic safety concerns for, as I mentioned before, for White City, Balgonie, and of course other areas that are being developed as we speak. They emphasize safety as well. There's no argument there from them. They also emphasize economic development, as we do. It's really, really important that we continue working to ensure that Saskatchewan's economy stays strong for years and years to come. So all those really good points that you've raised, we certainly concur.

The big issue that they're trying to get at and the reason why they continually are trying to get this information for — I'm talking about these gentlemen that are working on this — is that they have been trying to knock at the minister's door to get an audience with her and they want to have the time with the

minister and with the Premier to explain their argument around their alternative route. So they're arguing from the traffic safety perspective as well. They understand traffic safety is paramount in anything you do in that area. And getting 5,000 trucks off No. 1 I think greatly enhances traffic safety for White City, for Balgonie, and some of the other communities and the developing areas of that area. They've said that time and time again to me.

They've also indicated that the route that's being looked at now, and some of the property that's being involved, that there are service roads right next to No. 1 that are going to be developed or maintained or put forward as a cost. And they are wondering who's paying for those service roads that are going to be built off of No. 1, if No. 1 is the chosen bypass route. The number, for the record, Madam Minister, is 721-8000. That's the number that they left with you to contact them in the hopes of accommodating a meeting with them, because they obviously want to meet with you, and not for 20 minutes, but for a good hour to get their perspective in.

Now when I travel on Highway 46, this is what we can't figure out. On Highway 46 when we went on the actual route yesterday, there was nothing there, nothing there that would prohibit the minister or the ministry from buying agricultural lands at a lot less cost of twinning that Highway 46, so we're able to have the bypass go north, northeast and complete that route all the way out to No. 1 West. But then you can actually go around the city from, you know, from the north as well. And that will take off 5,000 vehicles off No. 1, so they're arguing more so from a traffic safety concern as opposed to simply worrying about what many people may accuse these gentlemen of, is that not in my backyard syndrome. Because sometimes they feel, and I shouldn't say that for them, but sometimes they feel that's what they're being accused of when they're arguing against this particular project.

Seven hundred names on a petition is not something that you should take lightly. They have more names coming forward. They have more names coming forward. They want to continue fighting this. So when you go to 46, there's nothing out there that would prevent the government from buying land at a lot less cost overall to twin the road on 46, thereby taking 5,000 trucks off No. 1.

These two gentlemen say yes, we need to keep the overpass at White City because it's about traffic safety. White City needs that. The Balgonie overpass, we need to keep that as well. They're not arguing that as well because it's all about safety and the safe handling of traffic. So safety to them is paramount in all their discussions.

Second to them of course is also making sure that we continue seeing the region developed. They're not arguing that at all. They want, in fact they cheerlead the continued development of that area. That's something that they want to see happen. But for the sake of having an efficient transportation system that's very cost effective and makes much more sense, this is what they're arguing about, and that's why they continually hammer away at this work, to look at Highway 46 being the chosen route as opposed to putting all the emphasis on the route that's being selected now, because the bypass that's being selected now does not bypass the city. It comes back into the city.

Now we know further down the road that there's also an ecological issue with the . . . I'm not sure what the river name is, but there's a river that runs through this. It's not a very big river, but it's also an ecological issue that has to be addressed. As you approach the proposed speed curve, you're also taking away land from people. The proposed route goes through a number of homes and businesses that also feel that they have not been fairly dealt with. We heard about this last fall in the Assembly. In fact, one lady says that the highway goes right through her living room, places that they've lived for 35 to 40 years. And the government's annexing this land to put in the speed curve for a bypass or for the bypass that doesn't bypass the city, costs a lot more money, and doesn't really reduce the threat to public safety.

These are their arguments and their positions. And as we travelled through this process, one of the glaring issues with the current route is that it's doesn't have a north-wide access or a northern access. So to the south of the city, you have Boggy Creek. That's the name of the creek. You have Boggy Creek that has issues there as well. You've also got a number of businesses. I think there's a bunch of ball diamonds that are there that are currently being used by Little League. There are some businesses that are being affected further in towards the speed curve. There are people that have lived in these homes for 35, 40 years and some of these homes are worth an incredible amount of money in terms of not just history but of how they've been valued over the years and how they increased in value. And some of the offers being made to these homeowners and these businesses and some of the challenges around the environmental issue, the arguments are mounting up against the Regina south bypass location.

And then you look at the restrictive nature of where the bypass is, and that's why the point was made by these gentlemen yesterday that some of the studies in your early years indicated that Tower Road would be fine because the city won't reach Tower Road for 50 years. Well that study was done 10 years ago, and guess what? The city is now at Tower Road, so it doesn't make any sense. That's the fundamental change from a study done 10 years ago is the expansion is so rapid, why build a bypass that doesn't bypass the city and actually restricts the city when there's an alternative route that makes more sense, that accomplishes a great amount of benefits, especially when it comes to traffic safety for places like White City and Balgonie, etc., and yet it does the same thing at a tremendously less cost to the government?

Now in the tour yesterday, we know that at the Great Plains access road that the ministry owns that property. The four corners of the Great Plains access road, the Department of Highways owns those four sections along that route. Further down is where you get to the Tower Road location and you don't own that route or you don't own that land, so you're going to have to buy that property off the occupants if they're willing to sell. So again the argument that they make is that, well why would you want to buy property at an overpass that doesn't make any sense, restricts the city, and you're paying more money for that property, whereas further down, where it should be to stop restricting the city, you actually own the land?

So that's one of the parts we couldn't figure out. So I'll ask the question of the minister again. Why would we go through the

process of forcing people from their homes, forcing businesses to shut down, forcing some ecological challenges to Boggy Creek and area, forcing little league baseball players to lose their facility — and there's about 10 ball diamonds in that particular area — and really not achieve the objective of public safety by keeping 5,000 more trucks on No. 1.

[15:45]

Hon. Ms. Heppner: — Well thank you for the question. And I'll have Ron answer some of the questions when it comes to land acquisition and the question on ecological impacts.

But again, Mr. Chair, as I have done on apparently numerous occasions, last committee and this, to correct some of the statements that the member from Athabasca had in his very long preamble, he said again that these gentlemen are trying to get information, is trying to get an audience with me. I have met with them twice. There is some reference to not just for 20 minutes. My first meeting was a full hour with both of these gentlemen. The second meeting I had with them was for half an hour. The previous Highways minister has met with them. I don't know, he's not here so I can't ask him, I'm not sure how long his audience with these two gentlemen was.

But the implication is that I'm not answering my phone and not meeting with these gentlemen, which is fundamentally incorrect. So if the member wants to sit here and put on the record information that's not correct, that's his prerogative. But I would like to set the record straight, Mr. Chair. I met with them for an hour the first time, half an hour the second time. And we have been trying for weeks for them to return our phone calls. So like I said, the member can keep making the accusations, but they have had an audience with me, Mr. Chair, twice, and once with the previous minister, once for sure.

He asked about twinning 46, I believe that question has been asked and answered in pretty great detail by Ron. And he also made reference to restricting city growth and referring to a 10-year-old study. As I said multiple times, we went back in 2012 to validate this route to make sure that it still made sense, not just for the city of Regina, but for the RM of Sherwood and the communities along Highway 1. That's not a 10-year-old study. It's three years ago.

And, Mr. Chair, again I believe that the mayor of Regina probably has a pretty good indication of what his city requires, probably more than I do, pretty much sure of more than the member for Athabasca. The mayor of the city of Regina is going to do what is in the best interests of his community and his ratepayers. And he said, and I quote:

The city has no plans to expand more than the lands it has already annexed as outlined in the 25-year official community plan, and the bypass will come in contact with only one planned neighbourhood on the east side of Regina. That's OK, says Fougere because the bypass works to separate the planned industrial development on the east side of the highway from the residential and commercial plans to the west.

That was from a *Leader-Post* article in 2014. So again, when it comes to the future growth of the city of Regina, the mayor is

okay with where this route is, Mr. Chair. And I do take his position on his own community's growth plans pretty seriously, and he seems to be okay with where this is and the proximity to the city of Regina based on their future growth plans.

So just to correct some of the comments that were made. I'll have Ron speak to the ecological impacts and criteria and our land acquisition process.

Mr. Gerbrandt: — So just to further comment on some of the questions, and one of the questions was the removal of trucks and so forth.

With the Regina bypass project, what we've designed is, we've designed a high-speed, free-flow facility that will travel from Balgonie all the way around to Highway No. 11 North that will allow us to travel at 110 kilometres an hour. With that, what that allows us to do, it also allows us to remove vehicles on and off the bypass safely at interchange locations. We do have two service interchanges that allow the traffic to free flow very effectively.

So having the utility of No. 1 East and the remainder of the Regina bypass, it is built to accommodate those additional trucks. If we were to remove some of those trucks onto Highway 46, which some trucks actually travel today, we would be looking at having to build additional interchanges. We would have to build additional service roads. We would have to build a number of high-speed ramps on and off that facility to safely take them down that corridor. The fact is that even if we built the Highway 46, there would still be trucks on Highway No. 1 East. So we need to make sure that we design our road system to take those trucks, vehicles, whatever they are, off and on the system in a safe and effective manner. That's done through interchanges, high-speed ramps, both on and off the system. So those are designed into the system.

We certainly know what the truck traffic is today. We certainly know what projections of that truck traffic will be in the future. So to say it's not going to be safe or there will be safety issues, we're trying to mitigate those based on what we would use: national design standards, no different than what other transportation agencies or jurisdictions do. So we do design based on that. We do design our curves, our on and off ramps, everything around that. So it is to provide a safe and effective means of taking those trucks through the system.

Like I said before, if we were to go to Highway 46, we would be incurring hundreds of millions of more dollars into the system, and we wouldn't eliminate all the trucks off Highway No. 1 East, which we still need to accommodate. So we're still trying to do that, and we'll do that with the system we designed.

You have raised a number of questions in regards to property impacts on landowners, impacts on businesses. Through our design process, we have tried to minimize any effects that would have on local landowners or local businesses. So with that, at the end of the day we do know that we will be affecting a small number of landowners. We do have to make a number of buyouts on certain homes. We're talking about having to purchase well over 2,000 acres of land through a very well-developed area in some cases. In some cases it's greenfield. In other cases it's brownfield, and to think that we

could put something through an area like we're talking about — this is a very well-developed area in some cases — we are going to impact some families. We are going to impact some businesses.

Some people have been very co-operative and we've been willing, or have worked with them very co-operatively. Others, it's more difficult to work through some of the things that we need to do with them, but we are working through those issues with them.

So at the end of the day, we have tried to minimize impacts on land, actual yard sites and businesses as part of the bypass. You did mention that there are a number of service roads that we will have to construct. Well part of providing a high-speed, safe operating system is we need to take vehicles off the road system at interchange locations, which means we then have to connect businesses and properties to those interchanges. So it does require a number of service roads that we need to construct or upgrade.

If you go on Highway No. 1 East today, we do have a number of service roads that are currently out there. They do provide access to local businesses, properties, and so forth. So those particular service roads will be upgraded or new service roads will have to be constructed to allow us to connect to those interchanges, to allow us to provide a safe road network through those particular areas.

So that is factored in. It's all built into the work that we're doing as part of the bypass project. So with that, yes there are service roads we're going to construct, and yes they will provide access when access is at a place where it's safe at interchange locations with high-speed ramps, high-speed loops, those types of things, to make it an efficient and effective system.

Mr. Belanger: — So, the couple of technical questions I have for you: first of all, when you enter a city — and you'd have greater knowledge than I have — usually there is identified truck routes. I'm not sure if it's by law that the heavier traffic have to use the identified truck routes or is it an option? Obviously when you have to deliver a semi truck right to the downtown of any city, you know, obviously you can't stop them from doing that.

But how is generally the enforcement or the thinking by the trucking industry when you establish a truck route for a particular city? Like, how often or how compelling is it for them to use that route? Because the point I'm trying to raise here is that based on this route, this route accommodates the traffic going west on No. 1. It doesn't accommodate the traffic going north or east of the city. It only accommodates the traffic going west. So we're going east to west.

And now the proposed route that these gentlemen are suggesting here would actually have the traffic go east or go northeast or north or west. That costs a lot more money and you don't have the number of lanes to build. So I guess my question being is that, how often and what's the general attitude towards truck routes and ensuring that trucks are using these routes that are suggested to them?

Hon. Ms. Heppner: — In any given municipality or city, it would be up to the city to determine what their internal truck routes are. That's not a Ministry of Highways oversight. I believe that the city of Regina has designated Dewdney as one of their internal truck routes, and it would be up to the city officials to enforce where trucks are on their city streets.

You've made the comment that this bypass only goes one direction. It actually goes both. You can travel east or west on this bypass. So I'm a little . . . not quite sure on that. But as your original question on identified truck routes, that would be up to the city of Regina to determine and enforce.

Mr. Belanger: — Okay. Well obviously the point I was raising, obviously being the bypass, there is traffic that goes east to west and west to east. I'm just saying that as you come in from the east, that the current route really is a benefit to those that are continuing to travel west. Then the suggested route, the alternative bypass route that's been suggested by these gentlemen and many other people, they're saying that this new route down 46 would allow you easier and greater and quicker access to the north and northeast of the province as well as to the west of the province. The current route really favours the western-based or the western-directed traffic, and that's a point that they wanted to raise.

And the second point that I think is also important is that if you can for me, I just want to refresh my memory, is that how much influence does the federal money have on this project? Because obviously they've made a commitment to the project itself. How much have they contributed in the overall cost? And obviously some people would say it's not enough, but what was the expectation by the department as to what the feds could contribute to this project overall because we want to talk about contributing their fair share, just for the record.

Hon. Ms. Heppner: — As far as the member's comments on the trucks coming out of what part of the city, and I know that there is truck traffic in the northeast, but what also needs to be part of this discussion is the Global Transportation Hub, which is a pretty large generator of truck traffic and will be accommodated quite well by the proposed route.

As to what the federal government is contributing, it's up to \$200 million. When they looked at this project, they looked at it from a perspective of national interest because it's not just for local traffic but it is to get traffic east to west, west to east on Highway 1 for movement of commodities, not just Saskatchewan-based commodities but other products and companies who need to use our national highway system. And so this will accommodate that. So at the end of the day their top-end contribution is up to \$200 million.

Mr. Belanger: — So of the \$1.2 billion overall cost — and correct me if I'm wrong — the federal government's contributing \$200 million.

Hon. Ms. Heppner: — Up to, yes.

Mr. Belanger: — Up to. And I would estimate that what the federal government collects in gas tax alone is probably exceeding \$300 million per year. Is that a fair assessment to make?

Hon. Ms. Heppner: — To the member's question on gas tax from the federal government, it's my understanding we get all of that back. Whatever they collect, we get back.

And in addition to that we have other projects that we can and have been submitting applications to. There was a previous Building Canada Fund which benefited the province quite nicely. And there is a new Building Canada Fund which we have made application to and have had some recent announcements along with the federal government on their cost sharing with us on some major infrastructure projects, including the passing lanes on Highway 7, twinning of Highway 7 and twinning of Highway 16 to Clavet. So the federal government, when it comes to infrastructure, has partnered with us on some pretty major projects that are going to benefit the province overall.

Mr. Belanger: — Are they dictating any particular conditions on any of these projects, or are they primarily just letting you decide who you want to work with?

Hon. Ms. Heppner: — The federal government has absolutely nothing to do with the design or the final decision for design. That is totally up to the province. There is a financial contribution to the projects that they see as a benefit to Saskatchewan and, in the case of the bypass, there is a national interest component to that as well. But there is no oversight on the design plan, no input, and no ability to change what our designs are from the federal government, no.

[16:00]

Mr. Belanger: — One of the obvious, glaring conditions is that it be a P3 [public-private partnership]. Is that correct?

Hon. Ms. Heppner: — We applied to the federal government under P3 Canada for this particular project because of the price tag. As you said, it's estimated about \$1.2 billion. And their criteria for projects like that is they want provinces, if we're asking for federal contribution, to put it through a P3 lens, which we did, which resulted in them coming back to us with the offer of up to \$200 million to go towards this project.

Had we not done that, I'm not sure what the federal government would have committed, if anything, because the Building Canada Fund is limited, and this would have taken a pretty large chunk out of what Saskatchewan's share would have been. In fact it probably would have been all of Highways' share of Building Canada Fund to go to this project. Instead we are doing this through a P3 process with a contribution from the federal government which leaves the Building Canada Fund, the highways portion, available to us for other projects within the province, like I said the improvements on 7, 16, and a few other ones that we will be applying for.

Mr. Belanger: — Is it fair to say that as a result of the federal government positioning this to be a P3 project — because obviously that's what their intent is — that basically it'll limit the amount of companies that are able to bid on this work? Because obviously it is a fairly big project, and what I'm getting at of course, as you've probably surmised by now, is the fact that a lot of Saskatchewan-based companies may not be eligible to do some of this work.

I'm confident in their abilities. I'm confident in their skill and their background and their ability to do hard work. There is that concern out there however that only the companies that may be based out of Eastern Canada or out of the States that would be positioned just based on the volume and size and scope of the project, that they'd be better positioned to, and probably only positioned to be able to do this work.

So one of the compelling arguments which I have found very, very genuine from the gentlemen I met with yesterday is that if these companies get the work, then they have their own equipment; they have their own technicians; they have their own crew. And so when the work gets identified as a P3 project and only larger American-based companies or Eastern Canadian-based companies are able to apply for this work, well that leaves a lot of Saskatchewan people out of the loop. Because these folks are here to do one thing when they do the work that is required. They're here to come here, do the work as quickly as they can, make as much profit as they can, and then leave.

We've got a product at the end of the day, but would it not be advantageous for the government to maximize our benefits to the province of Saskatchewan by having a really well-designed and effective bypass? That's our first point. Second point is maximizing the jobs and the opportunity and the incredible possibilities for some of Saskatchewan-based companies to do this work. Are you confident that there are companies out there in Saskatchewan now that are positioned to be able to bid on this contract, given its size?

Hon. Ms. Heppner: — I just want to clarify something there. At the beginning of that question, there was an allusion to the fact that because this was a P3, no Saskatchewan companies would be involved. This project is what the project is. If it was a traditional build or a P3, the project is exactly the same. The scope is exactly the same. The route is exactly the same. The work that needs to be done is exactly the same. So the companies who would be bidding on these things, I would propose, because of the enormity of this project, would probably be quite similar whether it was a P3 process or a traditional build. So I just want to clarify that: that it's not an either-or proposition, Saskatchewan versus non-Saskatchewan companies based on the fact that this is a P3 process.

And I also do want to clarify that there are Saskatchewan companies who are partnering with the three proponents that were short listed. Saskatchewan companies will be involved in this process regardless of which proponent is chosen at the end of the day, because, like I said, there are Saskatchewan companies that are partnering with each one of those three. And local Saskatchewan contractors are working with those proponents as well to work with them in partnership. So Saskatchewan companies will be well represented. Saskatchewan companies will be giving jobs to Saskatchewan people. There will be Saskatchewan equipment being used, there will be Saskatchewan people being employed, Saskatchewan products being bought, and so I'm not concerned that this is going to be some company from the United States who comes in, does a job, makes a profit, and gets out. First of all, part of the proposal is maintenance so they'd have to stick around and do that because that would be part of the contract, so there would be employment opportunities there as well. But I

do want to assure the member who's asking the question that Saskatchewan companies will be well represented and there will be Saskatchewan jobs coming out of this.

Mr. Belanger: — Now I want to get back to the route itself because obviously there's mixed feelings on that because I look at the P3 project itself and, you know, the things that concern me, especially highways I think overall, people look at the P3 model and saying, well what is that about? How does that affect us? There's a lot of genuine, not interest but concern around how these P3s work. And that's one of the reasons why, as an NDP [New Democratic Party] caucus, we've been asking for accountability and transparency on any P3 projects, whether it's highways projects or school projects, because the point that you raised, Madam Minister, is that we are paying these companies to come and build these overpasses for us and build out this big project because they're well positioned to do that. There's only three, as you've indicated.

They are also in the process of charging us interest on some of these projects because the taxpayers have to pay that interest. And correct me if I'm wrong. If there's no interest attached to these projects, then obviously I'm wrong, but I believe there is. And the third point is the added benefit of maintenance contracts for years and years and years. And where are our taxes being paid? Are they being paid in Saskatchewan for this company to operate within Saskatchewan or are they being paid in the jurisdiction that they come from? Are they compelled to hire Saskatchewan people to work on some of these, for example, maintenance projects or is it suggested throughout these discussions that they hire Saskatchewan-based solutions or Saskatchewan-based people? These are some of the concerns around P3s generally.

So I think I want to end my conversation on the P3 model saying to the people that may be listening, is that there are some concerns around (a) the cost of building these projects does give incredible profit opportunity to companies that are beyond our borders. Secondly is we're also paying interest on these P3 projects each and every year, which ratcheted up the cost of these projects over all. And the third point is we're giving them a maintenance agreement that they can operate for years and years. So they're getting three benefits, the bigger companies are, three benefits off the Saskatchewan taxpayers.

And that's one of the reasons why we're advocating for accountability and transparency for the P3 projects that this government either has been part of or has suggested, and been a partner with the federal government in taking some of the P3 money that has been left on the table.

So on that point I want to go back to the questioning around the bypass. And when you look at the proposed route now, you're building service roads because it's a requirement based on the design. Exactly how many kilometres of service roads are being built around the proposed route now? Who is responsible for the construction of those service roads? And who is responsible for the maintenance of those service roads once they're completed?

Hon. Ms. Heppner: — I just want to make a comment on the P3 process. The member had raised a series of concerns about paying interest, where these people pay taxes, if they're

compelled to hire Saskatchewan people. As I said, there's already partnerships in place with Saskatchewan companies, and Saskatchewan contractors are working with them as well. So Saskatchewan people will be employed. Saskatchewan companies will be utilized.

All of this comes down to a value for money. It is the cornerstone of this proposition on whether or not it's going to be a P3. That is the route that we are following right now, is a P3 process. But the value for money proposition has to show us that doing it as a P3 process when you look at design, build, maintain, is better for the taxpayer of this province than if we built it traditionally and maintained it ourselves, designed it ourselves, built it ourselves. And if that value for money comes back and doesn't say that there's a cost benefit for the people of this province, then we're going to have to look at this. But that's the whole proposal behind a P3.

We've been upfront about that since the very beginning, that we're not going to do this if there's not a value for money. And that evaluation is in the process of being done now and I'm not sure of the timeline on the final figures coming in, but that is, as I said, the cornerstone of the P3 process is that it proves that there's a value for money for the taxpayers of this province.

Ron's going to have some comments on the service routes, but it's just going to take him a minute to find the information.

Mr. Gerbrandt: — Sorry, I apologize. I was looking for the exact kilometres of service road. I'll continue to look for that and provide it.

In regards to the question on who constructs and who maintains the service roads, the actual proponent will be responsible for the construction of service roads, whether they're gravel roads, whether they're paved service roads. So they'll be built in as part of the P3 project, as part of the construction of the P3 project.

The actual maintenance of the service roads depends on the type and location of the service road. What I mean by that is there are service roads that are adjacent to Highway No. 1 East around Balgonie, White City, Emerald Park that will be maintained as part of the work that's being done.

There will be smaller service roads. What I mean by smaller, if we have a gravel service road that is a minor connector to an existing RM road that we need to do, we have been in discussions with the RM to take over that service road. What that means is that normally in those circumstances, it's a very low-volume road that connects to a field or an adjacent property that requires very minimal amounts of maintenance. And the RM is in a much better position to maintain and operate a gravel road than, say, the ministry or even the proponent would be.

So it depends on the types of service that the service road provides and so forth. But the majority of the roads are pavement structures that will handle the loading required for businesses and landowners to access. So it does depend a little bit on the service level of the service road and the type of service road it is.

Mr. Belanger: — Okay. And will the service roads go all the way from Arcola Avenue to Pinkie Road?

Mr. Gerbrandt: — There are a number of service roads adjacent to different sections of the bypass. And so from Pinkie Road to Arcola there are several service roads.

What it means is the ministry has to provide access to parcels of land. So if, for example, our particular bypass cuts through a parcel of land that wouldn't get access from either the highway or an existing RM road, then we have to provide legal access to that parcel. So we may have to build a low-volume gravel road to access that particular road.

[16:15]

So it really depends on the actual location of the bypass, what's adjacent to the bypass, and so forth. So for example, like I said before, Highway No. 1 East that has a number of businesses along there, a number of residents along there, those are paved-type service roads, given the volume of traffic, the type of traffic that are going to be on those.

Along the west side of the bypass, between Highway 1 and Dewdney Avenue, there are a number of service roads along there also, depending on the location. So as you go south of Dewdney Avenue, we connect into Pinkie Road, which will then connect to the bypass. So that becomes municipal-type roads, but there may be one or two short service roads that connect to local residents and so forth along there.

So it really is specific on location and the types of access locations that are coming off the bypass at those locations.

Mr. Belanger: — So again, obviously from the technical perspective, I'm just trying to ascertain today as to whether the department is aware of exactly how many kilometres of access roads that you have to build. And you're saying to me today that there are some that have been identified but many more that have not, given all the circumstances that you've explained here. So in theory then, the ministry is not aware of how many service, on a kilometre basis, how much service-road building is required.

Mr. Gerbrandt: — No, no. We know exactly how many service roads we have to build, what the types of service roads we have to build, what the levels of service roads are. I'm just looking up that number for the total number. So all that's been built into the existing contract so that we don't miss out on specific sections. So like I said before, we are required to provide access to all parcels of land adjacent to the bypass, either through a service road or a municipal road and so forth. So I do have that number; I just have to locate it in my notes and so forth. So at the end of the day, all the service roads have been incorporated into the existing P3 project with that.

Mr. Belanger: — Is it fair of me to ask you to give us a ballpark percentage of the service roads that will be maintained by the proponent as opposed to an RM or the ministry? Are you able to break that down just on a rough, ballpark guesstimate?

Mr. Gerbrandt: — I can get that information. I don't have that information today, but we can provide that information.

Mr. Belanger: — Okay. And the reason why we're asking for that is there is some compelling arguments that if you reroute this whole bypass, again going back to 46, that many and much of the service road requirement and costs that we'll get would be avoided. And that's one of the other compelling arguments that are made by these gentlemen and many of the other people that are involved with this process.

They indicate that yes, okay, if you reroute the heavy-haul traffic, mainly the semi-trailers, onto 46 then all the access or service roads that are being designed for No. 1 wouldn't be needed any further. Because the theory is, you're taking 5,000 semi-trucks off No. 1, rerouting them onto a double-laned alternative route — namely Highway 46 because we'd obviously want to reroute that — and thereby reducing the heavy traffic on No. 1 which is of significant traffic safety benefit to the cities that we're impacting such as to the communities such as White City, Emerald Park, and Balgonie.

So they're saying 46 will take off all that truck traffic. 46 will allow access on the northeast bypass solution that's been in front of the government for years, including this government. It would allow access to the northeast business community that's very active right now. It would allow access for trucking issues heading further north, and of course trucks heading further west through the northwest bypass area.

So they argue that a lot of these service roads that are being proposed in this particular route would not be necessary. And that's why we need to know the costs, the interest attached to the costs of building those roads, and the maintenance agreements for the P3 model on those service roads which might not be necessary. So these gentlemen are arguing from an affordability perspective that could save the province and the city tons of money over the years, not just on not having to build certain overpasses, not having to pay exorbitant prices for land, not having to build service roads for a bypass that doesn't bypass the city — that's their fundamental argument. And as I said at the outset of my meeting, we just basically said we think these guys are right.

Well now as a result of some of these points, not being an engineer or traffic advisor in any way, shape, or form, just from the pure basic perspective, you look at all the points that they've raised, I'm not convinced that the Ministry of Highways made the right decision at all when it comes to the bypass that is being proposed.

So I guess my question is, have you as a technical person in this briefing, have you done any studies to determine the truck routes of trucks coming in from the east on No. 1? Have you got any of those studies done as to where these trucks are going and obviously where they're coming from?

Hon. Ms. Heppner: — I'll let Ron look for that information. But on the avoidance of service roads, and I think Ron alluded to this earlier, I know that the member wants to promote Highway 46. Again, I've said this many times: we're not changing the route. That doesn't preclude his ability to ask questions, but we're not changing it.

As Ron had said, even if we did — which we aren't — use 46, there's still going to be interchanges all the way along Highway

No. 1. And even the member for Athabasca has said those interchanges are all absolutely necessary. So we'll say, hypothetically, we take 46. We're still doing all the interchanges on Highway 1. Because of those interchanges on Highway 1, you still need service roads all the way along Highway 1 because we do not have . . .

We as a ministry have controlled access on and off of our highways. So there's an interchange. You're not going to have five at-grade intersections along the road for all of these people who live down here or work down here to get on and off the road. They need a service road to get back to the interchange.

So there's going to be service roads all along Highway No. 1 because those interchanges would be there even if we took Highway 46, which we're not going to do. Then in addition to that, on 46 you would have interchanges. And because again the controlled access that the Ministry of Highways oversees, you're not going to have at-grade intersections along Highway 46 if you have interchanges. You're going to have service roads up and down Highway 46 to get to those interchanges. So if we use 46 as proposed, there's actually more service roads because they're now along both Highway 1 on those interchanges and 46.

And the 5,000 trucks a day, our latest traffic count is about 2,300 trucks per day. So I'm not sure where the 5,000 comes from, but our latest count is about 23. And I think you had an additional comment.

Mr. Gerbrandt: — Yes. Back to your comment in regards to have we done service road studies and so forth, as part of our design prior to the P3 going out, we did do a service road network study to determine what types of service roads we needed, what the types of service roads were, what the traffic was on those service roads, and so forth. So we did do an extremely extensive study on service roads and the service road network prior to the actual going forward with our P3 project.

It should be noted — and we've talked a lot about truck traffic and so forth — one of the things that we do is we look at existing truck traffic. We also look at projections of what the future truck traffic will be on the system, and we project that out 10 years. We project that out 20 years, and we projected it out 30 years of the life of the P3 project.

The interesting thing to note about that is that if you start to look at truck traffic on Highway 1 East and you compare it to what the future projections are for truck traffic on the west Regina bypass, i.e. the stuff that's going to be generated from the Global Transportation Hub and so forth, is you get very similar numbers in future years of traffic along that corridor. And so what I'm trying to tell you is that at the end of the day the truck traffic that we're experiencing on Highway No. 1 East is going to be similar to truck traffic that we're going to experience, not to the exact same extent, but there will be substantial traffic on the west Regina bypass portion of our project.

So that means changing the route down Highway 46 or even to the north or northeast of Regina would not service the needs for the bypass in the location from basically Highway No. 1 West up to Highway No. 11 that we are seeing. So there is a

considerable amount of development, a lot of truck-generated development, that's happening on the west side of Regina that needs to be supported by this bypass. And so having the bypass go south of Regina, then up the west side of Regina is important to support those particular generators of economic activity and truck traffic in those locations.

And so, you know, we have identified the trucks that we have today. We've projected it into the future. We've projected it down the road systems, what it means for the configurations of our interchanges, what it means on the types of service roads that need to connect to that, and also connections in to the Global Transportation Hub and future developments on the west side of Regina. So they're all types of things that we need to take into consideration with a project of this size, of this scope to make sure that we do design and provide something that's going to last us the next 30 to 50 years.

Mr. Belanger: — Right. And we did have the opportunity to travel south of the city. I'm not sure exactly how many kilometres we travelled out to see exactly where the southern portion of the bypass is being proposed. I'm not sure of the exact kilometres, but it was quite a ways out. It was quite a ways out. And there's really not a lot there in terms of major rivers, major buildings, and a lot of agricultural lands. So as you go south of the city, Regina, there's not a whole lot of activity there.

The activity is happening in northeast. It is happening in Balgonie. It is happening in White City. It is happening in Emerald Park, as you mentioned. That's where all this activity is happening. The vast majority of activity that we see happening in our tour is not south of Regina when it comes to traffic. It is actually in the northeast part of Regina.

And when we took the tour yesterday the gentleman that took us on a tour was, made sure we seen all aspects of what is being proposed. And the gentleman understood that the Regina south bypass location really didn't make a lot of sense from the perspective of what was out there and how far out it was. We travelled quite a ways, and this is where he told me, this is where the Regina south bypass would occur 20 or 30 years from now, is what he indicated. Even though he was supportive of the fact that the bypass was much further away from the city, he doesn't anticipate that the bypass would be built over the next 10, 12 years. So it wasn't a moot point to him.

But the point that he wanted to make is there's a lot of room out there. And he doesn't suspect the city's going to move out in that direction at the rate that people think because it's so far away that he doesn't suspect they'll ever meet that objective of getting that far. So the Regina south bypass, the route that's been selected, even though there is not a lot of money being put into it, he suspects that's probably 30, 40 years down the road where we got to start looking at building that if the growth continues.

His primary focus over the next 20, 30 years is Regina east on No. 1, the bypass there. And that's kind of where we're trying to stay focused. Now when the minister said there's 2,300 trucks that are going through there, both these gentlemen have again anticipated that question. They took me to some of the places. They showed me some of the businesses that had trucks,

and they give me a list of the number of trucks that were in that particular area.

And the point that they made was the quickest and easiest way to get truck traffic handled through the communities from point A to point B, and the quickest way to get the heavy-haul trucks off No. 1 is to do 46. They're insisting that makes much more sense from the traffic safety perspective. That's what they're arguing.

[16:30]

They're also arguing that the overpasses at White City and Balgonie that serve Emerald City and to also serve Pilot Butte are necessary. They're needed because you're still going to have a lot of traffic there. But if you take off — even if you argue, even if I take the minister's argument, there's only 2,300 trucks that go through there — if you take off 2,300 trucks off No. 1, that really dramatically improves traffic safety and flow of goods and services that the trucking industry provides to our city. It also promotes a good, solid, intelligent transportation system.

So even if it is 2,300 — or as these gentlemen say, it's closer to 5,000 — it takes 5,000 less trucks off No. 1 or 2,300 trucks per day off No. 1, which I think dramatically improves public safety.

Now if I was the mayor of White City or Emerald Park or if I was the mayor of Pilot Butte, my primary concern would be around safety for my citizens, to make sure they're able to travel. That's what I would be primarily concerned about. So I can understand why some of these leaders and some of the mayors and the Reeves would say, yes, we do need the overpass; we do need to improve safety for traffic flow; we do need to get the economy moving. Absolutely, they won't argue that point. And these gentlemen were smart enough to know that as well and they expressed that to me, that it's important to note that.

But if these mayors were told that there's a more effective way, a more cost-efficient way, and a more intelligent way to bypass the city that doesn't compromise their aspirations for safety and their aspirations to continue building the economy, then the story changes. Then the story changes.

So that's why these gentlemen will continue to fight, will continue to fight for this issue. And we have other sessions planned for highways and we're going to continue dialoguing, meeting with these gentlemen on this particular basis. So we spent an hour and a half on this particular item and we have a lot more that we want to be able to bring forward on some other work.

Now again I would encourage the minister when she's stubbornly insisting that the route is not going to change . . . And it's too bad she's taken that position because what these gentlemen are primarily trying to do is to reiterate traffic safety concerns. What they're trying to do is to suggest an alternative route that doesn't have as much cost, a dramatically less cost to build. And based on what I've seen here and some of the discussions I've had with them is they've taken the time to study the traffic flows, the traffic patterns. These are Saskatchewan residents. They're people that run a business in

the city here and that they have these concerns but they're continually being frustratingly ignored. And that's one of the points that they want to raise.

So to put it in a nutshell for the record, these gentlemen are trying to do the right thing. These gentlemen are trying to impress upon this government and have sought audience even with the Premier to try and get the minister to put together an intelligent plan that'll serve Saskatchewan and the city of Regina for years and years to come at a good, solid investment price, not a price that's going to cost the taxpayers years and years of debt.

So I think it's really important to raise that. Like I said before, we have other questions we're going to ask on the Regina bypass. We think that there are some significant issues that have not been addressed yet. We've got a few more matters to bring forth in the committee and we will unveil those issues as we go to the next session. And for now I want to thank the officials for their response and I want to now go to the contracts issue as the last half-hour would allow me to do. So I'm not sure if the minister wants to comment on some of the points raised by these gentlemen on the bypass.

Hon. Ms. Heppner: — Well, Mr. Chair, the assertions and allegations made by the member for Athabasca are the ones that he's made over the course of the last two committee meetings, and they are false. I'm sorry if that language is harsh but to say that these gentlemen have been ignored by me or my ministry is categorically not the case. I have stated multiple times and I will do it again for the record. The member from Athabasca can come back and read *Hansard* when this meeting is over. I have met with them twice. The ministry has met with them. There has been correspondence back and forth. And over the last several weeks we have tried on several occasions to phone them, to sit down with them to address some of their other concerns.

So again, the allegations are made that I'm not meeting with these gentlemen. That is absolutely not the case, and the member for Athabasca knows that because I've said it enough. And if I need to say it louder, I'll say it louder, but I don't think that really the rest of committee should be subject to that.

He says that they've sought audience, making the implication that they haven't received that audience. Again, Mr. Chair, absolutely not the case. The member for Athabasca knows that. He can continue to sit here and say things that are not completely correct, not even close to being correct, but I don't think that really helps our dialogue or the discussion when it comes to the bypass. If he has legitimate questions and wants legitimate answers, that's what the time here should be spent doing, not throwing out allegations that are based on absolutely no fact. I don't think that helps this discussion at all. But I'll leave it to him to make that decision on how he wants to conduct himself in this meeting.

He said that I'm stubbornly sticking to this route. Well I guess I am because at some point you have to make a decision and get a shovel into the ground because this bypass actually has to be built. It has been studied since 1999. There's been over 40 studies done. The previous government picked the route. We went back and validated that route. This isn't just picking up a

pen, writing a line on a map, and saying, that's where we're putting the bypass. This thing has been studied, and at some point we just have to say we're going to go. And I believe that this is the right route. Again, engineers and people who build these things for a living are the ones who have designed this, and I trust that they've done the right thing. I've gone through this. I have asked questions. My officials can attest to the fact that I have asked questions.

The other point that he made was that this was going to take 5,000 trucks off of Highway 1. I don't know how that's possible. That's like saying every single truck is going to be taken off of Highway 1 if Highway 46 is the route that's chosen. Not true. Trucks are still going to be on Highway 1. They have to be. There's businesses down Highway 1 that have to be accessed by trucks. So this is not some panacea, using Highway 46, that is going to take every single truck off of Highway 1. Again, assertion that is not based on any kind of fact. Highway 1 will still be used for trucks.

But, Mr. Chair, as I said, if we're going to have — I think he used the word intelligent — an intelligent conversation about this, happy to do that. But I would really hope that, from now on if the bypass comes up, that the member would stop making allegations about my closed-door approach to people, that I'm not talking to people, not engaging with people, not giving audience to people, because that is fundamentally not the case.

Mr. Belanger: — Thank you very much. And I guess I would point out the matter in the comment that was made, that it's not a panacea to our transportation problem in terms of traffic, smooth flow of traffic, and of course the safety issues for the everyday traffic. If it's not a panacea to address those issues, then why are we spending \$1.2 billion building it?

Hon. Ms. Heppner: — I was referring to Highway 46, not to the bypass itself.

Mr. Belanger: — You know, we're spending \$1.2 billion building this bypass. We would hope that it's the solution to the transportation.

Hon. Ms. Heppner: — I said the panacea wasn't 46.

Mr. Belanger: — Well whether it's 46 or No. 1, that's the argument these people are fundamentally making, is that we need to do it right. That's what they're saying to me. And they have been asking and I think they've written two letters to . . . if not two letters, but for certain one letter.

And I can recall the gentlemen saying two letters for an audience with the Premier so they're able to explain to the Premier himself — because obviously they're not getting anywhere with you — to explain to the Premier himself why this route needs to be changed. That's exactly what they're suggesting.

Now I'm not making the allegation that I've not seen you or I've seen you not want to meet with these folks. What I've basically said is that they've been telling me that they have not been listened to by you. You get half an hour or an hour and you don't seem to want to hear anything that they're saying to you.

They're arguing that you need to hear what they're saying, not going through the motion of sitting in your office and not paying attention to what they're arguing and simply not paying enough due attention to their really compelling arguments. That's what they're saying. And to be dismissive of some of the issues that they've raised, the same manner in which you've been dismissive here saying, we're not going to change the route, that's exactly the same response I'm assuming that they got that we're getting here in the committee. And that's what I meant by being dismissive and not being paid attention to.

And even though they've had some really good argument and good discussion points and they've had good support from many people that they've spoken with and 700 names on the petition and more to come, then I can understand their frustration. That's their point.

So now they're forced to write a letter to the Premier asking for an audience with him so that they're able to explain to the Premier directly the fact that they have not been respected. They have not been listened to. And yes, you can sit down with them for a half an hour, but how could you argue a \$1.2 billion project and the importance it has to people like them and many other people in the area, in half an hour?

So again I go back to my argument: if you're going to spend \$1.2 billion on the largest highways project in the history of Saskatchewan, then we better get it right. And it better be the silver bullet to meeting our transportation demands and ensuring safety for people in emerald city, in White City, in Balgonie, and so on.

So I think the important thing is that I want to shift gears here a bit while I've got 20 minutes left. And again we'll be back at this soon enough. And the question I now want to go to for the latter part of this first, the second session, is on the cost of or the amount of kilometres that have been built in the province, because we've got concerns and issues around that, as I've indicated. But the first question I have is, how many kilometres have been twinned? And when I say twinned, I'm talking about the grading and the paving part.

Hon. Ms. Heppner: — Just for clarification, do you want the total kilometres twinned to date or planned for twinning that we've announced?

Mr. Belanger: — Both, if you can.

Hon. Ms. Heppner: — While they're getting that information, and I don't want to go around and around and around about this, but again the accusation was made that we've been dismissive. I have said this before. We actually changed the design of an interchange based on the concerns that these gentlemen had. And it's not being dismissive to say that a route is set in stone. At some point we have to make a decision and get shovels in the ground and build this.

So I'm happy to have this conversation again, and we can have the Q & A [question and answer] back and forth, but no the route is not being changed. And as far as these gentlemen meeting with the Premier, I have no control over his schedule. So perhaps he can direct his questions to the Premier. But we will get the information on the amount of kilometres twinned.

[16:45]

Sorry for the delay. Apparently we're doing so much of it it's hard to put all the numbers together. There's 115 kilometres of twinning of Highway 11; I believe it was a portion of Osler to Prince Albert. And the other twinning projects, it's a total of 53 kilometres. There is 24 kilometres on Highway 16; 10 kilometres on Highway 7, that's the first part of Saskatoon to Vanscoy; and 9 kilometres on Highway 39 between Estevan and Bienfait.

Mr. Belanger: — Again how many kilometres — I should have asked all these in one question — but how many kilometres have been resurfaced? And again because there's also paved, because I asked about the twin paving, and as well just the single-lane paving, the grade and pave, and the granular grade and pave, the grading and thin membrane — if I could get those numbers that'll be great.

Hon. Ms. Heppner: — We have all of that broken down in the items that the member has asked, but we will commit to get that information to the committee members.

Mr. Belanger: — Is there an definitive date we can expect to get that information?

Hon. Ms. Heppner: — I'm told it'll be a few weeks. I don't have a drop-dead date for it, but my deputy minister tells me it'll be a few weeks yet.

Mr. Belanger: — Okay. And I just wanted to, because we've had other questions we're going to obviously come to, but I just want to clarify with the minister, based on the previous discussion we had around Sucker River bridge, you're basically saying to me today that there are no plans to increase the revenues to the band to properly dispose of that bridge, that you're sticking to the \$25,000 and that there's no plans by your department to change the amount that they requested, because obviously they were requesting 250,000.

Hon. Ms. Heppner: — That is correct. Like I said, the agreement was back in 2004 and all parties agreed to the 25,000. And we believe that we're standing up to our side of that agreement, and I have no plans right now to increase the amount of funds going.

Mr. Belanger: — The other question I have is in relation to the Fond-du-Lac airport and the Buffalo Narrows airport upgrading. We obviously support that particular aspect. Both these airports are being used a tremendous amount. They're important for tourism. They're important for transportation of goods and services and, as well, as the transportation of people. And I just wanted an update as to when these projects will begin, who the proponents are, what the cost is, and what the cost breakdown is between the federal and provincial government, because I'm assuming the federal government's also on side with these projects.

Hon. Ms. Heppner: — Just for clarification, you had said Fond-du-Lac. Do you mean Stony Rapids?

Mr. Belanger: — Sorry. I meant Stony Rapids. Right.

Hon. Ms. Heppner: — The repairs at Buffalo Narrows is \$4.2 million. That's solely provincial; there's no federal contribution to that. That has already gone out to tender. I don't believe it's been awarded. And Stony Rapids is also in tender; it hasn't yet been awarded. That total project is \$10.4 million. There's \$3 million coming from the province and \$7.4 coming from the federal government.

Mr. Belanger: — And what's some of the . . . I understand that some work is going to be occurring on Highway 155, and that's the Green Lake junction, because I think Highway 55 runs from Meadow Lake to Prince Albert. And at the Forks there, 155 begins. How much is that project and has it gone to tender yet? And how many kilometres . . . the specifics on the particular improvements north of Green Lake. I understood that there may be some work there.

Hon. Ms. Heppner: — On Highway 55, it's on our list. It's not in this year's budget, so it obviously hasn't gone to tender. I can't give you total project cost because obviously that will affect the tender when it does go out.

But our planned projects when budget allows would be . . . It's 20 kilometres, Green Lake to 20 kilometres north of. But like I said, not in this year's budget.

Mr. Belanger: — So has this been announced? Because I was under the impression from a couple of members of the transportation advisory committee that operates in the area that this was going to be announced or is being proposed or being included in, is it next year's budget? They assume that it's going to be concluded this year. So there is no planned work north of Green Lake. Is that correct?

Hon. Ms. Heppner: — That's correct. It's not. It wasn't announced, so I'm not sure where that is from. But no, the plans for that are not in this year's budget. It would be in consideration in future budgets.

Mr. Belanger: — No, I just asked the question because I was under the assumption from, again, from a member of the transportation advisory committee that this was in the works and that they're hoping to get this announced. So I didn't want people to assume it was announced because obviously it wasn't, but to get correct information as to whether that was in the works for the upcoming budget. And obviously it's not, so that's kind of disappointing news.

But what other projects have you got for northern Saskatchewan in terms of new highway improvements, whether it's the thin membrane surface or the main highways or the gravel roads?

Hon. Ms. Heppner: — Thank you for the question. As you would know, the budget for northern roads in last year's budget was about \$37 million; this year it's 56. With even taking out the money set aside for the airport improvements, there is an increase in the funding for northern roads.

Some of the major preservation projects are resurfacing on Highway 2, 55, 155, and then there's a variety of other preservation projects on gravel highways; thin membrane highways, about 442 kilometres; paved highways, about 461 kilometres; regular maintenance and repairs; and all of that adds

up to \$56 million for the North. Like I said, even if you take out the airport improvements, there's an increase on the actual road side.

Mr. Belanger: — But the increase is, just to be for certain on the record, the increase is not due to any construction projects besides the airports. Is that correct?

Hon. Ms. Heppner: — No, that's not correct. Last year was 37; this year was 56. You take out the \$15 million for the airports. There's still an increase year over year, money that's going directly into the North for roads. So no, that's not a correct statement. There is increased money in this year's budget for roads, whether it's major preservation projects or regular maintenance and repairs.

Mr. Belanger: — But there are no new construction projects for either the TMS [thin membrane surface] highway or for any of the gravel roads in the northern part of Saskatchewan.

Hon. Ms. Heppner: — Well there's resurfacing on highways and other preservation projects on thin membrane highways so I'm not sure . . . We're not building a new road but there is major preservation projects that will be going on in the area.

Mr. Belanger: — And where are those besides the airports?

Hon. Ms. Heppner: — 255, 155.

Mr. Belanger: — And which one is 255?

Hon. Ms. Heppner: — Sorry. Highway 2, Highway 55. Highway 2 resurfacing north of Two Forks River to south of Montreal River bridge. On Highway 55, resurfacing west of Big River and Highway 155 repaving . . . Oh that's the runway. Sorry about that. And then like I said, there's hundreds of kilometres, whether it's granular paved highways, thin membrane, or gravel highways, that will have maintenance and repairs as well.

Mr. Belanger: — There was a highway announced that would connect two mining locations or two mine sites. I don't have the specifics in terms of the distance and the cost but do you have any information as it relates to those projects or that project?

Hon. Ms. Heppner: — I think you're referring to 914. There is an agreement with industry and the province to cost share on that particular road but it was based on the mine being developed and, as it stands right now, that project's on hold. But if the mine does go ahead with the development, I understand that partnership agreement is still in place.

Mr. Belanger: — Okay. My final question for this evening is, could you give us a total number of kilometres of highways completed year over year, tabled to this committee since you've taken office?

Hon. Ms. Heppner: — The number of kilometres paved?

Mr. Belanger: — Well in the various categories that I've asked you.

Hon. Ms. Heppner: — Yes. That was your previous question.

We've committed to come back with that.

Mr. Belanger: — Completed year over year.

Hon. Ms. Heppner: — You want it by year.

Mr. Belanger: — Since taking office. So I wasn't specific on the year, but since taking office.

Hon. Ms. Heppner: — Okay. Yes, we'll do that.

Mr. Belanger: — Thank you.

The Chair: — Well seeing we've reached our agreed-upon time for this examination, I would like to thank the witnesses and the committee members and invite the minister to say any final closing comments.

Hon. Ms. Heppner: — I want to thank committee members for their time this afternoon and for their questions, and special thanks to my officials who are with me this afternoon helping out as well. Thank you, Mr. Chair.

The Chair: — Well thank you very much. This committee stands recessed till 7 p.m. this evening.

[The committee recessed from 17:00 until 19:00.]

**General Revenue Fund
Agriculture
Vote 1**

Subvote (AG01)

The Chair: — Welcome back, committee members. We're here this evening continuing with the Economy Committee. Tonight we have consideration of the estimates for vote 1, Agriculture, central management and services, subvote (AG01).

This evening we have a couple of substitutions. Mr. Hart is substituting for Mr. Kirsch and Ms. Sproule is here for Mr. Wotherspoon.

This is the first time the Ministry of Agriculture has been here this fiscal year. I invite the minister to have any opening comments he wishes to make and introduce officials.

Hon. Mr. Stewart: — Thank you, Mr. Chair. Ms. Sproule, committee members, I'm very pleased to have the honour of appearing before the committee this evening to discuss the Ministry of Agriculture's 2015-16 estimates. And before I get started, first I would like to introduce the officials that are with me and then make some introductory remarks. Mr. Chair, with me . . . I think most committee members and Ms. Sproule know most of my officials by now, but I'll ask them to give a little wave as I introduce them. Alanna Koch, deputy minister; Rick Burton, ADM [assistant deputy minister], policy; Karen Aulie, ADM, programs; Shawn Jaques, CEO [chief executive officer] and president, Saskatchewan Crop Insurance Corporation; Jeff Morrow, vice-president, operations, Saskatchewan Crop Insurance Corporation; Janie Kuntz, vice-president, finance, Saskatchewan Crop Insurance Corporation; Ray Arscott, executive director, corporate services; Wally Hoehn, executive

director, lands branch; and Ashley Anderson, chief of staff. I'd like to thank my officials for attending this evening.

And last month, my government introduced the 2015-16 budget entitled *Keeping Saskatchewan Strong*. This budget is built on a solid foundation that has been developed over the past seven years. The drop in oil prices has definitely proved a challenge, but Saskatchewan's economy is diverse and resilient. Our province has many strengths, from manufacturing to resources such as potash, uranium, oil, and agriculture. Now more than ever, a strong agricultural sector is important to the economy of Saskatchewan.

A vibrant ag sector will help keep our province strong. Agriculture extends far beyond primary production. Agriculture also impacts value-added production, manufacturing, research and innovation, and more. It's a growing industry with lots of opportunities for our youth. It employs more than 50,000 people and contributes about 10 per cent to our gross domestic product.

Since 2007 our government, through the work of the ministry and the Saskatchewan Crop Insurance Corporation, has been focused on the long-term growth of the industry. We have been focused on offering the programs and services that farmers, ranchers, agribusinesses need to be successful. We are committed to listening to farmers and ranchers and work hard to address their concerns. Whether it be around farm land ownership, a file that the ministry is actively working on, or grain transportation, we continue to work to ensure that Saskatchewan's farmers and ranchers are getting the services and support they need to be successful.

Our government's commitment to agriculture is unwavering. We have delivered seven of the largest agriculture budgets in the ministry's history. The 2015-16 budget for the Ministry of Agriculture is \$362.4 million. While this is a small decrease over last year, I'm confident this budget will provide farmers and ranchers the support they need to keep the industry growing.

With this budget, we will offer the same programs and the same coverage as we have over the past eight years, programs that have helped our farmers, ranchers, agribusinesses, and researchers be successful and have supported progress in our industry. Let me assure you this progress is not by accident. We have a road map for agriculture in Saskatchewan supported by the Saskatchewan plan for growth. We know where we want our industry to be in the year 2020.

We have several goals for agriculture and we are already seeing progress towards meeting them. As a reminder, our goals include increasing crop production by 10 million tonnes, increasing agri-food exports to \$15 billion, increasing revenue from value-added production to \$6 billion, and establishing Saskatchewan as an international leader in bioscience. These are ambitious goals but ones I am confident that our industry can meet. To help support the industry, we have developed five major strategies to help us reach the goals of the growth plan: crop strategy, livestock strategy, a value-added strategy, an irrigation strategy, and an agriculture awareness strategy.

I am confident in Saskatchewan's farmers and ranchers and researchers and agribusinesses' ability to reach these targets. In

fact we actually met and exceeded the first goal of increasing crop production by 10 million tonnes in 2013 when Saskatchewan producers harvested the largest crop in the province's history. However, we knew these production levels could not be expected every year. But Saskatchewan producers still managed to bring in the second-largest crop on record in 2014 at 30.7 million tonnes. The fact that our producers were still able to produce the second-largest crop on record in a year that was challenging is evidence of our producers' quick adoption of technology and their perseverance.

While we didn't produce a record crop in 2014, we did set another record in agricultural exports. In 2014 Saskatchewan exported \$13.9 billion in agricultural products to countries across the globe, making Saskatchewan Canada's number one exporter of agricultural goods. This is an increase from 11.7 billion in 2013, a 19 per cent increase in one year.

Saskatchewan remains Canada's leading exporter of cereals, oilseeds, and pulses. To put it simply, the world wants what Saskatchewan produces: food, feed, fuel, and fertilizer. We know that trade and increased exports is a priority, not just for agriculture but for the whole economy. Our ministry will continue to focus on building relationships with our trading partners that help us take advantage of new and growing international markets.

At the root of most of our goals is the adoption of technology. We recognize innovation is a key to meeting the global appetite for our commodities, and that is why our government is once again committing \$26.7 million for research and innovation. We know that in order to be a leader, we must be on the cutting edge of innovation.

We also recognize the long-term benefits of agricultural research. Even in times of reduced revenue, we are committed to investing in agricultural research, knowing that future success is dependent on today's investment.

And we know that our investment pays off. A report completed in 2013 by KPMG indicated that every \$1 government invested in research results in a \$9 return. And that is why we continue to enter into partnerships to leverage our money and to make sure everyone is working towards the same goals.

For example, in 2014-15 our commitment of \$10.6 million into research through the Agriculture Development Fund was augmented by an additional 4.6 million of leveraged industry dollars. Our investment into research also includes our ongoing investment into our research programs and 15 strategic research Chairs at the University of Saskatchewan and the Western Beef Development Centre.

We are also continuing our funding for the Global Institute for Food Security. These investments have placed Saskatchewan on the national stage of ag-biotechnology and will continue to benefit our industry for years to come.

Our work in ag research has also had a direct impact on our third growth plan objective, increasing value-added activity. Value-added is an area of opportunity for Saskatchewan. It is logical to build on our strength as a primary producer and capture more economic value here at home. In 2014 we

committed \$4.4 million to help companies increase their value-added production and will invest that amount again this year. Our focus is on bringing industry and partners together to foster investment into our value-added sector.

An example of this is the recent announcement of a new food centre in Saskatoon. Federal and provincial governments will invest \$13 million into the project, which will also see investment from private industry, to ensure that Saskatchewan has the necessary facilities to be a leader in value-added processing.

This budget also includes \$240 million to fully fund and deliver our business risk management program. This includes crop insurance, AgriStability, AgriInvest, and the Western livestock price insurance program. These are cost shared 60/40 between the federal and provincial governments. Our government continues to fund these programs upfront as part of our budget and as part of our continued support for farmers. Our 2015 crop insurance program includes ongoing enhancements, providing producers more choice and flexibility to build an insurance package suited to the needs of their operations. Crop insurance costs for producers and government are decreasing in 2015. Premiums are going down to an average of \$7.06 per acre from \$7.47 per acre in 2014. And coverage levels on average are increasing to \$183 per acre on average, up from \$162 an acre in 2014. The improved coverage is a result of higher forecasted crop prices and increased long-term yields.

For 2015, crop insurance customers have greater choice for their unseeded acreage coverage. Producers can now select \$50, \$70, \$85, or \$100 per acre coverage for land that is too wet to seed due to excessive spring moisture. This option gives producers the opportunity to select the coverage that fits their business.

Other enhancements to the 2015 crop insurance program include adding hemp as an insurable crop and increasing the base grade for oats to no. 2 CW [Canada Western] from no. 3 CW. The crop insurance program also continues to build on enhancements from previous years such as the continuation of yield trending, which increases the coverage for producers by taking into account their improved agronomic and production practices.

The AgriStability program is another risk management option producers continue to use to secure the financial foundation for their farms. A large number of Saskatchewan producers continue to make this affordable disaster protection a part of their farm's risk management strategy.

We have also expanded the risk management programs available to producers. The Western livestock price insurance program was started in 2014, a program Saskatchewan cattle producers had been asking for, for many years. And I am proud to say in the first year we saw strong interest and uptake by producers. Approximately 123,000 calves, or 15 per cent roughly of the province's marketable calf crop was insured. This was a great start and we expect strong interest to continue in 2015 as producers can protect their operations from unexpected declines in the livestock markets. In fact 2014 was a good year for the livestock industry overall. Cattle producers experienced record high prices and our export of live animals

grew by an astounding 76 per cent.

We continue to offer programs and services to support the growth and security of our livestock herd through our strategic initiative funding. For example, we were able to quickly respond to the threat of PED, porcine epidemic diarrhea, through our swine biosecurity program, and we will continue to invest into strategic initiatives that help support growth and innovation in the industry.

This year we will invest \$71.2 million into strategic initiatives. This for the most part makes up our Growing Forward 2 programming. This is a small change in Growing Forward 2 spending from the previous year. This really is not a decrease since we still plan to spend the full amount of Growing Forward 2 money, and that is \$388 million over the five years of the program.

Last year's budget included an above average amount of spending as we ramped up GF2 [Growing Forward 2]. 2015-16 is a return to average spending. The programs offered through GF2 support agricultural innovation, new markets, new production techniques, and more. Through our GF2 programs, we support producers in adopting best practices. For example, just recently we announced a new online portal for producers to complete an environmental farm plan as well as enhancements to the farm stewardship program. These enhancements will help Saskatchewan farmers and ranchers implement practices that maintain or improve the quality of our environment.

[19:15]

It is important to note that we have the ability to be responsive with our GF2 programming. This means that if a need emerges such as PED, we are able to respond with a program to help producers. It also means that if a program is no longer necessary, such as the gopher control rebate program, we are able to take that money and reinvest it into higher need areas. This helps to ensure that our programming is timely and responsive to the industry.

The only other reduction to note is the reduction of \$500,000 for the municipal roads for the economy program for the rehabilitation of irrigation bridges. For the past two years we have budgeted \$1 million for this program, but over those two years the program has never been fully utilized. We believe we can still meet the full demand for this program with a smaller budget. This decrease is included as part of the decrease to the ministry's operations budget.

Another area of focus for our ministry is that of social licence. Improving the public perception of agriculture has been a strategic priority for our ministry for the past three years and, as mentioned previously, we have a strategy in place to guide us. We believe that one of the biggest constraints to our growth won't be lack of investment or loss of resources, but not having the ability to use the tools and techniques that are available to us. The reality is that as more and more people become removed from the farm and agriculture and as they turn to unverified sources for information, the less they know about and support modern agriculture. This impacts the ability of our industry to grow. It could mean less investment and less young people working in the sector and that's why we're investing

\$800,000 into agriculture awareness initiatives this year.

Programs such as youth leadership and mentorship program as well as agricultural awareness initiative will support the industry in their efforts. The ministry will also continue with our programs such as Think Ag which encourages young people to consider a career in the industry. We will also continue our support of organizations like 4-H, Farm & Food Care Saskatchewan, and Agriculture in the Classroom. These organizations are instrumental in ensuring consumers, teachers, and youth learn about modern agriculture.

Our government is once again committing \$4.2 million for industry grants. This is the same amount as last year. This includes support for organizations like Canadian Western Agribition, Canada's Farm Progress Show, Crop Production Week, CropSphere, the Canadian Centre for Health and Safety in Agriculture, Animal Protection Services of Saskatchewan, and Prairie Diagnostic Services. These organizations and events are key to growing the sector. They promote innovation and support the needs of our producers.

As mentioned earlier, this budget also includes increased funding to Animal Protection Services of Saskatchewan. We signed a two-year agreement to provide this new organization with \$610,000 a year for enforcement of *The Animal Protection Act*.

The Ministry of Agriculture works hard to ensure that we are meeting the needs of our clients — the farmers, ranchers, researchers, and agribusinesses that make up our industry. Our goal is one of continuous improvement, finding ways to be more efficient while still getting our work done. To help us do this we use a number of tools such as lean and program review. By being focused on the needs of our clients while being guided by our strategic priorities, we are able to better support a vibrant agriculture industry.

Agriculture in Saskatchewan is one of the most promising sectors of the economy. Saskatchewan was founded on the promise of agriculture, and today agriculture continues to be the backbone of our province. We produce what the world needs, and the future looks bright.

The success of agriculture in Saskatchewan is because of the hard work and determination of our farmers, ranchers, research, and agribusinesses. They are the ones putting plans into action. Our government will continue to support them. By working together we will keep Saskatchewan strong.

Thank you, Mr. Chair. That ends my preliminary comments, and we'll be prepared to take questions.

The Chair: — Well thank you very much, Minister Stewart, for your comments. And I ask the committee, are there any questions for the witnesses? I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. Thank you, Mr. Minister, for those opening comments. Thank you for sharing this year's news, so to speak.

Once again I suspect I will be starting at the beginning and ending at the end, but who knows in what order. So if you'll

bear with me, I've got a few sticky notes, and we'll see how it goes, starting with the estimates. How's that for a start? On page 13 the estimate total for your ministry is, or this vote is 361,620, but on the next page it's different. And that's my first question. Why is it 361,572 as voted, but it's estimated as 361,620?

Hon. Mr. Stewart: — I'm going to let Mr. Arscott answer this question for you. He is our numbers guy.

Mr. Arscott: — Sure. Ray Arscott. The difference, the \$48,000, the minister's salary is not voted upon.

Ms. Sproule: — Right. Well you're getting a good deal. There you go.

On the next page, 16 I believe, you explained this question with the irrigation bridges capital investments, that simply it wasn't being uptaken. So thank you for sharing that. And on the next page, page 17, there's other capital investments through asset acquisitions, and I'm not sure if you spoke to this or not. I'm sorry if I missed it. But it seems to have gone up this year quite a bit to \$2 million from a forecast of last year, I guess. Well I don't know which one. The estimates last year were 1.5. It went down to 400. So can you explain that again if I missed it already?

Hon. Mr. Stewart: — That Crown land management system renewal, that is IT [information technology] expenditure. That's the IT system that manages land sales and leases. It's technology that has been well past its best-before date and is in the process of being renewed.

Ms. Sproule: — So this is just basically a renewal program. Who's providing the . . . or who have you contracted to do that work?

Hon. Mr. Stewart: — CGI is the company, based out of Regina here.

Ms. Sproule: — All right. Would you be willing to share the contract? Is that something we can get, is the contract for the services?

Hon. Mr. Stewart: — Sorry. That required a little discussion. We haven't been asked that before. We can certainly provide the RFP [request for proposal]. The contract, which actually from our perspective was with Central Services, and Central Services executed the contract with CGI, we believe we would not be on solid ground to release that contract. We believe it's proprietary, but we'd be happy to provide you with a copy of the RFP.

Ms. Sproule: — Thank you. I would appreciate the RFP, if that's possible.

In terms of work that CGI's doing, is this starting from scratch? Are they developing a brand new system, or is this a system that's off the shelf or being used in other areas? Maybe just describe a little bit about what's new with this system as opposed to what you had in place.

Hon. Mr. Stewart: — Well I'm the last person on earth that

should be talking about an IT project, so I'll read from the notes that we have on it. CLMS, that's Crown land management system, was implemented in 1994. CLMS supports the financial management, client relationship management, land inventory management, and pasture management processes carried forth by lands branch.

A competitive and open process was used to initiate the CLMS replacement project. An RFP was issued and closed in April 2014. CGI Information Systems and Management Consultants Inc. was the successful respondent. It will be a customized system, not one off the shelf.

Ms. Sproule: — Thank you very much. I might have a couple of questions for that later, but I'm going to keep moving on at this point, I suspect, for Mr. Arscott. But if you could explain on page 19, when we have the schedule of expense by vote and theme, the agricultural amount is actually up, and it looks about \$800,000, from the estimates. And just could you explain why the number is higher there when you go by vote and theme?

Hon. Mr. Stewart: — Ms. Sproule, we're not finding what you're . . .

Ms. Sproule: — Page 19 of the Estimates, under schedule of expense by vote and theme, the second line there, agriculture, it shows a figure of 362,436,000 and your estimates are 361,620,000 in your budget. So I'm just wondering what the difference is between those two numbers.

Mr. Arscott: — Yes. The difference is the numbers further down in that column, with the non-appropriated expense adjustment which is amortization of 2.816 million and then the capitalization of the capital acquisitions which was the CLMS that the minister's just described of \$2 million, the complete appropriation of 361,620,000.

[19:30]

Ms. Sproule: — Which is right there. Okay, thank you. So then on the next, on page . . . Okay. So on page 27, it's the reverse. It shows as 361,620,000 minus the 2 million, plus the 2.816 million. And the 2.816 million, could you just explain? Is that just amortization? Is that what that figure is?

Mr. Arscott: — That's disclosed on page 31 under non-appropriated expense adjustment.

Ms. Sproule: — Oh yes, so it is amortization. Great. Thank you. I've been keeping a sort of an ongoing spreadsheet of expenses by the ministry, and in 2007-2008 central management was around \$6 million. It is now up to \$11.3 million. So it's almost double in the last — what is that? — seven, eight years, although staff in that period of time has dropped from 394 to 322, and that's before the revolving fund staff. So just without the revolving fund staff, we see a drop of 70 staff, but we see central management almost doubling. Can you explain to the committee how that can be rationalized?

Hon. Mr. Stewart: — Yes, it's hard to make an apples-to-apples comparison. Different things are included now. Some branches are included that were not back in 2007. And we'd be happy to try and do a comparison for you of what's

included in that vote now and what was in '07, if that's satisfactory.

Ms. Sproule: — Yes, thank you. I would like to see that. If you could prepare it, I would really appreciate it.

I'm just going to hand out some information, Mr. Chair. I have several copies and I don't know if committee members would like one or not, but it's just, I've got a couple for the minister too, I just have taken a look at the federal money that's coming to the ministry — and I'll just share this with you again — over the last number of years. It's just a question similar I guess to what I asked just now in terms of Central Services.

What I did on the first page is just a measurement of the federal monies since 2004 that the ministry has received. The blue line is the actual number and then the red line is 2015 dollars. So you can see it's around 20 million in 2004, and it's gone up to just about 65 million or 63 million in '13-14. I guess that's from public accounts. And on the next page what we've done is — these days you can do so much with charts — but we've converted that to a percentage of Sask Ag's budget. So the blue line on the bottom shows it used to be 6 per cent of the ministry's budget, these transfers, federal transfers, and it now forms almost 16 per cent of the budget. So the next chart just shows you basically the size of the federal contribution as opposed to the budget itself.

And I'm just kind of wondering what your ministry's thoughts are on this trend where more and more money is being provided by the federal government to fund these programs. I know Growing Forward is a large part of that, and is this something the ministry's comfortable with? Would you like to see it stabilized? Would you like to see the feds provide even more of your budget? And just sort of some observations if you would on this type of comparison. Again it may be apples to oranges, so if the ministry could share that it would be appreciated.

Hon. Mr. Stewart: — Thank you for that question. Your questions are quite probing and they're requiring a bit of consultation here. But we find that the big bump, increase in federal funding came when we brought the administration for AgriStability back to Saskatchewan. So that shows up as a transfer, and also it's a treatment, it's gross budgeting, a different treatment in the way that the funds are, I guess the federal transfers are accounted for. Yes, so that makes another small difference. But the major difference seems to be in the administration for AgriStability.

Ms. Sproule: — Thank you. It's still growing since 2009, in terms of its share.

Hon. Mr. Stewart: — Yes. Yes, at a much more gradual pace. But GF2 is a more, probably a more generous program in that regard.

Ms. Sproule: — Okay. Okay, I'm going to turn now to Public Accounts from 2013-14. I think we'll start on page 41, the research and technology, vote 6. These are disbursements or transfers of \$50,000 or more. And maybe before, just the page before, I just have a question about some staff that are apparently high ranking. I just wondered if you could tell me who they are. Jonathan Greuel. Who is that?

Ms. Koch: — It's Alanna Koch. Jonathan Greuel is our acting executive director of our policy branch.

Ms. Sproule: — Acting executive director. So with Mr. Burton then he's working with under policy?

Ms. Koch: — Well he does report to Rick Burton as our ADM of policy. But Scott Brown used to hold the position of executive director of policy in our ministry, and he's currently an acting ADM in Parks, Culture and Sport. So Jonathan Greuel was our assistant director of our policy branch, and so he's been promoted into an acting executive director role in our policy branch.

Ms. Sproule: — Thank you. Daniel Schmeiser?

Ms. Koch: — Dan Schmeiser is a manager of farm business management in our regional services branch.

Ms. Sproule: — And just one more. Thomas Schwartz.

Ms. Koch: — Tom Schwartz is the executive director of our livestock branch.

Ms. Sproule: — Is that position still there after the transition to livestock services?

Ms. Koch: — Oh yes, most definitely our livestock branch still exists. And you know, our livestock services, the brand inspection portion went over to LSS [Livestock Services of Saskatchewan Corp.], but absolutely the livestock branch is still operating and still has specialists in it and a variety of staff. Our chief vet, for example, in our animal health unit, those kinds of things still operate out of our livestock branch.

Ms. Sproule: — Who is the chief vet now?

Ms. Koch: — Our chief vet is Dr. Betty Althouse.

Ms. Sproule: — There she is. Okay, thank you. I know I could go online and find this, but you're here. Next then and in the transfers I just would like to know more about the Wheatland Conservation Area Inc. and a transfer of \$72,000.

Hon. Mr. Stewart: — That is an ADOPT payment. ADOPT is agricultural demonstration of practices and technologies. That's the answer.

Ms. Sproule: — And for that type of programming, do you do an RFP as well? Or is this just an agency that you've directly granted? Is it a grant or is it a RFP?

Hon. Mr. Stewart: — Applications are called for for these programs and the ADF [Agriculture Development Fund] board makes the judgment as to which applicants will be successful. And these are demonstrations of technology projects.

Ms. Sproule: — Thank you. For the Prairie Agricultural Machinery Institute, just above there, there was an amount of \$55,010. Is that under the ADOPT program as well or is that different?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Yes. Are all of these project coordination ADOPT?

Hon. Mr. Stewart: — Yes, they are down as far as . . . Well 1, 2, 3, 4, 5, 6, 8 of them.

Ms. Sproule: — Okay. Thank you. While I'm talking about PAMI [Prairie Agricultural Machinery Institute] — I don't want to forget this — I have one question on their annual report. Well two actually, but one is their name. I mean it seems to be an organization that's way bigger than machinery. And I know they note that in their comments.

[19:45]

Hon. Mr. Stewart: — Well they started in 1975. Technology was not as big as machinery probably as part of their function at that time.

Ms. Sproule: — Yes, I get a sense of that. I guess, you know, in order for us to know more about them, it would be helpful to be more descriptive. But my real question is on page 45 of . . . Do you have their annual statement, the '13-14? I note that there's a very large surplus, almost \$10 million for this organization. It's 9.9-some million dollars. And turn to the next page. I'm just looking at the last couple of years operations. They're bringing in probably \$14 million on their own, fee for service and other income, and they still had a surplus of \$1 million.

Now I note between Saskatchewan and Manitoba there's a fairly large investment there, 1.255 million. But with an organization that has \$10 million in surplus, what is the rationale for continuing to fund this organization with a grant?

Hon. Mr. Stewart: — About half of that or almost half of that sum is hard assets and the other half is liquid assets. They like to keep a surplus on hand so they are able to take on new projects, some of which have, you know, fairly substantial capital requirements to get set up. And any money that we put into them has been a very good investment because for all the money that the Government of Saskatchewan or Government of Manitoba put into PAMI directly, that amounts to about 10 per cent of what they take in. They lever 90 per cent of their revenue from that small contribution from the two provinces. So a pretty good investment, I think.

Ms. Sproule: — Yes, I have no doubt that it's a good investment. I'm just thinking if it's such a healthy organization with a fairly substantial surplus, even if half of that is outside of their, I guess . . . Is it the tangible capital assets? I'm trying to understand the statement here. It just seems like they are doing well without you and I know the ministry is being asked to find efficiencies.

Hon. Mr. Stewart: — They actually ran a loss last year of \$182,867 so, you know, their fortunes vary from year to year. For instance, while Canadian Forces were fighting in Afghanistan they had substantial contracts with the Department of Defence which ended at the end of that Afghanistan campaign. These are the ups and downs of their business and we think the relatively small amount of money that we provide them is levered into something pretty valuable.

Ms. Sproule: — All right. I'm just looking at 2014. With that loss of 182,000 there was that \$682,000 grant, capital grant. Is that what you're referring to when you talk about these services in Afghanistan? Because that . . .

Hon. Mr. Stewart: — No. That was a contract with Department of Defence, not a grant.

Ms. Sproule: — Their statement doesn't give enough detail to be able to understand that. Okay. All right. Well that is that for PAMI at this point. Thank you.

Going back to Public Accounts, page 41, research programming, Ag-West Bio is up to 2.65 million and I know last year we discussed, I think it was around 500,000. So is this a new program that you're giving funding for and, if so, could you give us some more information on that?

Hon. Mr. Stewart: — Yes, the grant, Ms. Sproule, to Ag-West Bio is 1.5 million a year, but the number is higher in this case just because of the way the payments flowed. There were more than one year's payments in that fiscal year.

Ms. Sproule: — Thank you. Okay. Just questions on a couple of these and they're fairly random. But top of page 42, Meadow Ridge Enterprises got almost 100,000. What kind of programming are they involved in?

Hon. Mr. Stewart: — That's a contract with the Saskatchewan honeybee breeding and selection program. The object of the program was to propagate, maintain, and improve productive and varroa-tolerant Saskatraz families. And I could go on and on with the scientific jargon at length, but I'm sure you've had enough.

Ms. Sproule: — Thank you for stopping. Thank you for that, though. Pan-Provincial Enterprise — what is that enterprise? And they got \$150,000.

Hon. Mr. Stewart: — Pan-Provincial Enterprise Inc. is an efficacy study of injectable vaccine candidate for chronic wasting disease in elk.

Ms. Sproule: — Wow. Pan-Provincial. So is this more than one province that's involved in this? Is that just the name of the company?

Hon. Mr. Stewart: — We don't know why the name, but the work is done at VIDO [Vaccine and Infectious Disease Organization] at the U of S [University of Saskatchewan].

Ms. Sproule: — Thank you very much. The University of Saskatchewan got \$16 million, 16.5. I just wonder if you could give us a breakdown in what generally those amounts were, what programs they went to.

Hon. Mr. Stewart: — Ms. Sproule, that includes all of the grants that we give to the U of S for funding or for research, including Chairs — intellectual capacity, that is — and so on, and project funding and so on.

Ms. Sproule: — Okay, that's good.

Hon. Mr. Stewart: — Including Crop Development Centre.

Ms. Sproule: — And which one?

Hon. Mr. Stewart: — Including our grants to Crop Development Centre.

Ms. Sproule: — And what generally would that be, for the Crop Development Centre? What portion of that funding?

Hon. Mr. Stewart: — The annual grant to the Crop Development Centre is 1.1 million but we also fund seven research Chairs there, so it's considerably more including that.

Ms. Sproule: — All right. Thank you. I'll move on now to regional services, vote 7, and I notice a lot of the watersheds are there. In fact almost all of this is those types of organizations. I just had a quick question on the provincial council of ADD [agriculture, development, and diversification] boards for Saskatchewan. Is that now Simply Ag or is that something different?

Hon. Mr. Stewart: — Yes, that is Simply Ag.

Ms. Sproule: — So that 4.6 million would've included their work in the environmental management plans, which I understand the ministry is now looking after?

Hon. Mr. Stewart: — Yes, that included about 500,000 for administration at that time and the paying was to producers.

Ms. Sproule: — So for '14-15, the amount will be quite a bit lower for Simply Ag? Do you have any idea what the current budget is this year for that organization?

Hon. Mr. Stewart: — In that fiscal year we had a contract with them to deliver the environmental farm plan program, and that was about 300,000, I believe.

Ms. Sproule: — Yes, I know Public Accounts won't come out for a while yet, so I'm just wondering if . . . I was looking for sort of a global figure for the last fiscal year, but maybe it's not available yet.

Hon. Mr. Stewart: — I could probably get a guesstimate of it.

Ms. Sproule: — Yes.

[20:00]

Hon. Mr. Stewart: — So it would have been about 300,000 in that last fiscal year for the environmental farm plans and 150,000 for grain bag recycling. They're the group that have done that for us under contract.

Ms. Sproule: — Okay, I know 4.6 million is quite a bit more than that, but I just have a few questions about Simply Ag that I'm just going to slide into right now.

Hon. Mr. Stewart: — In '13-14 there was a fair amount of flow-through payments through them to producers, and that may be what's changed. And about 500,000, about half a million for administration that year.

Ms. Sproule: — So that includes the payments through the programming for the farm plans and environmental plans. All right, just a few questions about Simply Ag. I know they are very, I guess, disappointed that the farm plan, environmental farm plan has now been sort of taken into the ministry. A double whammy for them was the fact that the rat eradication program was then sort of taken over by SARM [Saskatchewan Association of Rural Municipalities]. And they're still doing the bag program, but I think they see a lot of synergies, I guess, with the rat eradication program and the recycling of the grain bags.

So I don't know if the ministry had anything or any say in terms of how the rat eradication program was funded and who's doing it. But do you have any comments about that the fact that SARM, I guess they took it over a few years ago. I'm not exactly sure when they took it over. But Simply Ag, I know they've changed their name to reflect maybe their more current programs. But if the minister could have any comment on sort of the loss of responsibilities that organization's facing?

Hon. Mr. Stewart: — On the rat question, Ms. Sproule, it's just a matter of convenience and efficiency to have the program administered through the RMs [rural municipality]. And with the EFP [environmental farm plans] delivery, it's really the same thing. Now it's an online delivery approach that is more convenient and a cost-saving measure as well. So we're able to take it into the ministry.

Ms. Sproule: — I believe I read somewhere that the uptake on the online is 50 per cent. Is that about right for farmers that are doing EFPs, or is it 100 per cent?

Hon. Mr. Stewart: — That's a new program, the online program. So it's too early for us to really say what the uptake is going to be, but they can go to a regional service centre if they prefer to do it in person.

Ms. Sproule: — Yes, I believe there are several producers that are still on dial up too, so this kind of online application would be very inconvenient.

I know this started in 2005, and the idea at the time was that the farmers and the producers would need to do a reassessment. So 2015, it was supposed to be in 10 years. So are you beginning the reassessment process now? And that's going to be a fairly large number of folks that'll be responsible to do that. So what are the plans for the reassessment phase?

Hon. Mr. Stewart: — Yes, Ms. Sproule, that reassessment process is just starting now and will carry on over the next couple of years.

Ms. Sproule: — Do you expect to see a fairly large bump then in the number of farm plans? I know they've declined over the years, but now with the reassessment have you budgeted for additional costs to assist producers in doing their reassessment?

Hon. Mr. Stewart: — Yes, we expect with these renewals we'll have much larger numbers for the next few years. But it's a very efficient way of doing this, and so we think we're well prepared for it.

Ms. Sproule: — Thank you for that. Just moving on to the bag program that Simply Ag has been doing, I guess it's been a pilot project since 2011. There was a one-year pilot project and then a two-year pilot project and a one-year pilot project. And now I think they're still under pilot project status, although I'm told that last year was their most successful year and they processed triple over what they did in all the previous years. So I know there's a requirement for probably provincial legislation at some point on this through the Ministry of the Environment, I believe. So what sort of . . . is your ministry proposing to do and how are you involved in moving this into a permanent program?

Hon. Mr. Stewart: — Well that process is under way with the Ministry of Environment. In fact I just met with the minister this morning to talk about that. A program is being put together, but we'll be renewing the pilot for this year.

Ms. Sproule: — Certainly the concern is that . . . I think the goal is to have collection sites no more than half an hour away from producers, and we're nowhere near that level yet. I also understand that there's a number of producers that are burning this plastic because landfills won't take it. So the urgency seems to be there, particularly with crop years like last year.

Hon. Mr. Stewart: — Well there are 13 collection sites around the province under the pilot project. Now that's a bit of a hike for some producers, but they are available. And we urge producers not to burn them, to either store them until we have a permanent program or make the trip to a collection site and have them properly disposed of.

Ms. Sproule: — Yes, and I certainly understand producers' concerns. They were described to me as all-inclusives for rats, these bags, because the food is there and the water is there. I thought, well okay. So obviously the farmers have concerns about keeping them on their farms for any length of time as well. So certainly on my part, I'm glad to see it exists, but it would be nice to see it move into a larger scale operation.

A couple of other things on Simply Ag. One of the programs they're doing this year is open farm days which, I know, given your mandate for environmental or agricultural education, I think it's really a great program. Apparently every other province has this type of program and it's fully funded by the Alberta government, for example. It's a big deal there. They do 40 farms and it is a highly successful program. Is your ministry going to fund this? Or I'm hoping you will. Have you any intentions of looking at this program?

Hon. Mr. Stewart: — We're open to applications. But we have received one that was not a good fit and we rejected it. But we are open to different plans.

Ms. Sproule: — Okay. And finally, just maybe if you could tell the committee a little bit about . . . I believe there's a new pilot for a farm safety plan instead of an environmental management plan. It's along the same lines. They're doing sort of an assessment of the safety of your farm. Is there any intention on the ministry to get involved in that? I think that right now there's only federal funding from the Ag Safety Network, but this is kind of encouraging producers to do the same process they would have done under the environmental management

plan.

Hon. Mr. Stewart: — We're not aware of any programming that is available for individual farms to develop safety plans.

Ms. Sproule: — All right. I guess that might be an initiative they're working on with other organizations. That's it for Simply Ag at this point.

I want to go back to . . . You mentioned the ADF board and their dealing with all the ADOPT applications. Where would they be found in terms of an annual report, the ADF board?

Hon. Mr. Stewart: — Yes, ADF board is really an advisory committee to me. And they don't produce a separate report; they're part of our report.

Ms. Sproule: — Did you want to make further comment on that or move on?

Hon. Mr. Stewart: — No, we're good.

Ms. Sproule: — Under vote 4, the land management, there's a program called Crown land sale incentive program. I think we spoke about this last year. Somehow I recall that it's being wound up. But is that right and is this the end of it? Or will we see anything in the '14-15 books?

Hon. Mr. Stewart: — Yes. The program actually expired December 31st. It started, what, five years ago, four years ago at 10 per cent, and then it was 8, and 6, 4, 2. Two per cent last year.

Ms. Sproule: — Okay, thank you. Financial programs, vote (AG09), just a few questions there about some of the — what do we call them — suppliers or whatever. Country Choice Meats, 60,000. Can you just give me a quick sort of description of what that's for?

Hon. Mr. Stewart: — Yes. That is a food safety system payment. It's I think to upgrade equipment in their plant, if I recall.

Ms. Sproule: — Okay. Louis Dreyfus got half a million dollars and I'm just wondering what that's for.

[20:15]

Hon. Mr. Stewart: — That's under the SLIM program, or Saskatchewan lean improvements in manufacturing. That's to help processors upgrade and modernize equipment.

Ms. Sproule: — This is a fairly large company operating, I think, throughout Canada. What kind of upgrades were they needing? Like, can you give a sense what that 500,000 was used for?

Hon. Mr. Stewart: — We don't have much detailed information but it's a canola crushing plant that it went into. So it was some upgrade to canola crushing technology.

Ms. Sproule: — Where's that plant located?

Hon. Mr. Stewart: — The Yorkton plant.

Ms. Sproule: — It says right there in the name. Okay, thank you. I ask this question every year as our friends Nelson Mullins Riley & Scarborough, I believe that's the amount you pay them every year for a retainer for their services. Have you ever used their services in the last three years? Because that amount hasn't changed.

Hon. Mr. Stewart: — We regularly get updates from them from Washington regarding US [United States] programs and so on. The one I've been keeping most keenly aware of in the last two or three years has been the COOL [country of origin labelling] program down there.

Ms. Sproule: — So the basic services at this point are just to provide information to your ministry?

Hon. Mr. Stewart: — Well they can do that. That's what we've used them for recently. We can also use them to set up contacts with legislators in the US Capitol and things of that nature.

Ms. Sproule: — Could you tell me how many updates you received in this year and how many contacts that you would have got from them?

Hon. Mr. Stewart: — Well first of all we get weekly updates, but we don't have a firm number on the number of contacts. But it would be a fairly large number as all of the senior officials in the ministry have access to them and make use of their expertise.

Ms. Sproule: — Thank you. Under (AG10), business risk management, there is a payment that goes to the federal government for \$37 million and I'm just wondering how that works when they're giving us money.

Hon. Mr. Stewart: — Yes, that's our share of the AgriInvest program for Saskatchewan.

Ms. Sproule: — So we pay them our share and then they disburse it to us? I'm not sure that makes sense but . . .

Hon. Mr. Stewart: — To producers, yes.

Ms. Sproule: — To producers? Oh, they cut they cheque. So the cheque would come from the federal government. All right, good. Goods and services. Now ministers' travel, I know you described last year some trips, and I think that would be this \$41,000 from '13-14. So if those are the ones you described last year, maybe you could describe your travel for '14-15 and how much that will be.

Hon. Mr. Stewart: — For last year, in-province amounted to 12,784 and out-of-province was 28,356.

Ms. Sproule: — And could you describe maybe the three or four largest travels that you went on?

Hon. Mr. Stewart: — Well the biggest one was a trade mission to India, United Arab Emirates, and Morocco. That was by far the largest one. There was also a trade mission to Southern

Ontario. And I don't know what else there was. Oh, there was a . . .

Ms. Sproule: — Is this for '14-15 or '13-14 we're looking at?

Hon. Mr. Stewart: — Yes that's '14-15.

Ms. Sproule: — Oh okay. Thank you. I notice also that minister . . .

Hon. Mr. Stewart: — I'm sorry, '13-14.

Ms. Sproule: — That was '13-14.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Do you have any numbers for '14-15?

Hon. Mr. Stewart: — Yes, \$27,805.

Ms. Sproule: — And again, perhaps the top two expenditures on that.

Hon. Mr. Stewart: — Well Chicago, Illinois; Toronto, Vancouver, and Winnipeg.

Ms. Sproule: — All right. Thank you

Hon. Mr. Stewart: — That's the whole list.

Ms. Sproule: — And I know I remember in '13-14 you had, I believe, MLA [Member of the Legislative Assembly] Moe was the legislative secretary. You had a special title. Who is your Legislative Secretary now?

Hon. Mr. Stewart: — I don't have one at the current time.

Ms. Sproule: — You don't have one right now. Are you planning to get one at this point?

Hon. Mr. Stewart: — I have no plans to do so.

Ms. Sproule: — Was there a particular reason for having one when MLA Moe was involved?

Hon. Mr. Stewart: — Well now Minister Moe was thought to be very capable in the field that we had him working in, and so he was appointed and did a great job in encouraging value-added investment in the province.

Ms. Sproule: — And then he left you for cabinet.

Hon. Mr. Stewart: — Right, and I lost him.

Ms. Sproule: — All right, thank you. Goods and services. We have an interesting payment to Innovation Saskatchewan. I'm wondering if the minister could describe that for the committee, what the essence of that was.

Hon. Mr. Stewart: — I have it here. That is a payment of \$70,000 to perform analysis of the value-added ag ecosystem for policy branch.

Ms. Sproule: — Analysis of value-added ag . . .

Hon. Mr. Stewart: — Ecosystem.

Ms. Sproule: — Ecosystem.

Hon. Mr. Stewart: — And that's for the policy branch.

Ms. Sproule: — Is that publication online? Is that available online?

Hon. Mr. Stewart: — We'll have to get back to you, Ms. Sproule, on that one. We don't seem to have the answer.

Ms. Sproule: — Thank you for that. I'm just wondering what it was, what sort of services Innovation Saskatchewan had that you didn't have within your own ministry to do this kind of analysis.

Hon. Mr. Stewart: — That was a contract, apparently a third-party contract, through Innovation Saskatchewan that we paid 70,000 for.

Ms. Sproule: — How come? Why did you go through them and not just contract directly? Was there other money involved?

Hon. Mr. Stewart: — We believe that was a contract held by Innovation Saskatchewan with a contractor for the benefit of a number of ministries. And if Innovation Saskatchewan's estimates are still coming up, it might be a good question because we don't have that here.

Ms. Sproule: — I believe it is still coming up. It just seems strange that other ministries would be involved in an analysis of a value-added ag ecosystem. So I will ask them and hopefully get a copy of that. Will you undertake to provide me a copy if it's available?

Hon. Mr. Stewart: — We'll check to see if that is available and we'll let you know.

Ms. Sproule: — Thank you. Moving to the top of the page on 43 we see the Radisson Hotel for \$79,000. Just curious, what would that be for?

Hon. Mr. Stewart: — Apparently we'd booked some rooms, not necessarily individual rooms but meeting rooms, probably a room for a banquet for the Tri-National Accord. So that's what that was for, which we hosted in Saskatoon.

Ms. Sproule: — Eighty thousand dollars seems like a lot. Can you just maybe give me a little more detail, like how many meeting rooms, or was it for a banquet as well? Because I think a few meeting rooms would not add up to \$79,000.

Hon. Mr. Stewart: — I don't think I gave you quite enough information in the first instance. It was not only the Tri-National Accord but also a trade summit, two events that happened in Saskatoon at the Radisson. And one was I think over 100 delegates, and the other was around 150. And that would be conference meeting rooms, audio visual equipped, as well as probably some catering for both of those events. So that explains why it's a little more than we would've guessed.

Ms. Sproule: — Thank you. If possible, I would appreciate a detailed breakdown for that particular item, if the ministry can provide it.

Hon. Mr. Stewart: — We'll attempt to do that.

Ms. Sproule: — Thank you. Valley West Irrigation is the very last entry under goods and services, and I'm just wondering what sorts of goods and services the ministry acquired from them.

[20:30]

Hon. Mr. Stewart: — It's maintenance on either Luck Lake or Riverhurst irrigation projects. It might have been pumps or piping. We don't know right off the top of our heads which project that was.

Ms. Sproule: — Okay. I guess I was curious because it's the only irrigation agency that is providing goods and services over 50,000. So is it the only irrigation corporation that is doing maintenance for the ministry, or is it the only one that's over 50,000?

Hon. Mr. Stewart: — All of the irrigation districts would have some maintenance, but Valley West is one of the larger operations that take on the bigger jobs.

Ms. Sproule: — Thank you. Moving on, on page 232, so we're skipping ahead in the Public Accounts from '13-14, and it's under the heading of capital asset acquisitions. It indicates that agriculture purchased something for \$730,000. Can you tell the committee what that would be for?

Hon. Mr. Stewart: — Yes, that was the first tranche of spending on that CLMS IT project for land management.

Ms. Sproule: — So in '13-14 it was 730 or 729. And then this year you're budgeting, is it 2 million? I can't remember. And then what would it have been for '14-15?

Hon. Mr. Stewart: — Mr. Arscott advises me that it was around 400,000 that year.

Ms. Sproule: — And then for '15-16, do you expect it to be complete at that time? Will it be, or is there more money still being spent on it in the next year?

Hon. Mr. Stewart: — About another, probably another 600,000 roughly left to be spent in '16-17.

Ms. Sproule: — So basically it's a four-year project with almost \$4 million. Is that right?

Hon. Mr. Stewart: — Yes, roughly.

Ms. Sproule: — Moving on to revolving fund details of expense, so that's page 240. And there's just a couple questions that I have here under the Livestock Services Revolving Fund. There's goods and services to Ministry of Central Services for 277,000. Is that the space that they occupy, or did?

Hon. Mr. Stewart: — Yes. This is the revolving fund, so that

would've been space, IT, telephone services, and so on.

Ms. Sproule: — Okay. On the next column there's transfers under the Pastures Revolving Fund, and I'm very curious about the RM of Victory No. 226 and the payment of \$101,000. What would that be for?

Hon. Mr. Stewart: — That's our property tax on several large pastures to that RM.

Ms. Sproule: — And why would there be no other RMs on this list?

Hon. Mr. Stewart: — I'm informed that the rest are likely under 50,000. This RM is the big one.

Ms. Sproule: — All right. Under goods and services, there are a number of individuals. I just wondered if you could maybe explain why you have payees of over 50,000 that are individuals under this fund. We have Devon Archer for 50,000, Wilf Elashuk for 102,000, and then at the bottom there's Clayton Tank for 64,000 and Cynthia Tank for 97,000 — one, two, three, four individuals getting those payments. What would that be for?

Hon. Mr. Stewart: — These contracts would be tendered, first of all, and they would be for things like fencing, custom corral panel building, things of that nature.

Ms. Sproule: — Thank you. All right, I'm going to move on now to the 2014 *Report of the Provincial Auditor* and just some questions about some of the comments in there.

I guess the first question I have is on page 19. It's chapter 2, Agriculture. I'll give you some time to find it. Under their introduction they describe, "The authority for Agriculture was contained in *The Department of Agriculture, Food and Rural Revitalization Act*. During the year, Agriculture had 423.5 full-time equivalent employees." And when I look at the estimates, it's not that high. Now am I missing something here?

It looks like 2014. So that would probably be the '13-14. Even with the funds, it looks like FTEs [full-time equivalent] was 404, but they're saying 423.5. So could you explain that discrepancy?

Hon. Mr. Stewart: — Yes. Livestock inspection services was transferred to the industry that year, and we budgeted 404.9, but the transfer didn't occur as early as we expected, so that's the discrepancy.

Ms. Sproule: — Thank you. That's very helpful. I'm not sure if this is something that you could help me with, but I'm just wondering about federal-provincial ratios for some of the programs that you administer through the Agri-Food Council. And I know for BRM [business risk management] programs . . . Well for AgriStability and AgriInvest, it's 60/40 for government to federal. Is it the same ratio for the agriculture knowledge centre?

Hon. Mr. Stewart: — No. There are no federal dollars in the ag knowledge centre.

Ms. Sproule: — Thank you. So on page 20 . . . Actually I think I'll skip that. On page 23, there was a discussion about the livestock administration agreement not authorized or made public as required by law. I note that even before this was made available to the public, that was rectified. I think the order in council passed on November 13th, and I believe you tabled the document in the legislature on December 4. How did this happen? How did that get missed?

Hon. Mr. Stewart: — Simply an oversight that we in the ministry corrected as soon as it was brought to our attention.

Ms. Sproule: — Did this expose anyone to liability? I'm thinking of the staff because they weren't really technically employed from January until November because the agreement wasn't valid.

Hon. Mr. Stewart: — We think the agreements were valid, just not tabled as they should have been in the legislature.

Ms. Sproule: — I'm not sure because under both *The Animal Identification Act* and *The Animal Products Act*, it requires an order in council when those agreements are entered into. So I don't know how they could have been valid.

Hon. Mr. Stewart: — Yes, it was fully approved, and it was just an oversight in tabling the document. In every other respect, the i's were dotted and t's crossed. But there was that oversight. But we believe, and Justice didn't raise any red flags with us about this, but we believe everything was still valid.

Ms. Sproule: — Yes. I won't take that up with you. I'm sure you got your legal advice. It seems like a fairly egregious oversight, so I'm glad the auditors caught it and that it was corrected as soon as possible. I don't see it as a simple oversight, but anyways we could quibble about that.

I would like to ask a few questions on the agreement itself that was signed on December 31st, 2013 and tabled just last December. On page 5, the section 5, the term, under 5.3 it says:

Designates of the Parties will meet for the purposes of conducting a review of the workings of this Agreement after the first full year of operation including the performance objectives and targets and any other matters requested by either party.

Has this review been undertaken yet?

Hon. Mr. Stewart: — Yes, I'm informed that the adequate and proper review was done before the contract was renewed, and the ministry officials don't believe there's any concern in that regard.

Ms. Sproule: — The section goes on to say, "A report on the results of the review will be forwarded to the Province and the Chairperson . . . within 30 days of the completion of the review." Have you received that report yet?

[20:45]

Hon. Mr. Stewart: — Ms. Sproule, that report has not yet been received, but it's not due until the end of this month so that's

probably all right.

Ms. Sproule: — Thank you. Would you be willing to share a copy of it with our office?

Hon. Mr. Stewart: — This may be proprietary advice but we'll get our information. But we'll get advice on this and get back to you, Ms. Sproule.

Ms. Sproule: — Thank you. Under section 5.4 it indicates that "The review report shall address the performance of LSS and the achievement of its outcomes and performance objectives as stipulated in schedule 'A'".

Now schedule "A," in the copy I received that was tabled, is blank, and it says it's to be populated at a date no later than December 31, 2014. So I'm wondering if your ministry could provide the committee with a copy of the updated performance objectives and targets and ensure that we get a complete copy of that.

Hon. Mr. Stewart: — Yes, we'll get back to you on that as well.

Ms. Sproule: — Thank you. Under section 7 on page 6, 7.4, "LSS shall," 7.4(d) "provide a business plan to the Province on or before December 31, 2014." Have you received that business plan?

Hon. Mr. Stewart: — Yes, I'm informed that we have.

Ms. Sproule: — Again is it possible to get a copy of that or is that proprietary?

Hon. Mr. Stewart: — We'll get back to you on that.

Ms. Sproule: — And I guess the same goes for section 7.4(i)(iv), quarterly financial statements. Have those reports . . . I guess my question is, have those reports been provided?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — On 8.0 or section 8.1 I guess, it indicates here that "The Province will provide financial and in-kind support to LSS to achieve a seamless transition of livestock inspections services and administration under the Act to industry." And it goes on to say I guess more details of that. So my question here is, how much has been provided to date to LSS and what are you budgeting for further expenses?

Hon. Mr. Stewart: — The totals for 2013-14 were \$375,000; for 2014-15, 800,000; for 2015-16, 625,000; and we will be budgeting 425,000 for '16-17 and 250,000 for '17-18. And that will be the last of the transition funding.

Ms. Sproule: — Could you sort of walk the committee through how that amount came to be arrived at? I mean certainly last year's the largest amount, this year's second-largest amount. Why over one-, two-, three-, four-, five-year period, and is that used to pay salaries? Or what are the fees for, or the support?

Hon. Mr. Stewart: — Yes. 2013-14, Ms. Sproule, was a portion of a year. 2014-15 was quite high because there was a

shortfall calculated in benefits due to employees. And since then we have been reducing the amount annually, or we will be.

Ms. Sproule: — Okay, thank you. On page 9, section 9, 9.2, it says, "LSS may set fees and charges for services not required by the Acts or Regulations." I understand they have instituted some new fees and charges. Can you describe for the committee what they are?

Hon. Mr. Stewart: — Yes. There's an increase of 75 cents per animal. Registering or renewing a brand will increase from 25 to \$50 for a four-year registration and from 200 to \$600 for a lifetime brand registration. A livestock dealer licence will also increase from 100 to 200.

Ms. Sproule: — Are these fees that you're comfortable with? I mean you were providing this service without those extra costs, so I think, you know, some producers are concerned about seeing these fees increase now that they've taken over.

Hon. Mr. Stewart: — Yes. LSS is delivering the services to their own industry, and I think they're comfortable with the fees, and the industry seems to be because we haven't had a single inquiry or certainly not a complaint about the changes in fees.

Ms. Sproule: — Okay. Thank you. Section 11, page 10 and I guess 12 as well, there is a reference to furniture and equipment, inventory, materials, and supplies. And the purchase price was supposed to be negotiated by the parties for both of those sections. Has that been purchase price been negotiated, and can you tell me how much it is for both of those sections?

Hon. Mr. Stewart: — They're still in government space at this time and still using the furniture that has been there, and so there's no charge at this point. When they do transition into their own space, it'll possibly be different.

Ms. Sproule: — And when do you anticipate they will make that move?

Hon. Mr. Stewart: — It's not imminent. It is a five-year transition process, so we expect it'll be around the five-year mark or some time shortly after that.

Ms. Sproule: — By then a number of these items will probably be used up — fax machines, filing cabinets, clippers, cameras. Those are the ones listed in schedule "D." There's desks and chairs — and this is all the district offices as well: Saskatoon district, Swift Current district, Yorkton, Winnipeg, North Battleford — photocopiers, cellphones. This is schedule "F" to purchase assets. These are items that were paid for by the taxpayer. They're getting the benefit of them, and they should be reflected on a balance sheet somewhere. So at what point do you think you will have a value for these items and negotiate as the agreement indicates that you'll do that?

Hon. Mr. Stewart: — By the end of the five-year transition period that will all be settled.

Ms. Sproule: — And will you value them for their current price at the beginning of the agreement, or will they be valued at their value at the end of the agreement?

Hon. Mr. Stewart: — Since these assets were paid by the industry through the revolving fund in the first place, we'll probably value them at the end date.

Ms. Sproule: — Sorry, I'm just taking some notes. Moving on, on section 22.7, this is in the event LSS decides they don't like what they're doing and vacate the agreement. There's a requirement in 22.7(c) that they "... shall immediately return to the Province all property and assets of the Province used by it in providing livestock inspection services and administration ..."

I just want to flip and refer to one of their articles of incorporation that's found in the materials, schedule H, and in particular who gets the property if the corporation dissolves. And there's a bit of a disconnect here. I'm just wondering if you're concerned about this because if it dissolves under its articles of incorporation, everything goes to the members of the corporation in equal shares, which I believe the members are a number of provincial organizations. So are you concerned about that disconnect, or is that something you're comfortable with?

[21:00]

Hon. Mr. Stewart: — No. The assets were purchased by the industry through the revolving fund so, in the event of a default or abandonment of the contract, I think it would make sense that the assets would go back to the industry.

Ms. Sproule: — So why even bother valuing them in the first place? As the agreement required in article — what was that? — 11 and 12, you're basically just giving them to them.

Hon. Mr. Stewart: — While the assets, Ms. Sproule, were paid for by the industry through the revolving fund, the assets are still considered government assets, and so we have to value them.

Ms. Sproule: — It's kind of hard for them to be both. But certainly I think, as the Crown, they belong to the Crown, and the revolving fund was simply a method of collecting fees that the producers owed to the Crown, basically. So at any rate, I think we'll agree to disagree on that one.

I just have one other comment, observation on this agreement, and that is the signature pages under the memorandum of association. It looks like it's schedule H. Again, there's more than one ... Part 1 is schedule H. The association that's been created is called the livestock ... the company, I guess. And it's been signed by all the parties, like livestock, marketers, Cattle Feeders Association, stock growers. But the Horse Federation on page 9 of that agreement has the address and it has witnesses as to the signature, but there's no signature. And I'm just wondering if you have the completed page with the actual signature on it. How can you tell I was a lawyer?

Hon. Mr. Stewart: — We're at a bit of a disadvantage in this line of questioning. We don't have a copy of the contract here.

Ms. Sproule: — Okay.

Hon. Mr. Stewart: — But we'll check into that for you.

Ms. Sproule: — I'm just wondering if that's actually been

completed, so page 9 of schedule H, part 1. All right, let's move on then. I'm sorry. I didn't realize you didn't have a copy. I could have shared. But thank you for that.

I'm wondering, Mr. Chair, if we could take a five-minute break? Would that be agreeable?

The Chair: — Yes, that's fine. We will recess for five minutes and be back here at 10 after 9.

[The committee recessed for a period of time.]

The Chair: — We're back from recess. I neglected earlier to mention we recessed at 9:04 p.m., and we are restarting here at 9:10. As a result, we'll go a little past the 10:30 agreed upon time by six minutes. So as long as everybody understands and knows that, I believe Ms. Sproule had the floor and she can continue.

Ms. Sproule: — Thank you very much, Mr. Chair, and for the patience of the committee for the break.

I'm just going to go back now to the Provincial Auditor's report of December 2014, so that's volume 2, 2014 report. There was a discussion there on the disclosure of the uncertainty in AgStability and that there wasn't really a sufficient estimate.

Now I know this was in the 2013 chapter as well, and I believe in public accounts, Deputy Minister, you gave some commentary that you have fully implemented now this recommendation. I just want to get some understanding of how, when this was so difficult in the past, it's now become, I think what you've said is that it's been fully implemented and that "The ministry and SCIC [Saskatchewan Crop Insurance Corporation] have developed processes to ensure that the annual fiscal year-end estimates for AgriStability program benefits are reasonable, consistent, and current." So I would like to understand how you have gone from an inability to do that to do that.

And then the second ... Oh I'll ask the second part after. I'll just stop there.

If I could, just further to that, on page 27 of the December auditor's report, it said:

Agriculture indicated that it has been unable to find alternate methods of determining other reasonably possible amounts or validating AAFC's estimate. However, neither SCIC nor Agriculture have determined the extent of uncertainty in the federal estimate for Saskatchewan. Unlike Alberta, neither SCIC nor Agriculture have asked AAFC to provide them with this information.

So how did you get from there to what you said in February?

Hon. Mr. Stewart: — Yes. That's been resolved by agreement with the auditor that she will accept a range.

Ms. Sproule: — Is that something you can provide? Is that a letter exchange with the auditor or is it a verbal commitment?

Hon. Mr. Stewart: — Verbal commitment.

Ms. Sproule: — Okay. Further on, Deputy Minister, you said, “And both the ministry and SCIC will disclose the range provided by Agriculture and Agri-Food Canada to inform the public of the possible variability in estimating the AgriStability program benefits.” Is that something you can table, that range?

Hon. Mr. Stewart: — It will be disclosed in the crop insurance annual report.

Ms. Sproule: — Yes. I believe there’s a mention . . .

Hon. Mr. Stewart: — [Inaudible] . . . ministries.

Ms. Sproule: — Sorry. Okay. Is this range now, is this something you’ve obtained from AAFC [Agriculture and Agri-Food Canada], and that’s what you’re providing to the Provincial Auditor?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — And I guess in terms of what they say in December, until asked by the auditor, is that correct that you had not asked AAFC until that point?

[21:15]

Mr. Arscott: — I would just like to clarify that the Ministry of Agriculture has always disclosed a range as part of our year-end production of our financial information that we submit to the Ministry of Finance, and then it’s up to the Ministry of Finance to disclose that in the actual audited financial statements for the province. The fact that we’re actually adding it now to our annual report really isn’t part of the audit program per se because it’s not required under the production of our financial information.

For SCIC, their financial statements are audited on an annual basis by KPMG. KPMG has not required the disclosure of a range in order to meet the requirements of having an unqualified audit opinion. So on both fronts, we’ve always prepared our financial information in accordance with the guidelines that we have received, so this is really a supplementary augmentation that we’re now going to produce to meet the requirements of the Provincial Auditor.

Ms. Sproule: — I guess what I was looking for is clarification of the comment that the auditor made that said, “Unlike Alberta, neither SCIC nor Agriculture have asked AAFC to provide them with this information.” Has that changed?

Mr. Arscott: — We have asked the federal government for this range. We have received it from them.

Ms. Sproule: — That statement by the auditor is incorrect.

Mr. Arscott: — No. At the time, the statement of the auditor was correct.

Ms. Sproule: — So you’ve recently, you’ve done it since the auditor made that comment.

Mr. Arscott: — Yes.

Ms. Sproule: — Okay. So now when we see the ranges that have been provided, is there a difference in how you’re basing it? Like what did you base it on before when you didn’t have the AAFC information?

Mr. Arscott: — I should clarify that our actual calculation of our liability on AgriStability has not changed. Our calculation has not changed, and that calculation has been audited by the auditor and found to be appropriate. What they have now asked us to do is disclose a range of variability that could be in the calculation, which we’re prepared to do.

Ms. Sproule: — And the disclosure of that range will be in SCIC’s annual report but not in your annual report. Is that correct?

Mr. Arscott: — No, it will be in both our annual report and in SCIC’s audited financial statements.

Ms. Sproule: — Okay. I think we’ve arrived. Thank you.

I think at this point then I would like to move on to SCIC and the annual report, speaking of. The report I’m looking at is of course ’13-14, and I have a few questions based on that. I guess in the auditor’s report of 2014, in relation to the Crop Insurance Corporation, similar comments were made. And so I think it’s fair to say, I’ll just assume that SCIC is treating the comments as similar for SCIC under the auditor’s report.

The other question I had under auditor’s report — and this is for information for my own benefit and perhaps some of the committee if they are not familiar with this — is the Crop Reinsurance Fund of Saskatchewan. And I’m just wondering if you’d share with the committee what exactly reinsurance is. Maybe I’m supposed to know this, but I don’t.

Mr. Jaques: — So the Crop Reinsurance Fund of Saskatchewan, it’s an arrangement that we have, an agreement between the federal and provincial government. And so in any year that if SCIC paid out more money than we had available to cover claims, there’s an arrangement that we would borrow money, in essence borrow money from the provincial government and the federal government as a cost-sharing arrangement there.

Ms. Sproule: — And is that a document . . . I think there’s a sheet on your financial statement in relation to that?

Mr. Jaques: — Yes that’s correct.

Ms. Sproule: — What page is that? Page 32.

Mr. Jaques: — That’s correct.

Ms. Sproule: — So there’s actual financial assets in that statement. How does that \$165 million, I believe is the . . . There’s an accumulated surplus, so where does that money sit? Where does it land?

Mr. Jaques: — That money is held in the GRF [General Revenue Fund] with the province.

Ms. Sproule: — But it's a liability as far as SCIC is concerned?

Mr. Jaques: — So it's money that's available should we pay out more money than we have in current year premium and we have a surplus, if we expend all that money, then we're able to dip into the Crop Reinsurance Fund in Saskatchewan. And then there's also a federal reinsurance fund that has a positive balance as well.

Ms. Sproule: — If you have a surplus — and you've had a number, I believe, of surpluses recently — so would you put all your surplus into this reinsurance fund? Is that sort of where it goes?

Mr. Jaques: — No. They're held separately. We have a Crop Insurance Fund that has a surplus and then the Saskatchewan Reinsurance Fund. They're all tracked separately, and as well as the federal reinsurance fund is tracked separately.

Ms. Sproule: — Is the federal reinsurance fund stated in this . . . [inaudible].

Mr. Jaques: — No, it isn't.

Ms. Sproule: — That's part of the federal bookkeeping. How do you determine what goes in the reinsurance fund vis-à-vis your own surplus?

Mr. Jaques: — So what happens, it's all based on how much money we have as a fund surplus. And there's a schedule that is agreed to between the province and the federal government, and we cede a percentage of current year premium to each of those funds depending on that fund balance. Currently we're not putting any more money into these funds because we have a very healthy Crop Insurance Fund balance.

Ms. Sproule: — Okay. thank you. Okay. Now going to your actual annual statement, just a couple questions on page 5. Could you explain to the committee what the *Canada Production Insurance Regulations* are, federal regulations?

Hon. Mr. Stewart: — That's the agreement we have with the federal government to actually operate the crop insurance program in the province.

Ms. Sproule: — Okay. And then below that there's one referred to as the federal-provincial AgriInsurance agreement. What is that?

Hon. Mr. Stewart: — That is the actual federal *Crop Insurance Act*. The first one you mentioned was the regulations.

Ms. Sproule: — Oh, and that's under the Act, federal *Crop Insurance Act*. All right, thank you.

On page 6, you talk about the appeals under both crop insurance and AgriStability. I just have a couple of questions about the appeals between April 1st, 2013 and March 31st, 2014, as that's the most recent information we have. We see that 11 were approved, 30 were denied — this is the SCIC provincial appeal panel — and one was partially allowed. I'm just wondering if you could share with the committee what the basic general substance of these complaints were. Or was it a wide range, or

were they all about one issue?

Hon. Mr. Stewart: — We don't have the list of specific appeals in front of us, but it would be a range of crop insurance issues where there's been disagreement. And if we can't resolve it, we try to work something out with the producer.

Ms. Sproule: — Of the 30 that were denied, what's the next level for the applicant to go to, or is that the end of the line?

Mr. Jaques: — So the appeal process at SCIC, there's a number of steps. First, as the minister indicated, we try to resolve it internally. First avenue of appeal is to the local office. So if they have a concern with what maybe an adjuster calculated their loss, they can talk to the manager. Second level of appeal would be to a group of regional managers would review the work of that adjuster. And then the appeal panel is the third level. And once the appeal is heard provincially and the board of directors has made a decision, there's no other avenues available through SCIC.

Ms. Sproule: — Can they take it to the courts?

Mr. Jaques: — They can take it to the courts or to the Provincial Ombudsman, but it's up to the customer at that point.

Ms. Sproule: — Have any of the 30 that were denied been taken to the courts that you're aware of?

Mr. Jaques: — No, not that I'm aware of.

Ms. Sproule: — Thank you. In terms of costs, the ones that were approved in whole, do you know whether the SCIC also pays the costs for the client in terms of their expenses in bringing the appeal?

Mr. Jaques: — We don't pay for expenses of the client to bring the appeal, but we hold the appeals in areas that are . . . so travel is reduced for the client. If they want to hold the appeal by a conference call, they're able to do that as well.

Ms. Sproule: — Thank you. AgriStability, again there were five appeals that were denied and three that were granted. I would like to get a sense of what people are appealing about there as well.

Hon. Mr. Stewart: — Usually issues like late filing, missing deadlines, things of that nature. Considering the number of accounts, I think eight is a pretty satisfactory number.

Ms. Sproule: — I will grant you that. Thank you. Just in terms of the composition of the committees, I note that there's only one woman on the provincial appeal panel, I believe, and I think there's only one woman on the AgriStability appeals committee. Certainly that doesn't represent equity, and I'm just wondering what efforts the corporation is making to ensure that the representation on those panels reflects the gender diversity in the province.

Hon. Mr. Stewart: — The members are renewed every three years. And we're in the process of renewing a number of them now, and certainly the corporation will continue to take that into consideration and try and get some good female board

members.

Ms. Sproule: — Thank you, Mr. Minister. In terms of AgriStability, on page 7 there's a discussion there about the program. I guess first of all, of your 548 individuals, how many of them work full time or a large portion of their time on AgriStability?

Hon. Mr. Stewart: — Currently 88 people are dedicated full time to AgriStability.

Ms. Sproule: — Thank you. Looking for a document here that I had which has walked away. You answer very quickly. Okay, I can't find it.

In terms of the number of applicants for AgriStability, I guess the 50 per cent I was talking about earlier, I thought I was talking about the environmental management plans, 50 per cent online. But it's AgConnect. This is the number I was talking about: 50 per cent of all applications are now done through AgConnect, which I think is a new program since 2012.

[21:30]

I'm hearing from producers that AgriStability is becoming less and less attractive for them for a number of reasons, much of which is dealing with the complexity of the application itself. And I understand that organic farmers actually cannot benefit at all from AgriStability because they don't have the number of inputs that conventional farmers have. So my first question would be . . . And I also understand the number of organic farmers in Saskatchewan is declining, or the volume is declining anyways. Is there any consideration for a specific program in AgriStability for organic farmers that would be one that would be useful?

Hon. Mr. Stewart: — Yes, Ms. Sproule, it's a federal-provincial program, and the next opportunity to discuss changes to it will be at the negotiations for GF3 [Going Forward 3], which will come into effect in 2018. So we're a bit limited when it comes to making on-the-fly changes to these programs.

Ms. Sproule: — I know people are wondering what GF3 is going to look like. Is there any preliminary discussions yet or is it too early?

Hon. Mr. Stewart: — No, I'm sorry. There's no detail available yet.

Ms. Sproule: — Do you see there is . . . Like in terms of AgriStability applications in general in Saskatchewan, have the numbers been dropping?

Hon. Mr. Stewart: — Yes. In 2012 roughly just over 22,000 producers paid fees, and in 2013 we were down to nineteen five roughly. So there is some drop-off, but of course there are also less producers in the province as time goes on.

Ms. Sproule: — On page 7, it says that as of March 31st, 2014, the number of participants represented through AgConnect is 20,816. Is that just Saskatchewan participants or is that for the entire country?

Hon. Mr. Stewart: — Yes, that's just the online portal and that number would be correct. Those would be Saskatchewan producers.

Ms. Sproule: — So overall is it 40,000 producers that are represented in AgriStability? Would that be almost every producer?

Hon. Mr. Stewart: — I think we're doing our math the opposite way. That's the problem here. There are 20,000-plus applicants and about ten and a half thousand are through the AgConnect online portal. Sorry about . . .

Ms. Sproule: — No that's okay. One of the things I've heard recently about the reference margins is that they were changed as part of the Growing Forward 2 process and modifications were made in 2013 as you identify on page 7. I understand now that that's really seriously affected producers in terms of their ability to get payment under the program. I'm told that some producers would have got \$23,000 before those reference margins were changed, and now they get nothing. So again that's part of the complaints that we're hearing about the program and certainly the availability and accessibility of it.

Do you know how many producers would fall into that category of now being basically unable to use the program because of the change in the reference margins?

Hon. Mr. Stewart: — Yes, Ms. Sproule, certainly the change in the reference margins has affected producers and a substantial number of producers. We don't exactly have the numbers. I remember making that point with the federal government at the time of the initiation of Growing Forward 2, and we're seeing that as being somewhat of an issue.

Ms. Sproule: — Thank you. I'm sure you're hearing from farmers as much as I am or more.

I understand that last month there was over 5,000 producers that missed the deadline for AgStability or a particular deadline. I think it was . . . I don't know if it was accounting errors or something like that. I don't have all the details. But they are now not eligible for AgStability programs for the 2013 year, and maybe you can correct me on that.

I also understand that SCIC used to send out reminder letters. I think about 1,500 of them would have been sent out this year, but in terms of your lean efficiencies, that you are no longer sending those letters and, as a result, a large number of producers are now not eligible for the 2013 AgStability program. Can you comment on that?

Hon. Mr. Stewart: — No we don't send the letters anymore. We actually had a number of clients who were no longer in the program receiving the letters or wished not to remain in the program and asked us not to bother them anymore with our letters. So we use online ads, radio advertising, our *AgriView* publication and so on to try and get the word out about the deadlines. But as for the number — I think 5,000, you said — we're unaware of any such thing.

Ms. Sproule: — But as a result of the decision to not send out those letters, I understand some producers were not able to meet

a particular deadline and being cut out of the program.

Hon. Mr. Stewart: — There have been a small number of producers who have missed deadlines recently, as there was in previous years, but officials inform me that they haven't noticed any difference in the numbers of those applicants who miss their deadlines.

Ms. Sproule: — Thank you. At the bottom of the page, just before crop insurance, you say as of March 31st, 2014, SCIC completed processing 16,000 applications approximately for the 2012 year. And of those applications, 3,666 have received a benefit payment for a value of 157 million. So it looks like less than a quarter of applicants are actually receiving benefit payments. Is that as a result of the change in the reference margins? Or what sort of ratio would you have had successfully receiving payments before then? Or is it . . . I guess it may depend on the crop year itself too.

Hon. Mr. Stewart: — Yes, that wouldn't be unusual. There's a huge variance in the number of applicants who actually end up collecting. It depends on the production year, commodity prices, matters of that nature.

[21:45]

Ms. Sproule: — Okay, thank you. The next column, there's a recommendation referred to there from 2008 crop insurance review that private reinsurance would be purchased. It looks like 2013 was the first year you did that. It provides, it says here that it provides greater stability for two premiums for producers. So could you just explain how that is over and above the reinsurance program that we talked about earlier and what it costs you and what additional stability it provides?

Mr. Jaques: — So you're right. 2013 was the first year that SCIC bought private reinsurance. We use that in conjunction with, you know, the arrangement we have with the federal and the provincial government. In 2013 we purchased . . . I've just got to find my number here. It was around . . . just find out the exact number.

Ms. Sproule: — You have private reinsurance is at 19 million.

Mr. Jaques: — In 2013 we purchased about \$300 million in coverage, and the premium was around \$19 million.

Ms. Sproule: — Or '14, I guess that was.

Mr. Jaques: — We spent about the same amount of money in 2014 as well.

Ms. Sproule: — Okay. So there's three reinsurance premiums according to your financial statement: the private reinsurance, Crop Reinsurance Fund of Canada for Saskatchewan, and then Crop Reinsurance Fund of Saskatchewan, and you said for a total of about \$328 million. I guess that's on top of the indemnities. Sorry, I'm just trying to figure out your balance sheet or your statement of operations on page 19. So indemnities, the 199 million, that would be the payouts, right, that you would have made? Correct?

Mr. Jaques: — Correct.

Ms. Sproule: — And then your reinsurance premiums are also expenses there. Okay, we'll get to that. I'm just trying to understand, so I thank you for your time.

Next paragraph, 76 per cent of seeded grain acres. I think that number tends to fluctuate, but that's probably one of the highest ever if that's correct. I guess my question is, do you anticipate that that trend will continue to go up, or do you think that's a particularly high number?

Hon. Mr. Stewart: — That figure's pretty typical. For a number of years, we've insured between 75 and 77 per cent of producers . . . [inaudible] . . . acres.

Ms. Sproule: — Okay. I think there's a statement in the back, I think it's a little lower than that but usually like 70 per cent in 2004; 72 per cent, 73 per cent in '08-09; and it dropped down to 68 per cent in '11.

Hon. Mr. Stewart: — The large number of flooded acres in 2011 accounts for that dramatic drop, yes.

Ms. Sproule: — Okay. I just wonder if you could give the committee a little update — I know you mentioned it in your opening comments — about the Western livestock price insurance program. Could you give us a report on how many producers took advantage — I think you had some of those numbers in your opening comments — and what your projections are for this upcoming year?

Hon. Mr. Stewart: — Numbers aren't really in yet for 2015, but by the end of March, we had 25,040 which was ahead of the same time in 2014. We expect to quite likely do considerably better than 2014. The calf program doesn't close off until May 28th, so there's some time, a lot of time left yet for producers to insure.

Ms. Sproule: — Can you let us know what percentage of producers that represents?

Hon. Mr. Stewart: — Last year it was 15.4 per cent, yes. That's the calf insurance program. And 15.4 per cent of the calf crop ended up being insured, and we're projecting that it'll be considerably more than that this year. We were very happy with 15.4 per cent in the first year of the program.

Ms. Sproule: — Is there hog protection as well?

Hon. Mr. Stewart: — Yes there is. It hasn't been . . . There hasn't been much uptake in that program. I don't know that it's a particularly good fit for the industry in its current form.

Ms. Sproule: — Are you looking at changing it to make it a better fit?

Hon. Mr. Stewart: — We continue to work with the industry and other provinces to try and come up with a plan that would work and would still be a proper self-sustaining insurance program for the hog industry, but the next opportunity to make those changes will be at the end of GF2 again.

Ms. Sproule: — Thank you. Moving on, just a question on the financial results, page 12, 2013-2014 financial results under

AgriStability. The actual contribution from the Government of Canada in '12-13 was \$210 million, and under '13-14 it dropped dramatically down to 32 million, almost 33 million, and even that was a variance from the budget of '13-14. I know you've explained this in other contexts, but could you re-explain it just in terms of these financial results?

Hon. Mr. Stewart: — Yes. Ms. Sproule, that just represents a good year in the industry and less calls on the program.

Ms. Sproule: — Okay. I suspected as much. I guess I note on the bottom that the program delivery costs, however, pretty much remain the same — 21 million in '12-13 and 20 million in '13-14. So you had . . .

Hon. Mr. Stewart: — [Inaudible] . . . most of those costs are fixed.

Ms. Sproule: — Yes. Most would be salaries I presume?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Yes. All right.

Hon. Mr. Stewart: — And space.

Ms. Sproule: — Oh, right. Page 18 on the statement of financial position, I'm just wondering if you could explain to the committee why there's so much owing at year end of 2014, because it looks like the GRF has \$740 million, producers are owing 25 million, the ministry owes 64 million, and the Government of Canada owes 86 million. Almost all of your assets are due and payable. Why is it like that?

Mr. Jaques: — So, Ms. Sproule, the amounts that you indicated that were owing, the \$740 million from the province, that was actually our crop insurance fund. So it has to show up in our financial statement. The amount owed from producers, that would be outstanding premium at the end of March 31st, 2014. And then from the two levels of government, that would be money that's owing to us for premiums, things like that, as we collect the producer premium.

Ms. Sproule: — Would they show up then, like for example, the premiums due from the province, the ministry, does that show up on your balance sheet as an accounts payable then?

Mr. Jaques: — The answer's yes.

Ms. Sproule: — They'd have to, I guess. That's pretty obvious. Okay, thank you. Next question is on page 22. This is the program operations and accumulated surplus schedule 1. And just again some rather large discrepancies and perhaps it's explained again by, the crop year income from insurance operations was dramatically different between budget and 2014. I'm just wondering was that because of the successful crop year.

Mr. Jaques: — That's because of the good crop year, and we had a lot less claims payable.

Ms. Sproule: — Yes I think some of these are pretty self-evident, so I apologize for that. Program admin

expenditures on page 24. I'm always amazed at how much computers cost, and in 2014 and 2013, it looks like you spent over \$5 million on computers. Can you just sort of explain, is this new programs or new systems?

And you know what? Before we get into that, I just wanted to talk a little bit about your supplementary report for the year where you actually had the supplier payments. And I did a little search on a lot of these payees, and it looks like you used consultants from Quebec. Computing consultants, Anisoft Group, I think are from here; business management consultants for CGI; an IT consultant from Skokie, Illinois; IT service providers inside Canada. And then there's a consultant, Stroma from North Bay, Ontario, and then business management consultants, Weather Innovations Incorporated.

And it looks like just for suppliers, it was over \$2 million in '13-14. And then you add on top of that, Microsoft for half a million, Merak Systems for Internet for \$4.4 million, IBM [International Business Machines Corporation] for 122,000, and then Webb's Office Equipment for 269. So it's another \$5 million just for systems in one fiscal year, which seems to me completely overwhelming. So can you explain? Is this an anomaly? And I didn't do a comparative from other years.

[22:00]

Mr. Jaques: — So, Ms. Sproule, you're right. There is a fair bit of money that's spent on IT type expenses. With SCIC being a treasury board Crown corporation, where we differ a bit from ministries is that we're responsible for all of our IT systems, so not only the systems that are used for processing, you know, crop insurance claims, or holding databases for our crop insurance customers. We have all of our files that are imaged for . . . we have every piece of paper that was submitted to crop insurance since the early '80s that are stored electronically. So those are things that we're responsible for as a corporation.

We're responsible for the systems for AgriStability. We also have to provide hookups to our offices. We have a network of 21 offices around the province and so some of the IT services is in networks. We have to buy hardware in order to run these systems. There's also the mailroom. We do all our own mailing at SCIC — and cheque creation. So that's all kind of part and parcel of the IT expenditure. The contracts or the vendors that you mentioned, there's a variety of them. You know, some of them are vendors that provide computer hardware to the corporation. Maybe they would provide software. There are licensing fees. You know, for all of our employees to access these systems, we have to pay fees to companies to access that. There are companies that provide programming services and, you know, equipment for our mailroom, etc. So that's, you know, kind of how our IT system works and how it differs a bit from the ministry.

Ms. Sproule: — So the 4.4 million for Internet company from Ontario, MERAK Systems Corporation, what would drive you to contract with them and, say, not with our local Internet providers here in the province?

Mr. Jaques: — It isn't actually an Internet provider. They are a company that develop programs. So when AgriStability transitioned to Saskatchewan, MERAK had developed the

AgriStability platform for Alberta. And so when it was transitioned to Saskatchewan, there was an RFP completed and MERAK was hired to build our system. Since then we've renewed the contract with them, and so they're providing, you know, development services, some architectural support services to the corporation.

Ms. Sproule: — Do you anticipate that this year that just finished would be, that's four and a half million dollars again, or is it lower?

Mr. Jaques: — It's quite a bit lower in this fiscal year. We're anticipating it to be somewhere around — I've just got to find the number here — about \$2.7 million. And some of that is, you know, in the year that you're referencing of the little over \$4 million, there were a number of changes that had to be implemented because of GF2. So there was some additional cost there. We're looking at some strategies where, you know, maybe some of our internal staff at SCIC can do some of the developing. So that is why we will see the decrease in the services of MERAK this fiscal year.

Ms. Sproule: — Just a few more questions on supplier payments. There's a couple of individuals, Kathy Bellamy for 69,000 and Dennis Nygren for 55,000. Can you explain those?

Mr. Jaques: — Kathy Bellamy was an individual that we hired to assist the corporation in a pension settlement with SGEU [Saskatchewan Government and General Employees' Union] employees, and Dennis Nygren is one of our predation specialists that the corporation employs that helps producers if they have a problem with predators.

Ms. Sproule: — He's the only one you hire?

Mr. Jaques: — We have other people hired but he'd be the only one that's, you know, over the 50,000. He's kind of specialized and we've used him maybe a bit more than some of the other people.

Ms. Sproule: — Okay. There's another line there for Linke Fiori Services and they don't exist on the Internet. So what is that?

Mr. Jaques: — That is a private or an individual that provided IT support to SCIC. They've been a long-standing supplier of their services but in this past fiscal year we no longer utilize them.

Ms. Sproule: — And why did you end that relationship?

Mr. Jaques: — Well the gentleman retired and then we tried to find some resources internally to help what he was working on.

Ms. Sproule: — Thank you. Now this is my favourite one of all, and I have to ask. Critter Gitter, 98,000 is it? Or 56,000? I want to get one of those.

Mr. Jaques: — It's also part of our predation prevention programming that we offer. And so it's a company that supplies us with, you know, devices to scare away, you know, predators. We hand them out to farmers. As well as the individual is one of our predation specialists as well.

Ms. Sproule: — Where are they from?

Mr. Jaques: — Regina Beach.

Ms. Sproule: — Best name I've seen in a long time — Critter Gitter. All right. And there might be a couple more things on this supplemental. Terry Dingle, who is that?

Mr. Jaques: — Terry Dingle is our vice-president of information technology.

Ms. Sproule: — Okay. And then Terri Kentel-Weinheimer?

Mr. Jaques: — She is our vice-president of corporate services.

Ms. Sproule: — And tonight you have two other VPs [vice-president] here — Janie and Jeff. All right. How many VPs do you have?

Mr. Jaques: — We have four.

Ms. Sproule: — The four. That's it? All right. I think that's it for Crop Insurance.

Hon. Mr. Stewart: — Ms. Sproule, I have a further breakdown of the Radisson Hotel expenses if you'd like me to . . .

Ms. Sproule: — Okay. Just let me find that spot. That's here. All right.

Hon. Mr. Stewart: — For the trade summit, the total was 40,893 and for the Tri-National Accord, the total was 38,173 and that's for the total of \$79,066. The breakdown for the trade summit was 23,482 for banquet costs, 8,174 for meeting rooms, and 9,237 for AV [audiovisual] for 40,893. For the Tri-National Accord, banquet rooms, 34,859 and meeting rooms, \$3,314 for 38,173. There were about 180 people at the trade summit and about 75 at the Tri-National Accord.

Ms. Sproule: — And for the 23,000 in banquet services, would that have been offset by fees or is that something that the ministry paid for?

Hon. Mr. Stewart: — There was no registration fee at the trade summit, so no, there will be no offset there.

Ms. Sproule: — But for Tri-National Accord . . .

Hon. Mr. Stewart: — There was a registration fee.

Ms. Sproule: — Which would include a banquet.

Hon. Mr. Stewart: — Yes, I guess it would.

Ms. Sproule: — It would offset it.

Hon. Mr. Stewart: — I would think, yes.

Ms. Sproule: — Okay, thank you. Now where was I? Quickly on producer cars, I know that it's not your ministry that's responsible for the Grain Car Corporation but I remember you saying you sit on the board so you may be able to answer some of these questions. Do you know if the corporation plans to

delist any more cars or are they going to maintain the current inventory?

Hon. Mr. Stewart: — Well from time to time there are cars that just become so worn out that they get taken out of service or there are cars that have accidents from time to time and are taken out of service. So there's no intentional campaign to take cars out of service but it just happens that it's necessary.

Ms. Sproule: — I think, according to the annual report, 98 cars have been destroyed to date. Are there any plans to keep the fleet up to 1,000 though or is it just going to decline?

Hon. Mr. Stewart: — We're not purchasing new cars.

Ms. Sproule: — No new cars.

Hon. Mr. Stewart: — Not at this time at least.

Ms. Sproule: — I'll get into a couple of questions on rail transportation later. But I just wondered, you know, in terms of the core business of this corporation, they lease out cars. So the cars are in someone else's control. Really I know that you do the blast paint and decal program and things like that.

But I understand that the CEO of that corporation is actually paid, I think, \$170,000. And I'm just wondering why such a large wage for . . . You know, what kind of services and what's the job description for that? I'm sure they have the . . . I mean that's more than your deputy minister gets paid.

Hon. Mr. Stewart: — Well I guess the job description is no different than the CEO of any other Crown corporation. Grain Car Corporation is smaller than some Crown corporations but . . . [inaudible interjection] . . . Yes. But in any event possibly the Minister of Highways, who is the Chair of the board, might be a better one to ask. But I don't know if her history goes back far enough on that either to have any more insight than I have. So I really can't help you as to how that salary was determined.

Ms. Sproule: — Okay. I also understand that as of 2007, the grain cars that had been painted with the word Saskatchewan! are now the exclamation mark is being removed. Can you give a report on why that's happening?

Hon. Mr. Stewart: — I remember the issue. I don't remember now the reason why that was done. Yes. I'm sorry.

Ms. Sproule: — Okay. That's really it on the Grain Car Corporation. Just some follow-up questions. Oh and I am losing time. Mr. Chair, I'm just going to let you know that I'm afraid I'm going to run out of time, so we may need to ask for more time at a later time. But anyways, I will pick up the pace here as best I can.

In 2013 the Growing Forward 2 agreement was signed, the bilateral agreement. In there I have the March 19th, 2013 version of the agreement. And I have some follow-ups in there that we're wondering. On 7.3, which is on page 10 of the March 19th bilateral agreement, it said there's an evaluation agreement there. And I'm just wondering, have those evaluations taken place and what are the costs for the evaluations that are referred to in 7.3.3?

[22:15]

Hon. Mr. Stewart: — Yes, an evaluation will be done of GF2 before the end of the program, both by the federal government and our government. But that hasn't begun yet, only being I guess two years into the agreement.

Ms. Sproule: — Okay. I'm going to leave questions on that agreement as well as . . . I have a number of questions on the — I'll get the name of this one too just for the record — the federal-provincial-territorial framework agreement. I will leave them for now because I have other ones I want to get to tonight. But if we can arrange a further time, I would want to be able to ask those questions.

At this point, I would like to turn to surface rights. And although I know that the Ministry of the Economy has the responsibility for surface rights legislation, it does affect producers. And so my questions are in that context. We know that APAS [Agricultural Producers Association of Saskatchewan] has made submissions to the surface rights legislative review and I'm just wondering if you've had an opportunity to look at those concerns, and if you are advocating those concerns as well on behalf of producers to the Ministry of the Economy.

Hon. Mr. Stewart: — No, I have not read the APAS's recommendations in that regard.

Ms. Sproule: — They definitely do affect producers, so I'm sure the minister appreciates that advocacy on their part from your ministry would probably be much appreciated, and you certainly have access to the Minister of the Economy on that level.

One of the things they're asking for is something that exists in Alberta. It's called the Farmers' Advocate Office, and what it does is it advocates for farmers and ranchers to ensure that their rights and interests are protected and considered. This deals with many areas including surface rights, land, and energy. But it also exists to deal with rural affairs, liaising between municipalities and land owners, interactions with agricultural producers and neighbours and businesses, *Farm Implement Act* administration, farm implement board dispute resolution, water well restoration, things like that, wildlife cost assessment committee. Is this something that your ministry has ever considered? And will you be implementing something similar for farmers here in Saskatchewan?

Hon. Mr. Stewart: — You know, I'd like to refer these to the Minister of the Economy. While I may have opinions, these are responsibilities of that minister. It's not right for me to make comment on them in this forum.

Ms. Sproule: — Fair enough. I think, you know, as far as surface rights goes, that's certainly reasonable. I'm just thinking that that's only half or a third of what this board actually does, and it does provide an advocacy office for farmers in other areas as well. So is this something that you've ever considered as a ministry?

Hon. Mr. Stewart: — No. Farmers have access to the Office of the Ombudsman in this province, and we have not considered

that at this point.

Ms. Sproule: — I know APAS is requesting it, so perhaps they'll advocate to your office as well at some point. They passed a number of resolutions in 2014, and I'm just wondering if any of these are things that you're considering. First is the establishment of a national clubroot management initiative and awareness campaign.

Hon. Mr. Stewart: — The answer that I have already given APAS on the clubroot initiative reads like this:

Clubroot is not nationally regulated, however it is a declared pest in Saskatchewan under *The Pest Control Act* and in Alberta under the *Agricultural Pests Act*. While regulation and enforcement are provincial responsibilities, all three prairie provinces have similar clubroot management plans developed by provincial committees, and a collaborative approach has been taken amongst clubroot researchers in Canada.

The Canola Council of Canada is also setting up a clubroot steering group in 2015 which will facilitate communication across the prairies between researchers, extension specialists, and grower groups to set priorities for research, pest management practices, and extension messaging. The Saskatchewan clubroot initiative, SCI, will be represented on the national steering group by ministry specialists who will report back to other SCI members including APAS representatives.

Ms. Sproule: — Thank you. I'm going to skip ahead here — spot loss crop coverage for flooding damage. The resolution reads that crop insurance cover the major flooding losses by treating them as equivalent to a spot loss hail claim, which is independent of total insurance coverage. A big issue for producers in the last few years. Has that been considered by SCIC?

Hon. Mr. Stewart: — Here is the answer that I forwarded to APAS:

The Government of Saskatchewan and the Saskatchewan Crop Insurance Corporation recognize the serious effects flooding has caused on many farms and ranches in the province in recent years, particularly during the summer of 2014. The Saskatchewan Crop Insurance program provides full yield loss coverage for losses resulting from flooding on a total crop basis. This approach is consistent with how coverage is provided in other provinces and is in accordance with the requirements to secure the full share of federal funding that is 36 per cent for premiums. The federal government would not fully fund premiums for spot loss flood coverage, meaning a significant increase in premium costs for producers.

A crop insurance program does not provide separate coverage for specific perils. Spot loss hail coverage is not available under the program. Developing spot loss coverage options is not a priority at this time. As you are aware, we have discussed this issue further with your organization since the original resolution was passed.

I'm also aware that you have had the opportunity to present your position to senior federal officials. I understand that there may have been some uncertainty concerning the federal position on this issue, as the discussion also touched on concerns regarding unseeded acreage under the program. However, the federal government has since confirmed that they are not supportive of moving to spot loss coverage for flood damage, as it is not consistent with the principle of covering losses on a total crop basis.

Ms. Sproule: — Thank you for sharing that with the committee. I'm going to move on. I would like to ask about other resolutions, but there's a couple of other areas I want to touch on before our time this evening is over.

One's a quick question on a practice the Premier used to do, and that's letters to each minister giving some direction for the next year. Does he still issue those letters?

Hon. Mr. Stewart: — I haven't had one recently.

Ms. Sproule: — Do you know why he stopped doing that? Just looking at reports now that come out, it's a weekly performance update by the Ag Transport Coalition. I have the most recent one I think here, or maybe it's one that's from a couple of weeks ago. Grain week 32, I think that's the most recent one. Are we in grain week 32? I can't remember.

What it's telling us, and I think you're familiar with this report, I guess the first thing is I think this is a very important initiative on behalf of ag producers. And I'm just wondering, is Saskatchewan planning to fund this important work?

Hon. Mr. Stewart: — We are funding that report to the tune of \$85,000 a year for the next three years.

Ms. Sproule: — Eighty-five thousand a year for the next three years?

Hon. Mr. Stewart: — Three years.

Ms. Sproule: — Thank you. One of the things they're telling us is that the accumulation of each week's unfulfilled demand for hopper cars remains over 23,000 cars for just this current grain year.

We hear, the second part of the report, CN [Canadian National] for example in grain week 32 supplied 7,000 cars, but it included 3,600 cars that had been ordered for prior weeks. And they go on to say that timeliness of supply in response to customer orders has been consistently poor throughout the course of the crop year for both railways.

And as you're completely aware, Mr. Minister, you know that the order in council that the federal government passed to require better performance by the railways, it ended a couple of weeks ago. I know you're saying there's other ways to do this. So what are you suggesting to your federal counterparts in order to deal with this particular issue?

Hon. Mr. Stewart: — Yes. The minimum weekly shipments did end on the 28th of March. The railways had successfully

delivered the allotted number of cars, I think in each week period, over the last number of months.

But the problem with the OC [order in council] and the legislation is that it encouraged the railways to pick the low-hanging fruit — that is take unit trains off long sidings on mainlines, and ignore branch lines and shortlines and producer car loaders and seed processing plants and so on. And so a lot of the shortfall is happening in those areas and, you know, those types of shippers are the people who build new business for the industry. They're extremely important. They're losing contracts in some cases with mills that they supply, and there's a risk that some of them may even go out of business if they don't get better service.

So it's time to find a way to motivate the railways other than just a minimum number of cars required to be shipped every week. And it's very difficult with an OC or with legislation to cover every contingency, and I understand why the federal government was reluctant to try to do that even though we encouraged them to do so at the time.

Ms. Sproule: — I guess, what do you propose as an alternative then?

Hon. Mr. Stewart: — Well in the review of the *Canada Transportation Act*, everything will be on the table, and we have made a submission to that body. And I hope I have the main points of them here. Yes:

Our submission makes the following recommendations:

Strengthening Service Level Agreements;

We believe this is necessary to rebalance the commercial relationships between shippers and railways.

Clearly define “adequate and suitable accommodation” [in the service agreements] and [define also] “service obligations”.

Ensure shippers have the ability to apply for arbitration on matters beyond those defined as operational in nature;

Provide the right for shippers to file complaints against a railway for penalty or ancillary charges;

Prevent railways from raising items during Final Offer Arbitration that shippers did not include in submission;

Eliminating the requirement for an arbitrator to consider whether railway commitments in a contract are hindered by network effects, including obligations to other shippers.

Improved Interswitching Conditions; [under that heading]

Ensure the physical switches are operational and standardized; and

The 160 km distance is made a permanent part of the legislation

The problem with interswitching has always been the mechanics of it: who pays the maintenance, who has access to the switches, issues like that.

Enhanced Information and Reporting;

[We're] . . . asking that information and reporting be enhanced on rail service performance to increase transparency in the system, including:

Establishing a publicly available tracking system for car orders, car order fulfillments, origin and destination dwell times, car cycle times, as well as inland loading and port unloading performance.

Issuance of weekly public reports that summarize the metrics of supply chain performance.

[Under] Volume Requirements;

[We're] . . . asking that the review ensure mechanisms are in place for servicing all shippers and customers in all corridors and that meaningful penalties are in place.

We are also asking the Agency to consider developing a methodology that removes the disincentives for the railways to provide service for certain shippers, commodities and corridors with longer car cycle times.

[Under] Maximum Revenue Entitlement;

[We ask] . . . that the Review examine the MRE, as well as railway costs, to determine if the intent of the MRE regulation as a means of protecting producers from excessive freight rates, as well as providing incentives for the railways to move grain and reinvest in their network and innovation, does not come at the expense of level of service and public interest.

[In] Addressing Ancillary Charges;

[We ask] . . . that the review address the following issues:

Railway ancillary charges that are applied out of confidential contracts should be fully and publicly disclosed and be subject to review by the Agency.

Require the railways to conduct a review of their billing system and make appropriate changes to ensure the accuracy of invoices.

[Under] Effective Abandonment of Unused Rail Lines; and

Saskatchewan asks that the following measures regarding railway . . .

Ms. Sproule: — Can I interrupt for one minute? I only have five minutes left, so I'm not sure if you can just share that with me. Or are you almost finished? I want one more question.

Hon. Mr. Stewart: — I'm almost finished, but we can share it with you as well.

Ms. Sproule: — Okay. Let's do that because I did want to touch of course a little bit on farm land ownership. And I have a few questions I wanted to ask under the farm land ownership annual review, but I think at this point, I just wanted to get your comments.

As of December, I know the deputy minister indicated that you're not contemplating any changes to current legislation. That was December 1st. And then I think just recently, well yes, yesterday you announced that you have introduced some regulations and are now contemplating . . . Will it result in changes or are there going to be possible changes to the legislation?

Hon. Mr. Stewart: — Well there may be, depending how . . . We're going to conduct a consultation with, primarily I hope, agricultural producers, agribusinesses, and agricultural stakeholders, and also interested Saskatchewan citizens through the summer months. And what comes out of that will depend on what we hear from them.

Ms. Sproule: — Do you anticipate reporting back to the public then in the fall?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. Would there be possible legislation in the fall or is this . . .

Hon. Mr. Stewart: — That's a possibility, depending what we hear from the consultations. This is an earnest consultation process. I don't want to prejudge the outcome of it.

Ms. Sproule: — Just one final question I think for tonight then is, why did it take this long?

Hon. Mr. Stewart: — Well the issue of institutional investors in this province is a very new one. We've only had CPPIB [Canada Pension Plan Investment Board] purchasing farm land in the province for a little over a year. And gauging the reaction from the agricultural community, I pushed to conduct this consultation.

Ms. Sproule: — Thank you for that. Just one further tiny question. Do you know if the board, the Farm Land Security Board is monitoring . . . I understand a Chinese national company is purchasing a significant amount of farm land just north of here for a potential potash mine.

Hon. Mr. Stewart: — Oh, an exemption has been granted for up to 60,000 acres. I don't have the exemption in front of me, although I have it in my possession. After a reasonable period for exploration and planning, the company will be required to divest of acres that are not going to be required for the potash mine in 2017, I think. The exemption is apparently online.

Ms. Sproule: — Okay. Thank you. That's my time. Thank you very much.

The Chair: — Well thank you very much. We've come to the end of our allotted time for the consideration of the estimates for the Ministry of Agriculture tonight. I ask the minister if he, in the last few minutes, has any comments he'd like to wrap up with.

Hon. Mr. Stewart: — Well I'd like to thank you, Mr. Chair, and the committee and Ms. Sproule and officials from the ministry and Crop Insurance and the chief of staff from my office for all your help tonight. Some of the questions were very detailed. A number of them — in fact I'd say most of them — I couldn't have answered off the top of my head. So it's very good to have officials here to help us with these answers, both for you and for me, Ms. Sproule. Thank you all. And I hope this has been a satisfactory evening for you, Ms. Sproule.

Ms. Sproule: — Just a thanks on my part as well. Thanks very much to the minister and the officials. I know they were very detailed in some cases, and I certainly appreciate the efforts you made to provide me with answers. As always, I'm fascinated by your ministry, and I'm very impressed with the good work. So thank you all.

The Chair: — Thank you. It being 10:36, this committee stands adjourned to the call of the Chair.

[The committee adjourned at 22:36.]