



# **STANDING COMMITTEE ON THE ECONOMY**

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## **STANDING COMMITTEE ON THE ECONOMY**

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Regina Gardiner Park

Mr. Buckley Belanger, Deputy Chair  
Athabasca

Mr. David Buckingham  
Saskatoon Westview

Mr. Larry Doke  
Cut Knife-Turtleford

Ms. Bronwyn Eyre  
Saskatoon Stonebridge-Dakota

Mr. Delbert Kirsch  
Batoche

Mr. Doug Steele  
Cypress Hills

[The committee met at 19:01.]

**The Chair:** — Well good evening, everyone. Welcome to the Economy Committee this evening. Thank you for all showing up this evening. It's 7:01 p.m. We are scheduled for three-and-a-half hours this evening. All the members are accounted for and present this evening. There's no substitutions.

Pursuant to rule no. 148(1), the estimates and supplementary estimates for the following ministries and agencies were deemed referred to the committee on June 9th, 2016 and June 1st, 2016 respectively. The main vote 1 is Agriculture; vote 23 is the Economy; vote 26, Environment; vote 16, Highways and Infrastructure; vote 84, Innovation Saskatchewan; vote 35, Saskatchewan Research Council; vote 86, SaskBuilds Corporation; vote 87, Water Security Agency. The supplementary estimates are vote 26 in the Ministry of the Environment.

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

**Subvote (HI01)**

**The Chair:** — The committee will now be considering the estimates for the Ministry of Highways tonight, and Infrastructure. We will now begin our consideration of vote 16, Highways and Infrastructure, central management and services, subvote (HI01).

Minister Heppner, thank you for being here tonight. I will turn over to you to introduce your officials and then we will open it up for questions by the committee.

**Hon. Ms. Heppner:** — Thank you, Mr. Chair. I have some opening remarks, but first I will introduce the officials that are with me this evening. To my right is Deputy Minister Nithi Govindasamy; Jennifer Ehrmantraut, associate deputy minister, operations division; to my left, Ron Gerbrandt, assistant deputy minister, design and innovation; Blair Wagar, assistant deputy minister, planning and policy; Wayne Gienow, executive director of corporate services; Dave Stearns, executive director, major projects, Regina bypass; and my chief of staff, Jason Wall.

Before I get into the details of this year's budget I would like to talk about the context in which it was developed. The budget of our government delivered this year was about keeping Saskatchewan strong. Although our province is currently facing some economic challenges, we are taking steps to ensure the long-term financial health of Saskatchewan. To do that, we need to invest in transportation infrastructure that connects us to export markets both interprovincially and internationally.

We also need infrastructure to accommodate increasing traffic volumes that are a result of our record population growth and, as you know, we inherited an infrastructure deficit when we came to office. Worn-out pavement and bridges cause inefficiency and increased shipping costs because of the need for weight restrictions. This also creates serious safety

concerns, so there are clear reasons why we need to keep investing in rehabilitation and maintenance to address the infrastructure deficit.

This year the budget for the Ministry of Highways and Infrastructure is a record \$1.15 billion. This is the largest transportation budget in Saskatchewan's history and positions our government to meet the commitment we made in the last election to invest \$2.7 billion in the provincial highway system over the next four years, in addition to completing the Regina bypass.

New to this year's budget is our highways 2020 plan. Included in this is a \$70 million surge to fix and maintain more Saskatchewan highways. This year we are investing \$30 million and \$20 million in each of the next two years. I know that some have said that this year's \$30 million won't address even 25 kilometres of road. I am pleased to tell committee members that in fact around 460 kilometres of roads across our province, including in the North, will be addressed with this additional money. And I'll get to those details in a minute.

This year's budget also includes \$355 million for capital projects. Combined with the \$500 million that is committed to the Regina bypass project, we'll be investing \$855 million in capital construction projects this year. With this year's budget, we've now invested more than \$6.3 billion in the provincial transportation system since coming to office in 2007, and we have improved over 11,000 kilometres of roads and highways for the people of our province.

We've made a lot of progress over the last eight years, but we understand there is always more work to do. The \$30 million surge will be provided to upgrade and repave 252 kilometres of highways as well as maintain and repair an additional 216 kilometres of roads. Some of these projects include Highway 11 north of Davidson, Highway 13 near Assiniboia, Highway 19 south of Highway 1, Highway 15 between Goodeve and Ituna, Highways 220 and 322 in the Sifton area, Highway 924 to Dore Lake, and Highway 45 south of Outlook.

We'll also continue to focus on northern Saskatchewan. Northern communities will benefit from this year's highways and infrastructure budget in many ways, including increased road capital spending. This year our government is committing \$52 million to build, operate, and maintain highways and airports in northern Saskatchewan. This work includes improvements to Highway 55 between Highways 155 and 924, clay capping of Highway 102, and several bridge replacements on Highway 165. With the forestry industry an important aspect of the northern economy, improvements to Highway 55 will benefit this industry. In turn, it will provide employment and other economic benefits for northern residents and businesses.

Highway 924 to Dore Lake will also receive additional maintenance and repairs through our highways 2020 plan. We are also working closely with logging companies to minimize damage caused by heavy truck traffic. We understand that more work needs to be done to improve the northern transportation system, and we'll continue to work with our northern partners to make that happen.

Our government also continues to work with our municipal partners. Even in the year when tough choices need to be made, we are providing \$16 million in funding to the municipal roads for the economy program, or MREP, and \$7.7 million to the urban highway connector program. This is the same funding as last year, which is above and beyond record municipal revenue sharing.

Ensuring we are providing adequate support to our provincial infrastructure is also important. As a province working to grow its economy in order to improve the quality of life for Saskatchewan residents, we need to consistently build new infrastructure to meet the demands of growth. Unlike the previous administration, we don't want to leave an infrastructure deficit for future governments or generations. Building new infrastructure is important. However, it's just as important to maintain infrastructure we already have in place, and that's exactly what we are doing with this year's budget.

Based on our government's investment this year, the ministry will be able to improve and upgrade 1300 km of Saskatchewan highways. This includes 100 km of improvements to rural highways, 200 km of repaving, 400 km of microsurfacing, and 600 km of sealing. Some of this work includes 25 km on Highway 2 north of Prince Albert; 20 km of Highway 11 near Hanley, which I believe is mostly complete; 24 km on Highway 1 east of Swift Current; 20 km on Highway 1 near Belle Plaine; and 25 km on Highway 13 near Assiniboia. We are also making an \$89 million investment in rural Saskatchewan to maintain thin membrane surface roads and other rural highways, repair flood damages, and incorporate safety improvements into the provincial road network.

Beyond the highways, our transportation system also includes more than 750 bridges and 62,000 culverts. This year, we'll be spending nearly \$52 million to upgrade or replace these structures. We'll also continue to invest in areas of growth. This year we expect to start work on the new overpasses at Warman and Martensville. These new overpasses will efficiently handle the flow of traffic around these growing communities and allow residents to safely commute to their destinations.

Safety is also the reason why we'll invest \$25 million this year to continue our work twinning Highway 39 from Estevan to Bienfait, Highway 16 from Saskatoon to Clavet, and Highway 7 from Saskatoon to Delisle.

And as we all know, work is well under way on the Regina bypass. The first phase will be completed by the fall of 2017. It will include an upgraded roadway between Balgonie and Tower Road, along with overpasses at Balgonie, White City, and Tower Road. That work will be followed by the completion of the overpass at the Pilot Butte access in the fall of 2018, a full year ahead of schedule. Beyond that, the remainder of this project will be completed in 2019. The completion of phase 1 east of Regina will allow residents to safely commute to their destinations while reducing congestion on Victoria Avenue. The Regina bypass promises an exciting future for the residents of southern Saskatchewan as well as the entire province.

The present is just as promising though. There are more than 500 people currently working on the Regina bypass project. This includes employees of Regina Bypass Partners, Regina

bypass design builders, contractors, and subcontractors. And most of these people are living in the Regina area; in fact, estimates suggest that approximately 80 per cent of the people working on the project live in the Regina area full time. People outside the province are also finding local accommodations and are purchasing their goods from local businesses. Saskatchewan businesses are benefiting in other ways as well. Of the 65 businesses currently working on the Regina bypass, 70 per cent of them are Saskatchewan companies, including First Nations businesses. The Regina Bypass Partners' ability to procure locally speaks to the quality of Saskatchewan workers and suppliers.

Our government recognizes in order to keep Saskatchewan strong we must continue to invest in our infrastructure, and our budget reflects this belief. Through an unprecedented \$1.15 billion investment in Saskatchewan transportation system we are supporting the core principles of growth in the province. It is a tough budget, but our government is committed to making highways a priority, and we are making good on our highways 2020 campaign commitment. We know there is more work to do, but we believe that this budget is a step in the right direction.

I thank committee members for their time this evening, and my officials and I would be happy to answer questions.

**The Chair:** — Thank you very much, Minister, for the information you've given to members so far about the work being done here in our province. Now I'll open it up to any questions our members may have for the witnesses this evening. I recognize Mr. Belanger.

**Mr. Belanger:** — Thank you very much, Mr. Chair. I just want to thank the minister and the officials for being here this evening.

And we'll get right into the questions that we have of the Highways and Transportation department. Under the current budget there are an additional 15 FTEs [full-time equivalent]. Can you highlight what positions these FTEs, this extra complement of FTEs, what their roles and responsibilities are and where are they generally located?

**Hon. Ms. Heppner:** — Those additional positions are engineers and project managers. They are placed across the province in Saskatoon, Regina, and Prince Albert. It adds capacity within the ministry to do project oversight in-house.

**Mr. Belanger:** — And the other question: there's no money necessarily, from what we see, provided for airports and ferries this year. Like, could you explain how we have that particular problem?

**Hon. Ms. Heppner:** — I think what the member is referring to, if you look at the budget documents on page 82, in '15-16 there was a budget allocation specifically under airports and ferries of \$14 million. That was capital allocation for the Stony Rapids airport improvements, so it was a one-time allotment in capital. And that project is complete, so that money wasn't needed this year. There is ongoing operations funding when it comes to our airports and ferries, and I'm just checking the numbers. Under ferry services the total would be just over \$3.5 million, and

airport maintenance is almost \$2 million. But that would be on the expense side under operations and maintenance, whereas this \$14 million from last year would be the capital allocation for Stony Rapids.

**Mr. Belanger:** — Thank you very much. And just in terms of the, just to refresh my memory, how many ferry services . . . and if you can break them down . . . well I guess there's not necessarily regions. There's probably very few ferry services that we maintain now. But how many ferry services do we actually operate as a province? And if there's any federal funding attached to that, could you elaborate on that please?

[19:15]

**Hon. Ms. Heppner:** — There are currently 12 ferries operating around the province as well as the barge at Wollaston Lake, and we receive no federal contributions for the operations of those ferries. It's purely provincial funding.

**Mr. Belanger:** — And is it safe to assume that the Wollaston Lake barge is the more expensive operation of all the 12?

**Ms. Ehrmantraut:** — Hi, I'm Jennifer Ehrmantraut, associate deputy minister for operations division. Yes, the barge, it does cost more to operate than a ferry. It's a bigger ferry. It's a bigger service that it provides, and it's about \$240,000 a year to operate the barge.

**Mr. Belanger:** — And just in terms of volume and distance, like what does the . . . I know it's probably difficult to break down the volume in terms of, you know, weight versus number of vehicles, but if you can give us a description of what kind of volume we're dealing with? And also what is the total distance? I don't know if you'd use nautical miles or whether just kilometres straight across the lake, if you could give us a brief description of the distance involved.

**Ms. Ehrmantraut:** — So the barge, the distance is 43 kilometres that the barge travels. And on average there's around 600 vehicles throughout the season, 600 to 650 vehicles throughout the season. That's been fairly consistent over the last 10 years.

**Mr. Belanger:** — And there's no real fee attached to the barge crossing, like for anyone. Like I'm talking the private travellers or companies that will use the service. Are they charged anything for that?

**Ms. Ehrmantraut:** — There is a charge for the barge. This is the only ferry in the province that does have a fee associated with it. It's been a fee that's associated for a long time, and there is one, and it depends on what kind of vehicle is travelling.

**Mr. Belanger:** — I'm going to shift gears in terms of the budget itself. And in terms of the infrastructure enhancement, we notice that there is a significant increase in the enhancement of this particular dollar, so could you give us a highlight what is meant by infrastructure enhancement?

**Hon. Ms. Heppner:** — That's again on the capital side and the increase on that would be the capital that we have to account for

in a year for the Regina bypass. We pay . . . We don't pay, we record the work that's completed in that year so we have to account for whatever work is going to be completed in this fiscal year. So that's the increase for the increased work that's going to be seen on the bypass.

**Mr. Belanger:** — And this is obviously broken down over the next 5, 6, 7 years. Is that fair? Like how many years would this be broken down?

**Hon. Ms. Heppner:** — On the capital allocation, the project is going to be complete in 2019 so that would be the last year that we would account for the capital.

**Mr. Belanger:** — Do you have projections on each of those years available, and do you have estimates as to what the costs would be?

**Hon. Ms. Heppner:** — The construction costs for the bypass is the \$1.2 billion number that we've used. The projection for this year's budget is an estimate. Obviously if for whatever reason it rains for the next 30 days, they're not going to get as much work done as we have projected right now. So it's a bit of an estimate this year. And any go-forward numbers would be almost hypothetical. We know what the end number is but the projections for the out years, we don't have those nailed down because they are estimates.

**Mr. Belanger:** — All right. So I want to spend a bit of time in the next half hour or so just on the bypass itself and a bunch of questions that we have on it. Obviously the bypass is something that is, you know, there's been a lot of discussion on and certainly a lot of debate and ideas and comments on the bypass itself. And we spent quite a bit of time traveling throughout the area with a number of different folks that were concerned about the location, and so on and so forth. I won't go there right now but we certainly are working our way to that point.

But on the actual overpass at Pinkie Road, you said you were always intending to get rid of the overpass at Pinkie Road. So was that part of the original design? And what were the costs for tearing this overpass down?

**Hon. Ms. Heppner:** — I'll let Dave Stearns answer the technical question about how this is going to be redesigned but I want to make it very clear we're not ripping it down. It was built to be part of this bypass when the bypass went through. There's a change to how the system interchange will work. I believe now you have to stop at the top of the interchange. The whole point of the bypass is a free flow of traffic so it will be redesigned but it won't be ripped down. And I'll let Dave follow up.

**Mr. Stearns:** — Okay, first of all, the majority of the existing interchange that was constructed will be salvaged. Actually, there's some minor reworking of some of the ramps and, of course, all the materials are salvaged.

The existing bridge and the loops will become what's called a collector-distributor road. So if you, for example, want to relate to one, the Albert Street and Ring Road interchange, you'll see where there's a separate roadway from the mainline roadway. And what that is it allows the traffic to get away from the main

line and the main highway, and then slow down through that collector-distributor road and then traverse the loops. That separates the slower traffic from the faster traffic.

So that interchange was designed in a manner that there will be additional bridges and approaches to it that are constructed to the east of it, and then that existing bridge becomes a collector-distributor road.

So the majority of the interchange is actually salvaged. Of course, there's always minor changes to an interchange when you're staging them. The other thing about it is, it's what's called a system level. What that really means is, in engineering terms, at least one of the movements between the two intersecting highways, you could travel at a high rate of speed which is, you know, the posted speed at 110 kilometres per hour.

In this particular case, you've got more than the one movement. So the stage you see today, you would have to go around the loop and possibly stop at the top or make a left turn or a right turn off onto a ramp. On a system level, between Highway 1 and the new bypass going to the south, you would be able to travel at 110 kilometres per hour going around the ramps that are being constructed. But the existing interchange that's out there, the vast majority of it is being salvaged and integrated as a stage into the system-level interchange.

**Mr. Belanger:** — Okay, and is that . . . Basically when you talk about the traffic flow, is that standard practice of incorporating in the overall design? Or is it unique to this particular project and this distribution of traffic system that's out there now? And what were some of the costs?

**Mr. Stearns:** — Well first of all, to describe how we deliver a project, we go through various phases. So we would start with a conceptual design and then go into a preliminary type of design or general location, and then a preliminary type of design, a detailed design. So way back in the conceptual stages and the general location stages, we start to visualize what the overall interchange would look like when it's finally constructed. And then what we do is we step backwards in time and stage the various components that will ultimately form the final interchange.

So the answer is that it's very common practice to do that and, in fact, there's more than that interchange on the bypass where we've actually considered potential future extensions to the interchange or the route. And so that's very common. And ultimately what we're trying to do is design for a vision that goes out to some planning horizon which in this case we often look at 30 years out, plus. And then from there we back off to what's reasonable to deliver with a design year and that's how we've staged it.

**Mr. Belanger:** — And obviously when you look at the, you know, building an overpass and then, you know, redesigning it and salvaging as much of the . . . [inaudible] . . . you're basically saying that the process that would be undertaken because as you indicated you conceptually design the system and you step back and you begin to manoeuvre things in a different way. Like the reason I'm asking is, was there any kind of money spent that needn't be spent by undertaking it in this

fashion?

**Mr. Stearns:** — I think when we look at our entire road network and how we conceptualize the future parts of that road network, whether it's even a four-lane facility in the future that we can step back from. There's always some minor parts that we may have to reconfigure as part of the achieving the ultimate vision of that. So the same applies to this interchange that of course as you progress forward in time and elaborate on the interchange itself and change some of its functionality to accommodate the predicted traffic loading and so on. That of course is just common. That happens everywhere. It's not just out there.

**Mr. Belanger:** — So I'm assuming that the possibility of us tearing down other overpasses and salvaging whatever we can from that . . . Is that a distinct possibility?

**Mr. Stearns:** — Tearing down the interchange is a bit excessive description of it. We certainly look at salvaging everything we can, but in this particular place it was a planned process that we were leading to. But certainly as you go back and you start to see some of our infrastructure that needs enhancements and total capital improvements, of course there's possibly a greater level of reconstruction that's needed to accommodate the demands, not only from a safety point of view but also the traffic that's being predicted. But in this particular case, it was certainly a planned sort of approach to the overall interchange.

But obviously when we go into some of the older infrastructure that exists out there, some of it needs total reconstruction. Some of it needs complete capacity improvements. Some of the older standards that we used to use many years ago, of course you're now using much different standards that have a greater safety built into them and that sort of thing. So obviously the older the infrastructure is that you're looking at, there's a possibility that there might be more reconstruction associated with it.

**Mr. Belanger:** — On the extreme southern link that we toured out there, the new proposed bypass was much further out from the city, south of the city. I can't remember the exact amount of kilometres but it was quite a distance — not an exorbitant amount of kilometres but it's quite a ways out. Now the question I would have is that, what's the status of that particular route? Because right now we have No. 1 comes across, right? And was there any major work being done in terms of costing that southern link out? Because we actually travelled where the proposed bypass would go.

**Mr. Stearns:** — If I might, I'll come back to the overall delivery life cycle of a project. So again when we're conceptualizing, we're beginning to look at things such as utilities, environmental impacts. We also certainly consider, we use what's called a multiple account evaluation in many cases where we will look at certainly the capital costs, the maintenance and operating costs. That's a financial account. Then we start looking at the user account. That would involve travel time, the vehicle operating costs, safety. We also then begin to look at the impact on such things as utilities and all of the other ancillary things that we might encounter, and then also we begin to look at some of the environmental impacts in terms of which is the way that might minimize some of that. Then we

bring all of that together, and we start to look at the various options for a route.

[19:30]

Now in this particular case, to go tighter to the city, you're probably familiar with that in the southwest quadrant there are some natural gas caverns and so on, so of course we can't build over top of those. So we also look at those real constraints that are out there as part of this overall multiple account evaluation.

The end result of all of this is we're also looking at that social alignment or the development alignment in terms of, you know, where is best to place the roadway, whether you put it on an RM [rural municipality] road or on a quarter line, and all of those things come into play. All of those elements are looked at, and there's a lot of elements.

And then ultimately we run a lot of options through in terms of which option gives you the best return for money spent. So now how we determine that, some of them are actually quantified over that 30-year horizon. Some are also a qualitative type of assessment. The quantitative assessments, we can bring it back using net present value analysis to common years. So we can look at different routes and look at, and then bring them back and compare apples and apples to see which, over those multiple accounts, will give us the best return for dollars spent overall.

So the route that has been set up there has gone through some of that type of analysis, and certainly that's how we've landed. Some of the constraints in terms of the major utilities certainly were looked at too, but it's a fairly complex approach to how we do the general location.

Of course through each phase we're progressively elaborating the location, so in the conceptual we could be plus or minus a kilometre, for example. As we go into general location and reassess all of these things, we start to tighten it up. When we go into preliminary design, it becomes even tighter, and of course you start eliminating some of the parts that are not necessarily making sense.

During that journey we also look at value engineering sessions where we bring in experts from various disciplines and we start looking at testing the route from an optimization point of view. Some of those studies are certainly done as part of this overall, and those are common on a lot of the bigger projects that we have. So the final answer is simply that there's a complex process to look at how we optimize the location.

**Mr. Belanger:** — And some of the variables that you would employ using your route analysis techniques, could you describe them, like from the perspective of sheer traffic volumes, do you go down to precise information as to how many, say for example, semi-trailers that you'd be incorporating in your modelling? Would you anticipate things like more volume of oil and gas transportation through the rail sector, as opposed to, you know, the tanker trucks we use? How is the traffic flow east-west or west versus the east? Those are all incorporated?

**Mr. Stearns:** — I mentioned that customer account where

we're looking at the travel time and vehicle operating cost and all of that. Well how we determine that is of course to predict the different fleet of traffic that'll be on a particular route. And this particular case, we used an additional tool that we often . . . Normally you look at historic travel patterns and then you predict what's in the future. It's far more prudent to also add on additional tools, especially when you're in a high-growth type of environment. So what we did, we used a travel demand model which is a predictive type model. It's called a gravity-based model and for a moment I'll explain that.

What we did, we used the city of Regina's travel demand model and then built on it and created a regional model. And so what we do there is, we look at not only the background traffic that's occurring, but we also look at scenarios of development. And of course, a development of a certain type generates traffic. So we look at the generators of the different scenarios of development over that 30-year planning horizon. And so what we're able to do is look at a lower growth, a medium growth, and then an aggressive growth, and then predict what that kind of growth and what kind of traffic will be generated.

The model that we use is called a gravity-based model which predicts the desire lines of the travel; so from a particular location to another particular location, how much of that desire line is going to take place. So in this particular case, we not only used the historic travel volumes, we also used probably one of the more sophisticated models in Canada on a regional basis, a travel demand model to predict all of the traffic patterns that may occur.

So now what we use is we use that information over different time horizons, over the different options of route, to determine what kinds of volumes we would end up with. And of course, through that we also look at the fleet; so there are how many trucks, how many buses, that kind of thing. Of course the trucks are what does the damage to the pavements, as I know you know that. And so what we do is we look at all of that. We look at all of the different options and then bring that all back into that quantitative approach and in some of our studies that we do. And that becomes one of the inputs to that broad spectrum of multiple account evaluation that we use.

In this case of course, that travel demand model, you know, some of that development and where it's going to occur, we went very far out. We were starting to look all the way out to Regina Beach, certainly out to Balgonie. You start expanding that out so that we can look at roughly what the general commuter route might be.

And to pick up outside of that study area, we're looking at international, inter-regional, interprovincial type of travel. We put that into the model and calibrate it at the lines in the model. Then we bring in all of these additional travel patterns of commuter, even cross-city travel and trying to optimize the location of the route in a manner that'll give you the best return for value over the planning horizon you're looking at, as well as the design year we pick to design all the infrastructure too.

**Mr. Belanger:** — And one would assume obviously the less-encumbered land that's available for the route would be probably the most affordable and most attractive route to look at. And where I'm getting at, this is that we've had the debate

with the minister and officials on the old why Tower Road, right? They brought some very compelling arguments and they're . . . Like land is always encumbered, you know, whether it's agricultural lands or city land or utility lands. And obviously in the modelling, I'm assuming that all those factors are incorporated.

So my point being, why is it we seem to have a robust, outward view of where the southern link should go and then, as soon as we hit the southeast, we suddenly jut back into the city? One would assume that, logistically incorporating all the variables that you mention, that it would be probably wiser and cheaper and you'd avoid bypasses if you went straight further east of Tower Road. So could you explain that?

**Mr. Stearns:** — First of all, I've personally designed roadways in population areas of 3-million-plus. So the idea that a . . . And maybe it's an unfortunate name of it, but the freeway, the proximity of that to the built-up area isn't the issue.

The issue is what are the connection points and how does that interact with the rest of the road network? So this analysis that we do, we certainly look at optimizing the return for the infrastructure that's being built over that time frame. If you get it too far out, you're of course not going to pick up enough traffic to actually justify the investment. Keeping in mind this is a provincial highway, we're trying to focus on trip types that are international, interprovincial, inter-regional, commuter, as well as some cross-traffic across the city. Certainly the idea would not to be picking up the local trip from your home, say, over to the seven . . . you know, something like that, or some local store.

So in this particular case, that optimization of all of those different options of how far you go out, that also is analyzed. The land of course is a part of the capital cost component, in terms of that financial account I'm talking about where you would look at that as a capital cost or a related cost to the capital cost. And then of course that is one of those input elements in that overall multiple account evaluation that we look at for optimizing the routes and all of the different options. Yes, that's the answer.

**Mr. Belanger:** — The other question I would have of you is that — given the proximity of the overpasses and the connection of traffic between, you know, the two or three communities that are out there east of the city and all part of the No. 1 — is there any particular connection or off-ramp and exit points between the two overpasses or the three overpasses that are, in your opinion, tight for the required distance to do all the interchange of traffic, given the volume, the different volume of traffic that's out there, the different speed zones, and so on and so forth? Is there any connections or off-ramp distance estimates that you would consider to be tight time frames?

**Mr. Stearns:** — Well of course, first of all you can go back in time a long ways in terms of trying to predict where these connection points might be. And so when I'm talking about back in time, I've been around 40 years in this ministry. I took a little time away, but even way back when, we started to predict where some interchanges might be. That goes all the way back to the days of when the interstate was being built in the United States.

So when we come back into here, over time all the way along Highway 1 and also all the way around our national highway system, there's been sort of that prediction of where those points might be. What we do is try to establish control access plans so that we can try to migrate things to those access points.

So as far as being tight, there are some optimum ways of locating interchanges. And there is certainly a major study that was undertaken with a lot of consultation out east and all around to try and locate those interchanges in a manner that not only is operationally acceptable, but also some of that goes all the way back to, well as much as 40 years ago. I personally designed the footprint for the functional design for the Highway 46 interchange; that was in the mid-'80s to late '80s. So even back then we started . . . You know, that tells you a time frame that we're always constantly looking at.

The optimization of those locations, the tighter you space interchanges together . . . So a good example of that might be the Victoria Avenue-Arcola interchange where you start to see a weave distance, a weaving motion between those two interchanges when you're going south, eastbound or westbound. And what happens there of course is there are some people trying to get onto the main line; some people are trying to get off. And so what happens is the traffic volumes increase over and over time. Of course that becomes a problem. Well today, when we built it away back when, of course that traffic volume wasn't there. It's gone about 40 years now that whole thing was kind of completed in about '78 or '79, somewhere in there. So that's a problem.

So what we do is try to avoid those problems in the spacing of our interchanges or, if they are closely spaced, we start to look at means of how we might be able to accommodate that in the future. And again it's that vision: how do we accommodate that in the future or at least not preclude that when we have to do those capital enhancements in the future?

So as far as is there something tight out there, I'd have to say no. In fact it was very carefully looked at in terms of where those types of interchanges are going to be, and there are also some right-in and right-out locations. The spacing of those are all based on the travel speeds in the main line and the type of speeds that you want to get up to speed too before you enter the main line travel. And all of those spacings have been looked at.

**Mr. Belanger:** — Just in terms of because obviously you want to build a system that encompasses a high volume of traffic versus low volume versus average, there's probably a complex model that you have to use. But based on the predictive model that you're discussing and, you know, the 30-year investment justification, how would you characterize (a) the amount of truck traffic — I'm talking tanker trailers or eighteen-wheelers for guys like me — and versus the commuter traffic, people going in and out of the city or people travelling or going along the No. 1? How would you describe the makeup now and the anticipated makeup five years from now? Do you see increases in more tanker trucks, or less?

[19:45]

**Mr. Stearns:** — So again, what we do is we first of all are looking at the total traffic volume in terms of lane capacity and



ramp capacity, interchange capacity. So what we do again with this model, we can predict or at least anticipate what those volumes might be.

The question then becomes, what level of service should we be providing in terms of capacity out into the future? And without getting too fancy on it, we have a hierarchy of level A all the way down to a level D and a level F even, which is failure.

So in this particular case, we looked out, well out to the 30-year horizon and even beyond, where we were looking at at least still achieving, with a high growth pattern, a reasonable level of service even at that point. We back off to what is called a design year. In other words, what are you going to design for and actually build? And that was actually predicted out to 20 years, which means that it's a very acceptable level of service. It wouldn't trigger any particular capital improvements, whereas then as you reach the 30-year horizon, we're still operating at a reasonable level.

Obviously if growth continues to occur, which is certainly what we always look at in terms of the optimistic sort of approach to these roads, of course then at some point a capacity improvement might be required which might be additional lanes or reconfiguration or something like that.

But on this particular project we certainly had that planning horizon, and then we had a design horizon with a reasonable level of service. The preciseness of course, the type of vehicle that we're designing for — the design vehicle, we call it — certainly we're looking at legal trucks and the large trucks so that they can make those movements. And of course how they interact with the traffic and how they are brought into that traffic stream is also looked at.

The ultimate configuration of everything here, we believe we have well understood within the kind of growth that might take place of the infrastructure we're building. There are some cases across Canada where they haven't maybe taken that extra effort to look at that, and of course the capacity is reached sooner than what they might have wanted or anticipated. It's always a prediction, but with the growth that we see going on and that sort of thing, we are pretty confident that we've got that.

The other thing is in terms of the amount of traffic taken off. Of course we can start to look at that. So for example on Victoria Avenue, if we do things wrong you're actually increasing the traffic that goes onto the Ring Road. Well of course already today I already mentioned Victoria Avenue, Arcola, things are starting to break down there. Wascana is already starting to break down in some of the peak hours, keeping in mind it's 40 years old. And even the Highway 6 interchange at the south end of the city, that's going back into the late '60s when that was built.

Now that particular interchange is an old-style cloverleaf without the collector-distributor road that we put in at Albert Street North, so in a peak hour when you see the traffic going through there you'll start to see traffic slowing down in the main line and then that's slowing everybody up behind them as opposed to getting off and then starting to take the loop. So all of those factors are looked at in terms of what we did in this bypass. This is, given the scope and importance of this project,

it certainly received that kind of due diligence all the way through: conceptually, general location, preliminary design, detailed design which of course is part of the design build. And it goes on even today. When they're designing it they're looking at a lot of that kind of stuff.

**Mr. Belanger:** — But sometimes as you alluded to, sometimes things that worked for 40 years are still of significant value.

**Mr. Stearns:** — Yes of course and in fact we can be very proud of the Ring Road in terms of how it has served the public. It's starting to show some signs of problems. Of course one of the things that is different today than was then is we are . . . Through Transport Canada of course, we do not have at-grade railway crossings on the bypass. That's a new type of requirement and so we will certainly be avoiding what you see on the Ring Road.

When we built that of course there was . . . You know the decision was made to have some at-grade crossings out around McDonald Street and out in that area, but the bypass here . . . So things evolve with time. We certainly understand more today about safety and the things we want to build into a roadway than what we did 40 years ago. And of course all of those kinds of things, those standards and so on, are being built into this bypass.

**Mr. Belanger:** — I've got a couple of more questions on that just in terms of the methodology in terms of determining how we build systems. When I asked a question on the volume of trucks, obviously there's not a lot of heavy-haul trucks that are using the bypass to come into the smaller centres like Balgonie or White City. There's none of that being anticipated, but there must be anticipation of the fact that since it's part of the traffic makeup, we have to build the system accordingly. So we have to make sure the overpasses can indeed handle even a greater increase in, for whatever reason, the future may bring a greater increase in eighteen-wheelers. Has that been incorporated? Because three or four or five years from now you can easily say, well we didn't anticipate the volume of the eighteen-wheeler traffic, but now we're in the situation. So has that been incorporated in the overall design?

**Mr. Stearns:** — Actually you're raising two different things. One vehicle of a certain type requires a certain geometry to make the turns and manoeuvre, right? And so we've selected a design vehicle which handles those larger trains of trucks and what's legal and will continue to be legal.

The other part of the question you're raising is the capacity issue in terms of what kind of laning do you need and all of that kind of thing in terms of accommodating the capacity of those types of vehicles. So the very simple answer is yes, we've certainly looked at the various locations where we would be anticipating trucks to be turning and the design vehicle has been selected to accommodate all of that, the capacity I've already talked about in terms of how we predict that.

There's also some other interesting things that we're looking at. Of course you've probably heard of things like the autonomous vehicles that drive themselves. Well what we're starting to look at already is we're embedding in this project the beginning or the foundation for an intelligent transportation system. That has

many, many benefits in terms of ensuring especially commercial vehicles are flowing as smoothly and as freely as we can, and we'll build on that. Of course that also has an impact, a positive impact on the overall asset integrity or life of the asset because if you can optimize vehicles in terms of how they drive on the road, which is all coming along.

So right now we're very much talking across Canada about vehicle, the infrastructure of vehicle-to-vehicle interaction and ultimately autonomous vehicles. There's a lot of in-vehicle driver assist devices now. All of that starts to affect the safety but also affects the capacity and the ability for vehicles to move, for example, closer together and continue on in a stream of traffic. So all of those things we're anticipating too as part of this bigger picture because after all, 30 and even 40 years out is a long time.

I think that when we were looking at the Ring Road when we were building it back then . . . And we were certainly looking at lane capacity and very similar types of engineering, maybe not as sophisticated as we have now. One of the things that occurred on the Ring Road, which we are very protective of here is, of course, they're always a demand between land use and mobility. And so what happened on the Ring Road, is there was actually additional interchanges or half diamonds added to the Ring Road after it was initially built. That is, there was a half diamond established at Ross Avenue, a half diamond established at Dewdney, and an interchange established at Assiniboia drive.

So getting back to the spacing and how the interaction of those, if you start to get things a bit too close, over time you start to see, as the traffic volume grows, what we call turbulence in the main flow. That turbulence affects the overall capacity. Getting back to the bypass, we're very much looking at that provincial highway and making sure the integrity of it is maintained over the years to ensure maximizing the return or the value of the asset for the money spent.

**Mr. Belanger:** — Certainly a very interesting topic in the sense of how complex these design systems operate, especially after you look at a 30-year time frame and model into that the anticipated volume based on, you know, data that could be completely wrong. Do you also incorporate things like . . . Obviously I would assume you incorporate things like weather conditions and the latter point that you raised as it relates to the automated vehicle possibility. So on the first question on the weather conditions, what kind of factors do you incorporate in your modelling?

**Mr. Stearns:** — Well in the modelling, of course, we have certain design parameters that we look at. Of course, we're into a situation where we're having to anticipate some of the climate change that's taking place. But of course, you know, you've also got to keep it cost-feasible in terms of how far out are you going to consider these things. But that aspect is built into our overall geometry and the drainage and all of that kind of thing.

The other part of that is, we are as part of this intelligent transportation system foundation putting in a weather . . . a road weather information system. It's a tower. Of course the majority, a large volume, is on the east side of this city, so we're putting in what's called a RWIS, a road weather

information system, which can also understand what's happening with the weather. That goes through a data management centre which we are also interacting with, our variable message board signings and all of that. We also can use that in terms of some emergency type of response so this whole world of intelligent transportation system . . . We actually have a lot of infrastructure across the province already in terms of remote weigh scales and all that kind of thing.

The ultimate vision of course is to have, and we do have a plan, an ITS [intelligent transportation system] plan that's been developed, and we're looking at a provincial committee. But the point there is to bring in a lot of the stakeholders into it, whether it's first responders, municipalities, and start to integrate some of these systems as we move into the future.

Getting back to weather, of course, we already interact with the city of Regina in terms of their dispatch centre and operating the variable message board signs we have. So if we might have a situation out in wherever, the western side of the province, for whatever conditions or an incident, we actually can start to trigger some of those variable message boards signs and that sort of thing.

We're also looking at some other technologies that we also incorporate today even on our operations side, pre-wetting systems which optimizes some of the de-icing, and of course our snow removal, all of the equipment that's used there, we're constantly looking at that. And by the way, so will the operations and maintenance side of this bypass, they will also be doing that. In fact we're very much learning from each other all the time. And across Canada we're always looking at, you know, optimizing and understanding the knowledge transfer, whether it's between provinces or whomever is in the business.

The other thing that we do in terms of weather, of course, when we use de-icers and salt, that becomes one of those substances that we want to control in the environment. It's not necessarily toxic to the environment, but it's one of those things that we look at. So we have salt management plans and that sort of thing where we're trying to optimize, or maybe better worded, minimize the use of salt, or optimize the use of it in terms of the particular conditions that we get into. All of those are common types of things.

As we move forward, we're getting more and more interaction between various types of equipment that are used on infrastructure such as de-icing equipment, and how we can capture some of the data off of that, even in real time now where we can optimize some of the use of that equipment. And that interaction also goes with interacting with other jurisdictions such as the city of Regina or, in this case, certainly there'll be that partnership that goes with the operator and maintainer of the facility and the bypass.

[20:00]

**Mr. Belanger:** — The final question I have . . . And this is very good information because obviously people would ask me as a critic, you know, how the design work was undertaken, and I'll simply repeat what you told me and I'll look smart.

But anyway, I would say one of the things that's, I think, really

important is that as you look at some of the newer vehicles — and I would assume you're incorporating that as well in terms of the warning system for collision, you know, and monitoring the blind spots — some of the technology in the vehicles, where is the interaction between what you would describe as an overall safety traffic system versus the individual vehicles within that traffic system? Would there be a marriage of sorts to again maximize the transportation, a safe movement of goods and services and people?

**Mr. Stearns:** — Certainly from a commercial vehicle point of view, not only are they looking at the autonomous vehicle, those are realities today in terms of testing, and where trucks can essentially drive themselves down the road.

Now when we look at it from a safety perspective, I truly personally believe that ITS is one of those future frontiers that we're starting to see that may actually allow us to achieve, similar to Mission: Zero, an achievement of zero collisions which would ... We're actually in the Transportation Association of Canada starting to look at traffic safety a little bit differently where, instead of measuring rates and all of that which we still do, we're trying to set that vision in of zero collisions. Well how do you achieve that?

Well one of the things through ITS — the vehicle to vehicle, the vehicle to infrastructure and how that interrelates and the capturing of that information — in the ideal world and probably not-so-distant world, we will be able to capture not only what each individual vehicle is doing in terms of how it's on the road network but, more importantly, vehicles will be able to understand what other vehicles are doing. And even today we see systems that are, even some of the systems in the market, where they're trying to predict what the vehicle ahead of the vehicle in front of you is doing to avoid collisions.

What does that mean? Well from a safety point of view of course that's what a lot of the direction and aim is. From a roadway point of view, what that means is we can start to see where what we call headways, the distance between the bumpers of vehicles, they begin to ... We can actually see that tighten up with control as opposed to, for example when I was working in the lower mainland, people just drive fast close together, and if there's a collision you end up with a lot of vehicles involved. Well now with these kind of systems coming on board with automated braking and that sort of thing, we can start to see some of those headways start to reduce.

What does that mean? Well actually that extends the capacity and the asset life of the infrastructure. So all of those thoughts are overlaid on the bypass, but of course we've got to look at the realities of today, and not all vehicles have that. So of course those intrinsic kind of safety elements that are built in the cross-section and the alignment to vertically and horizontally, and all of the protection that goes around fixed objects or breakaway objects — all of those kinds of things are built in certainly today.

But that vision down the road has certainly been thought about, and actually this particular project is forming the basis for the entire province, not just highways but also the municipalities and everything, with a vision of capturing the intelligent transportation system, understanding of what they're doing,

what our system's doing.

Even more importantly, the interaction between these hubs, the data management hubs which we're actually creating one out of this, if you start to integrate those across Canada, the vision would be that then, from a commercial vehicle point of view, a vehicle could be automatically loaded to the right weight. If they can automatically be checked — Are the brakes good? Are the tires, individual tires at highway speed, are they still good? — then ideally the vehicle can go off on its way and never ever have to stop, other than maybe some of the normal obstacles in traffic. And that's an achievement that we're all working towards in terms of certainly moving goods not only through Saskatchewan, but also the economic spinoff that comes from the sale of goods from Saskatchewan all the way out to the different ports.

And so there actually is efforts going on, and I've been involved in some of those discussions of ... not only with the excitement of what's happening in Saskatchewan with our ITS, but also the beginnings or the beginning discussions of how that could actually integrate right across Saskatchewan with ITS Canada, for example.

**Mr. Belanger:** — Thank you very much. And is it safe to assume that the commercial truck traffic is much further advanced in terms of not just having a tachometer on the engine, but certainly safety features interacting with more robust safety traffic control systems and connecting with that, would that be fair to assume that?

**Mr. Stearns:** — Absolutely. In fact I hate to say it, but even on our own farm I'm not actually qualified to drive the trucks that are on there anymore. So that's certainly the case in terms of the advancement of technology. And the key is to be having that vision and continually plan for it so that when it does arrive, at least we've got ourselves positioned where we can start to take advantage of some of that.

**Mr. Belanger:** — Much like the member from Turtleford, you got a lot of skills and expertise but you're outdated in this world, is what you're saying?

**Mr. Stearns:** — You know, believe me, I kind of realize that some days.

**Mr. Belanger:** — Thank you very much. I just wanted to go on to the next item in terms of the actual, the project team or the company that got the contract, the consortium. What was the total amount that was tendered out to Vinci? Could you explain to me who Vinci is? And again this is for the people that are home listening that want to know a bit more about this, because there are people that are watching that have a lot of questions that they presented to me as the critic. But who is Vinci? What was the total amount that was tendered out to Vinci, and can you break down that tender for me?

**Mr. Govindasamy:** — So I'm going to ... My name is Nithi Govindasamy, deputy minister of Highways and Infrastructure. So when, you know, when we did the request for qualifications and request for proposals and went through the P3 process, a number of consortiums, a number of companies usually get together and a number of consortiums bid on this particular

project. This particular project consortium has got a number of companies, both provincial, national, and international companies involved.

Vinci is an international company contractor that does projects all around the world. Associated with this particular consortium is a number of other companies including companies from Saskatchewan, those who operate here and who have a business presence in Saskatchewan. Graham Construction is one of them that is involved.

So with respect to the sorts of companies that have come together, McElhanney is another consulting company that's part of the consortium. Carmacks is another company that's part of the consortium. Clifton Associates is a consulting company that does a lot of business here in Saskatchewan. We used them for a number of other projects. Delcan is another company, and Urban Systems which is another company. So all of these companies form the Regina Bypass Partners consortium, and Vinci is one of them.

**Mr. Belanger:** — So in terms of the relationship between Vinci and the companies that you've indicated, how would you break down their stake as a whole for the Saskatchewan-based companies versus Vinci overall as the main contractor? Are they 50/50 in this partnership? Are they 20/80 per cent? Like how does the partnership break down?

**Mr. Govindasamy:** — So it's my understanding when these consortiums put people together, when they're bidding on a very large project — a complex, exciting project from an infrastructure perspective with all of the things that Dave has mentioned in terms of the designs and in terms of the forethought that has to go into being able to design and build infrastructure that would last for 30-plus, 40-plus years — these companies tend to bring together expertise from around the world. For example, the expertise on the design side, you know, exists in companies such as Clifton Associates, Urban Systems, McElhanney, Buckland and Taylor. The building part of it on the construction side of it, the expertise rests in companies such as Graham, Parsons, Carmacks, and Vinci. The financial part of the expertise rests with business partners like National Bank. On the operations and maintenance side of things, the expertise rests with companies like Carmacks and Vinci.

When these consortiums come together, they have a consortium that is built on their business principles, and with that expertise that is put together, they put together a competitive bid. When they put a competitive bid together, and if they're the successful bidder in this particular case, they have their own internal business arrangements with respect to what occurs within that particular consortium. When they bid on a particular project, they bid as a consortium, and we have awarded this project to that consortium of companies.

**Mr. Belanger:** — Now this consortium of countries or of companies, I'm just trying to make sure I understand this because this is the part that of course we're all evaluating the award of the tender to Vinci. We obviously . . . I think nobody in this room is going to argue that we should maximize the benefits for Saskatchewan-based companies. There's a bit of a protective instinct in most of us from the province. And you have the overlying issues around the New West Partnership and

free trade agreement and all the other agreements that are out there to, you know, to encourage opportunity for our Saskatchewan-based companies to go and work in other jurisdictions as well. We understand that particular aspect.

But the bottom line is, I think generally people . . . and we see evidence of that in a few other jurisdictions where there are some concessions given to local and regional providers of service. And for example, I'd use Ontario where they have a preference policy that they exercise, I think, with a bit of skill in terms of making sure that they keep their companies working all the while, not compromising their position on the notion of free trade.

So my point in terms of the Vinci consortium itself, that's where I ask the question: how much of the consortium that bid under Vinci's name is made up of Saskatchewan companies? What is the percentage of the ownership? Can you break it down from the simplistic perspective as to, does the consortium own or does Vinci own 80 per cent of this consortium or does Saskatchewan-owned, -based companies own 70 per cent? Like I understand how these consortiums are set up, but I'm just asking about the ownership aspect.

**Hon. Ms. Heppner:** — As to the internal structure of the consortium and what company gets what percentage, we don't necessarily have that information. That would be a question to be directed at the consortium I would say.

The number of companies that are in, Saskatchewan-based companies that are involved in this project, about 70 per cent of all companies that are currently participating are Saskatchewan-based, which I would say, when it comes to regular highway construction — and you can correct me if I'm wrong — is pretty much in line with what a regular construction season is in the province of Saskatchewan. If we look at regular highways work — bypass aside, just regular highways work across the province — the Saskatchewan-based companies versus out-of-province companies is around that 65/35, 70/30 split. So that is mirrored almost precisely with the Regina bypass project.

**Mr. Belanger:** — But the premise of a consortium is you still have to . . . You can't make decisions based on consensus. There still has to be a lead individual or a lead company to determine the scope of work and price and performance, etc., etc. So I guess my question would be, if I can rephrase the question, are all the subcontractors hired and contracted entirely by just the Vinci company or does the consortium make those decisions as a whole?

[20:15]

**Mr. Govindasamy:** — So let me step back and, you know, sort of go through the nature of the consortiums. As I said earlier, when large projects come on the market anywhere in the world, consortiums do tend to come together, seek expertise in various aspects of the particular project, form a consortium, and then bid on a particular project. As I said earlier, there are design specialists who are from Saskatchewan who are involved in this particular project. There are building companies, construction companies, such as Carmacks, that are located right here in Saskatchewan.

And as a matter of record, the tender was awarded to the Regina Bypass Partners which is the name of the consortium. It was not awarded to any individual company that you've mentioned such as Vinci. It was awarded to Regina Bypass Partners which is a consortium. So that consortium, business decisions with respect to providing contracts to Saskatchewan contractors and to other contractors is a decision that is made by Regina Bypass Partners and along with Regina bypass design builders, who are actually building the actual infrastructure that you see getting built out there. And as a result of business decisions made, 70 per cent, as the minister's mentioned, of the companies that are participating in the project right now could be classified as Saskatchewan companies.

**Mr. Belanger:** — Okay. So I understand your second explanation. I understand what a consortium . . . and how it's built. I understand that part okay. I understood it the first time you explained it to me. I'm just trying to ask you, like in terms of the coordinating body being Vinci. They come to Saskatchewan; they get a bunch of companies to join their consortium, and some of these companies have specialty skills that they could use. And if they can't find them in Saskatchewan then they obviously find them somewhere else. And 70 per cent of the work's . . . 65, 70 per cent is being done by Saskatchewan-based companies. I understand that part as well. But I'm just basically asking, the question is who makes the decision? Who's the decision maker in this consortium? Is there a breakdown of . . . is it Vinci company out of France or is it a collaborative board of directors that sit around a table saying this is who we'll hire? Like, how does it work? That's my question.

**Hon. Ms. Heppner:** — The member asking the question, a lot of these questions should probably be directed directly to Regina bypass group as to what their internal decision-making process is. But as a consortium, they work as a team. Whether that's a board of directors or some other thing, I'd have to check with them. But I think what the member is getting to is that somehow there's somebody on a phone in France trying to make these decisions and dictating to the province. I don't believe that to be true. The people who are on site making these decisions are actually living in Regina. We were at an event earlier this evening and there was members from the consortium companies that were there. But the people who are doing the day-to-day work, oversight of this project, project management, the building of this project, are based in Regina and I would imagine it would be a team decision as to how they get this job done.

**Mr. Belanger:** — So I guess this goes to my lead-up question in terms of getting a list of the companies that are part of the consortium, that are Saskatchewan based. If you could provide that information to us that would be great. I know we had some very, a few of the businesses identified, which is helpful. But I guess I would ask you as the Minister of Highways, like does the Ministry of Highways have any say on what businesses are contracted through this consortium? Like, do you have any influence whatsoever, like in terms of maximizing the benefits to these Saskatchewan-based companies within the consortium?

**Hon. Ms. Heppner:** — The tendering process for Regina builders is an open, fair, and transparent process. It would be very similar to the type of tendering process that the Ministry of

Highways uses. I know that there's been people who have contacted my office with stories of 300 gravel trucks coming in with Alberta plates and nobody from Saskatchewan got any work. That is absolutely false. That's only one of the anecdotes that I've heard in my office. We don't dictate to Regina builders who they give those contracts to. I think that would be highly inappropriate if we interfered with their open, fair, and transparent tendering process. So we leave it up to them to do that.

There is, and I actually have information with me, there's business cards with contact information if folks are interested in being involved in the contract process. I'm happy to give you a couple of those in case you have local businesses who are interested in reaching out to see what the contracting potential is with Regina builders. This project is going on for a few more years and there's a lot of work to be done and I think a lot of opportunities for companies. So I'll make sure that committee members have those for information at their local businesses.

As to the consortium team, the Saskatchewan-based companies that are part of that consortium are Graham, Carmacks — I believe the member had asked this question at the beginning of his preamble — Graham, Carmacks, and Clifton Associates.

**Mr. Belanger:** — In terms of the . . . Now I understand that you shouldn't, or can't — and should not — be directing companies to decide who does their work and how they do their work. Obviously it's the responsibility of the consortium to provide the work. And how best to provide that work is, of course, left to the consortiums or the companies that bid for the work. So we're not suggesting that you tell them who to hire and how much to pay them.

I just want to basically find out, in terms of how these consortiums work, what's Saskatchewan's interest in this consortium, and what's the breakdown of decision making, and what's the breakdown of work and value of that work. I think that information is pretty important to have.

But in terms of the requests for different companies that do contact us from time to time as to how they would like to be part of the bypass possibilities in terms of work, if you can provide us that information, we would certainly forward that information to them.

Which goes back to the whole notion of . . . for example, we see Regina bypass trucks. You know, you see them all over the city. Like, who owns these trucks? Like, is it covered by the consortium? And where were they bought from? Were they bought from Saskatchewan-based companies?

Like, that's my point is that . . . How are we monitoring who's getting the work? If anything, just for courtesy's sake, you know, that some of this information should be available so we're able to defend this investment if we do get those calls.

**Hon. Ms. Heppner:** — I was happy at the beginning of March to do a event out at Broda Construction's base on the bypass to highlight the use of Saskatchewan companies. So to answer your question, the vehicles that the Regina builders bought are all bought locally. I believe they were all purchased from a dealership in Regina. And the decaling that was done on them

was all done by a local company in Regina as well. So in that respect we certainly appreciated their investment into this community. As you've said, there's a lot of those vehicles on the road but they were all purchased locally.

**Mr. Belanger:** — And obviously there's different out-of-province folks that are coming to the project. I'm assuming that when they do come here that their work with the consortium is covered under the consortium costs; it's not above and beyond any contract. So if somebody's staying at hotels or driving these vehicles, that's all part of the contract covered by the consortium. There's no extra additional negotiations around that.

**Hon. Ms. Heppner:** — You're correct. We have a set contract price. The business decisions and planning that is done within that contract price would be up to the Regina builders. There is no additional fees or funds for things like vehicles or accommodations or those sorts of things.

**Mr. Belanger:** — Now in terms of the actual companies, you did indicate — and correct me if I'm wrong — that you would forward to us the contact list and names of the companies that are Saskatchewan based and part of the consortium, that if there was questions of possibility of work, that some of the companies that are contacting us, we can simply forward them to those appropriate people. Is that correct?

**Hon. Ms. Heppner:** — Yes, I have them here. I brought them along. I figured they might be necessary, so I'll table these with the Chair and then you can hand them out to committee members. And if you need more, if you've got others who are looking for contact information, you can just give my office a shout. We've got a lot of them.

**Mr. Belanger:** — All right. The other point that we made in the last committee meeting that we enjoyed, you indicated that there was a number of studies that were done on the bypass. And I looked back in *Hansard* to try and figure out if there was a specific number of studies that were done that you may have mentioned, and I didn't find any specific number that you mentioned other than to say that there has been study after study after study and you wanted to move forward with this. And I'm not quoting you directly in terms of the wording, but you certainly indicated that this thing has been studied to death; it's time to move forward. Could you provide us a list of the comprehensive studies that were done on the route selection? Have you got those available?

**Hon. Ms. Heppner:** — I'll try to locate the number. I think it's about 24 different studies starting in, I believe, 1999. I'll verify that for you. I believe almost all of those would be listed on the Ministry of Highways website, but I will try to track down the complete list for you. But I believe they're on the website as well.

**Mr. Belanger:** — The other issue in terms of the bypass overall, when you look at incorporating some of the design, I want to go back to your design personnel there as well. Again it may be a silly question, but the Regina bypass cameras were launched today and they'd be probably launched in very specific areas just to maximize what I would assume is an effort to try and recover some of the costs attached to the project

overall. Because some of the traffic violations are expensive, and there's probably many that are frustrated by some of the cameras. So I would ask the question, how many cameras were installed at the Regina bypass? What are the costs of those cameras? And what is the revenues anticipated for the cameras that were enabled today and launched today?

**Hon. Ms. Heppner:** — There's three cameras that were installed. You're right; the press release went out today. The cost of those are covered under the contract that we have with the Regina builders, and they are not the traffic cameras that SGI [Saskatchewan Government Insurance] would install that catch speeders, so there's no revenue. People can go and watch the progress of the bypass, but they're not the traffic cameras that SGI has.

**Mr. Belanger:** — I just wanted to clarify that. The other question, again bouncing around, I missed one question back here in terms of the personnel working on the bypass. Would you have information on the consortium itself as to how many people from out of the province that are working on the bypass? Like if you have a total number of people that you'd . . . even if it's an approximate amount, and how many of them are working on the bypass that are from Saskatchewan, Saskatchewan-based companies versus that are from out of province.

[20:30]

**Hon. Ms. Heppner:** — I don't have the exact number. Currently there's around 500 people working on the bypass. Our estimates indicate that about 80 per cent of those workers live in Regina full time, and I know that some of the management in charge of this project have actually moved from other countries to live in Regina while they're participating in this project. But the numbers that we have are about 80 per cent of workers live in Regina full time.

**Mr. Belanger:** — And what would you estimate the total number of personnel working on this project? Is it 300? Is it 600?

**Hon. Ms. Heppner:** — It's about 500 currently. That will change up or down depending on the amount of work they're doing at any one time, but right now it's about 500.

**Mr. Belanger:** — Getting back to the notion of the . . . We will shift gears into the issue around the expropriation of land. How much land has been expropriated so far, and can you provide a range of the prices paid per acre?

**The Chair:** — While the minister's conferring with officials, I will mention to the committee that ECO 2-28 has been tabled, and it's a business card from the Regina Bypass Design Builders.

**Mr. Govindasamy:** — So I'm going to proceed to answer the question with respect to land acquisition. All of the land that is required for the project has now been secured. At the last data set that we have with respect to all of that land, 52 per cent of the land has been purchased on a willing seller, willing buyer basis. So that leaves 48 per cent of the land that was required for the bypass has been expropriated.

I want to point out also that expropriation discussions and negotiations with landowners continues after the expropriation process is over and can continue for a period of two years. And so it is likely that those negotiations and discussions and negotiations may end up with agreements on those lands that were expropriated. I don't have at this point in time specific ranges of values for land that was purchased or expropriated. It all depends on the type of plan, whether it's agricultural land, whether it is land that is located closer to the city, whether it's classified as industrial land, etc. I don't have a range of values for those lands that were purchased.

**Mr. Belanger:** — Now just to understand the process, and you would be refreshing my memory as well. When you expropriate land, as you are required to do to achieve the objective attached to the bypass, even though folks may not want to sell you, as in this case 48 per cent are going through the process of disputing the expropriation process. More than likely it's based on value, financial value. That would not create any delay in implementing the project because you obviously have the authority to expropriate land for the project. Do you foresee any legal stumbling block or any legal roadblock to continue building out this bypass, just based on the sensitivity around the expropriation process now?

**Mr. Govindasamy:** — The short answer to the question is no. Once an interest in the land has been established and the land has been expropriated, we have access to the land and construction has begun in all areas of the bypass project. So the land has been secured. There continues to be negotiations with a number of landowners with respect to the values that were paid, and they will continue. But there are no legal impediments from a land perspective that might affect the schedule or the progress of the Regina bypass.

**Mr. Belanger:** — So it's fair to say that you have secured the land; the project is proceeding. Any debates legally and any lawsuits legally or any legal difference on the value of the land, well that'll be dealt with later by the courts. It's not your concern at this time. I don't mean to be harsh about it. But really, you've got the land expropriated, you're moving forward with the project, and that's paramount right now to your role as official of the Ministry of Highways. Is that a fair assessment to make?

**Mr. Govindasamy:** — Well I want to step back and mention that, you know, I've checked on the ministry's records with respect to land purchases overall. And the record of the ministry is that our 10-year average is that we have been able to secure land on a willing seller, willing buyer basis on 90 per cent of the land that we have bought. So that's a pretty good record. When we do have to move towards expropriation, this comes after a number of processes have followed with respect to providing, you know, appraisals, listening to the potential landowners and land sellers, and going through a fairly elaborate process in terms of making sure that everybody understands that the land is for public infrastructure purposes and that landowners have the appropriate remedies to be able to discuss and negotiate with us. It's a transparent process. It's a fair process.

And many of these processes continue with respect to even after expropriation. Landowners have the ability to submit their

positions to the Public and Private Rights Board for a mediation process. And if they're not satisfied with that process, they can of course take it to the Court of Queen's Bench to have the matter settled legally. I would point out that after all of these years of purchasing land for public infrastructure projects, as well as a number of expropriations that have taken place, there are very, very few cases, extremely few cases that actually end up in the legal system. A lot of them are negotiated and resolved well before the legal system is involved.

**Mr. Belanger:** — Obviously as an official that's involved and who's responsible to negotiate the expropriation of land for the purposes of building highways, I'm certain — and correct me if I'm wrong — I'm certain that you would . . . One could easily assume that you would be aware of the, say for example, the increase of land value, agricultural land over the last five or six years. So as you're embarking on expropriating land then you would know that certain lands have increased in value overall. Or would it be fair to say that you would have that knowledge when you're dealing with this particular issue?

**Mr. Govindasamy:** — I think it's fair to say that the practice of the Ministry of Highways and Infrastructure is to ensure that land values are determined through the procurement of professional appraisals done on the land. And those appraisals are our guiding documents with respect to what we actually offer landowners.

So professional appraisers accredited by the Appraisal Institute of Canada are an integral part of our system of fair and transparent purchase of the land. In many cases we do not one, but two, and maybe more appraisals depending on the changing circumstances and nature of the land. And landowners are also at liberty to have their own appraisals done through accredited appraisers and all of these factors are brought to bear before land values are determined for payment.

**Mr. Belanger:** — But one could easily assume that the Ministry of Highways would have historical and real time value determination methods of what land is worth. You would . . . It would be easy to say, well obviously it would have to have some background or some data to determine yes, well this appraisal that's presented to us is consistent with what our beliefs are in terms of what that land is valued at. So would it be safe to say that the department officials would have knowledge and data in front of them to, in their own way, confirm what the appraisal or to challenge what the appraisal may say that certain lands are valued at?

**Mr. Govindasamy:** — So again I want to step back and make the point that we do not value land internally in the Ministry of Highways and Infrastructure. That is why we procure the services of professional appraisers who are accredited by the Appraisal Institute of Canada. I have a number of very experienced staff who have dealt with land matters over a number of years, who have the experience and the knowledge to be able to look at these appraisals, and bring them to bear in negotiations with landowners.

I should point out that I do not have a professionally accredited appraiser on staff, although we have been trying to get one put in place for a number of years. They're not easy to find and they are not easy to hire but we do have the services of a number of

appraisal companies out there that we procure the services from, so we're pretty comfortable with the appraisals that are done. And I'm pretty comfortable with the knowledge and experience of staff who are able to look at these appraisals and follow the guidelines and the guidance in the appraisals conducted, to be able to make fair and reasonable offers to landowners.

**Mr. Belanger:** — How long has the ministry not had an in-house appraisal of land values? Is it five years or three years?

**Mr. Govindasamy:** — Since I came on board two and a half years ago, I don't think we've had a professional accredited appraiser on staff, but I know that for the last two and a half years because I know my staff. But I'm not sure how far back it goes and whether, in the days gone by, whether there were professional accredited appraisers on staff. I'll have to check that.

**Mr. Belanger:** — The other question . . . I guess I'll just straight out and ask the question. Has there been any significant issues with land development, like any cost overruns that you didn't anticipate?

**Mr. Govindasamy:** — I'm not sure that I'm understanding the question.

**Mr. Belanger:** — In terms of the actual appraisal process, were you surprised by any of the appraisal values that came across your desk again from certified appraisers? Did you anticipate any of those . . . Was there any shocks that you had when you saw the information or got the information presented to you?

**Mr. Govindasamy:** — So you know, I'm not sure whether or not, you know, any sort of appraisal would be sort of shocking in its own right. Appraisals are appraisals, methodologies established by the Appraisal Institute of Canada. And it is my sense and my knowledge that those appraisals follow approved methodologies approved by the Appraisal Institute of Canada. And those appraisals then form the basis of discussions, negotiations, and offers. So I'm really not sure whether or not I would be, you know, I have been or would be shocked by anything that I've seen with respect to appraisals because they're professional documents prepared by professionally accredited appraisers.

**Mr. Belanger:** — But one would assume in your evaluation processes, because there is a lot of history behind highways and expropriating lands, so one would assume . . . And it's probably a fair assumption in a sense that we would have a certain degree of comfort based on the fact that, historically, and even if you incorporate the new values of land in the province of Saskatchewan, that you'd have a fair idea where, you know, the appraisal would be. You know, I think that would be a fair assumption to make. You're not going to see the wild, gyrating values.

[20:45]

Generally industry has certain standards and principles, and I'm assuming that the Appraisal Institute has those values and certainly licenses their appraisers based on those values. And you wouldn't see a wild difference in the practice of some of these appraisers or appraisals when you look at and assess some

of their findings.

So that's why I asked the question, were you surprised. Yes, we had to count on professional associations to direct their members, because that's part of the process. That's why I'm asking the question of the issues around land development. Was there any unanticipated costs, overruns, for that land development? And that was the basis of my questions around shock.

So what are some of the methodologies that you are aware of that the Appraisal Institute uses when they appraise land for you as contractors when you decide to expropriate land?

**Mr. Govindasamy:** — So I'll come back to, you know, to note that I have a number of experienced staff members in the ministry who have been involved with, you know, the whole land purchase part of the ministry. They have years of experience in being able to look at methodologies, to look at the standard of appraisal, to verify the methodologies, to be able to have discussions with the appraisers, and to use those appraisals as the document, guiding documents for establishing the approach to landowners. And, you know, these are staff that I rely on and depend on.

It's my sense, and it's my . . . With respect to what I understand through the appraisal process, and I'm not a professional appraiser, is that the ministry relies on the direct comparison method for comparables as a methodology for considering appraisals that are brought to bear on any piece of land that we may purchase for public infrastructure projects.

**Mr. Belanger:** — Just for my own information from your staff perspective, could you explain to me some of the variables around how they determine the appraisal process? Like obviously location is probably pretty darn important; use of the land, whether it's agricultural or commercial district. Like those are the basic things that one would assume would be part of the appraisal process. But what are some of the other factors that you would be aware as to the basis that the appraisers would use in determining land value?

**Mr. Govindasamy:** — Sorry, I'm not in a position to get into a lot of detail with respect to the various factors that go into appraisals of land. I think you've already mentioned a few. The one thing that I should point out is that we do have a pretty open and transparent process to acquire land. We have professional appraisers who do much of the work for us. Land that has been chosen for, identified through detailed designs that was explained earlier by David is the land that we would be attempting to obtain through a willing seller, willing buyer perspective in terms of purchasing that land.

There are many factors that can be considered. Owners of land would consider some factors that they may feel should weigh in on the value of the land. And it could be anything with respect to most of the factors that you've mentioned — location; use, whether it's agricultural, whether it's within the city, whether it's commercial land, whether it's outside the city, whether it's non-agricultural land; current use; best use; future use; highest and best use.

So there's many, many, many different factors that come into



play with respect to land valuations and valuations and assessments and perceptions in many cases as to what that land might be worth, which is the reason why we procured the services of professional appraisers who stand behind their work with respect to the work that they do for us or for anyone else who may be involved in land purchases and sales.

And the appraisal content is set by the Appraisal Institute of Canada. So there's a set of factors that the Appraisal Institute of Canada . . . It's on their website, and every accredited appraiser has them and follows the appraisal guidelines that they have to follow. And at the front of each appraisal and the end of each appraisal they clarify and outline the factors that they've utilized and certify the guidelines and factors have been in conformance with the guidelines and factors that are part of the Appraisal Institute of Canada.

**Mr. Belanger:** — Okay. And thanks for the information in terms of the process for the website, in terms of the basis and the practice of how they evaluate the land values. And like you, I certainly concur that we should respect the advice of the professionals and, you know, stand by their work. That's the relationship that any government should have with people that know exactly what they're doing. Because for probably 99 per cent of the time I don't know what their profession dictates and how they do this, so we have to have that trust, faith, and confidence. We're not arguing that point. So I would assume that the ministry would have the same kind of relationship with them, and I'm glad to hear that you do.

But I want to shift gears here just a bit on the appraisals themselves, or the appraisers. How many of these private appraisers would you say you've utilized over the last couple of years? Is there 10 companies you've utilized? Or is it 15? And could you identify these companies for me?

**Hon. Ms. Heppner:** — There's numerous appraisal companies that we use, obviously not just in Regina but across the province, depending on where our projects are. I don't have that information with me, how many or which companies those are.

**Mr. Belanger:** — Would you undertake to get those names? Like obviously if there's three or four or five that we've consistently used, I wouldn't mind knowing where these companies are from and how much work and how much contact have we had with them as a ministry, say over the last three or four or five years.

**Hon. Ms. Heppner:** — Mr. Chair, I'd be happy to get that information to committee members as to which companies are being used. And I would expect that, if the committee members are looking for dollar amounts paid to those companies, that would be part of public accounts as well.

**Mr. Belanger:** — So I just want to clarify, Mr. Chair, that the minister did indicate that you would get not only the names but the contract values of the companies that do the appraisals for the department, that you would forward that information to us. Is that correct?

**Hon. Ms. Heppner:** — Yes.

**Mr. Belanger:** — I guess I would again ask the question

around the history of expropriation over the last . . . The official did indicate that there was some history behind the expropriation process and that the figure that was used is 90 per cent of buyer willing and seller willing. That 90 per cent, could you tell us what the . . . the amount of acres that were involved and what the value was, even if it's a ballpark figure, of that 90 per cent settlement rate?

**Hon. Ms. Heppner:** — Mr. Chair, I would say that what the member's asking for in a 10-year average would be an enormous undertaking to track down acreages of expropriated land over the last 10 years. I think that the deputy minister's answer stands at 90 per cent of the land deals that we've undertaken over that time period would be 90 per cent willing buyer, willing seller. But we don't have the number of acres on any given fiscal year on hand.

**Mr. Belanger:** — Well I'll just simply make the point that, you know, if it's 100 acres, then 90 per cent is pretty easy to achieve. If it's 100,000 then 90 acres is a bit more difficult to achieve. So that's the reason why we asked for even a ballpark figure, because it would be nice to, you know, to have some information.

Even a yearly average would be of significant value, because we do want to do some comparative analysis for our own purposes as members of the opposition. We want to do a comparative analysis of how things were done and which companies were used. How were negotiations consummated? What values were used? Was there any other issues that we didn't anticipate? That's why the history's so important.

So I would ask the minister to reconsider, and even if a ballpark figure were to be presented for the last five years, or even three or four years, that'd be much valued.

**Hon. Ms. Heppner:** — Mr. Chair, we could undertake to get that, but I offer it in no extremely timely manner, as it would be an undertaking to go back even five years, to go and dig through documents to find out expropriation by acres for that amount of time. So if the member is adamant that he wants that information, we will look for it, but I cannot guarantee that it will be done quickly.

**Mr. Belanger:** — No, that's fair enough. I think it's just valuable information that I think would give us a really good perspective as to the expropriation of land as it relates to the Regina bypass versus the history of expropriation overall. Even a five-year time frame would be highly valuable.

I just want to shift gears. And I'll come back to the appraisal issue in a few minutes, but I want to quickly — as time is always of essence in this particular job — I want to go to the top 10 worst roads in Saskatchewan. The CCA does this on a regular annual basis. Do you receive a copy of that list? And if you do receive the copy of the worst 10 roads in Saskatchewan, would you be able to share with us, for the record, where these roads are and what the total kilometres are?

[21:00]

**Hon. Ms. Heppner:** — I have this year's list in front of me and I'll run through the list. We're actually addressing I believe a

majority of the roads that were listed. Their no. 1 was 354 at Dilke. That is on our plan for addressing that this year. Planned capital is about \$3.3 million for that particular road.

The second one on the list was Highway 51 by Kerrobert. We're looking at what we can do for that. We don't have planned capital for this year, but there would obviously be maintenance done.

No. 3 and 4 are connected, 322 and 220. As we know, they had some massive failures the last couple of years. It's been very wet out there and there's been increased heavier traffic which has destroyed those roads. There's money that's out of our capital budget. There's also some money from our surge money to go to those two particular projects.

No. 5 on the list is 376 at Maymont. That is on our list for this year to be addressing that.

No. 6 was 47 at Springside. There'll be regular maintenance on that section, but no planned capital. 340 at Radisson will get some increased attention this year.

No. 8 was 43 at Gravelbourg, which will be regular maintenance. 155, La Loche, will be regular maintenance. And then no. 10 on that road is referred to as Pasture Road, Highway 31, and that will be regular maintenance.

**Mr. Belanger:** — When you mentioned surge money, what do you mean by that? Are you speaking of the announcement by the Premier as a result of the extra money that they're going to be putting into highways?

**Hon. Ms. Heppner:** — Yes. In our campaign this last election, we promised \$70 million over the course of three years and additional money over and above what we would regularly be budgeting for. In this year's budget, there's \$30 million above and beyond what we would normally have spent. And as I've said in my opening remarks, while there's been some disparaging remarks made about how little that will actually do, it will actually address both some under capital and some under expense, about 460 kilometres of roads.

**Mr. Belanger:** — But your total budget is 1.3 billion and this year, \$30 million this year can hardly be described as a surge. I guess that some of the comments made were probably well placed because there is a lot of highways out there.

And I've got a list of highways that we've been getting pretty consistent complaints about. And we're kind of finalizing that list — I don't have it on me — but the list is fairly lengthy. So I think it's important to note that the list of highways that need improvement . . . How much impact or effect does it have within the department when the CCA does this each year? Is there an immediate reaction? Like do you pay a lot of attention to that list, or it's just all a part of the process that's incorporated into the department?

**Hon. Ms. Heppner:** — I'm happy to answer that question but I'd like to address the comments in the preamble that somehow this \$30 million in this year's budget, we call it a surge and somehow that doesn't matter.

As I said, it's about 460 kilometres of roads that would otherwise not be addressed in this budget. I think for those who are driving those 460 kilometres of roads, it's kind of a big deal. And I'd like to go through the list.

Highway 45, addressing work on 10 kilometres of road. Highway 58 — 36. I've met with those folks on that section of road and called them on budget day to let them know that their road was going to be fixed. And the woman I talked to was almost in tears, she was so happy. I would suggest to the member who is asking the question that it matters to her.

Highway 220 and 322, we've all heard the concerns about that particular area. There's 23 kilometres of road that's going to be fixed under this surge, which matters. Highway 340, 30 kilometres. Highway 376 will be 76 kilometres of roads that are addressed. Highway 924, which has been brought up in this House I believe by the member asking the question, is 40 kilometres of roads that's going to be addressed. I believe that matters.

And then under the capital side there's another 250 kilometres of the roads. And in the interest of time I won't go through all of those, but I'm happy to get that list to the members of committee. I would suggest that \$30 million in this year's budget absolutely does make a difference.

As to the CAA [Canadian Automobile Association] worst road list, I'm happy to have that information provided to us. We have made a concerted effort not to make decisions in isolation of our stakeholders, people who drive our roads every day. We have area transportation committees that we meet with and they are part of the input as to the roads that are important to their communities. The member for Cut Knife-Turtleford has driven over 4000 kilometres of our roads in the last few years as my Legislative Secretary and has done ground truthing. He's driven these roads; he knows what needs to be fixed and what our priorities should be. That matters when we're making our decisions. The information provided to us from the CAA road list also impacts the decisions that we make. It's the people who are driving these roads every day who know first hand what they're like, and so we value the input from all of these organizations and stakeholders including CAA.

**Mr. Belanger:** — Thank you. How many dollars were invested into the airstrips of Eston and Kindersley by the ministry?

**Hon. Ms. Heppner:** — There is no airport in Eston. There is one in Kindersley. It's a community airport; it's not a government-run airport. And we have a grant program to help out some of these communities through our community airport partnership program. In '16-17 there will be \$9,259 going to the Kindersley municipal airport.

**Mr. Belanger:** — And you base your grants, I'm assuming, for the Kindersley airport, you based your grants based on the number of uses. Or is there other factors in providing those grants?

**Hon. Ms. Heppner:** — We receive applications from the community airports based on their needs, what they see as important projects. So it would be their own internal decision-making process as to what they would come to

government with an application under this program. It's not a government-determined qualification process. It would be up to those communities.

**Mr. Belanger:** — Did they identify what the money would be used for?

**Hon. Ms. Heppner:** — It is to repair the runway access.

**Mr. Belanger:** — And how long is the runway? When you do the grants do you look at the length of the runway and do you look at the total usage of the airport as a whole?

**Hon. Ms. Heppner:** — There is an aviation advisory committee that goes through applications, but like I said, it would be up to those municipal airports to determine what their own needs are and then submit an application based on that. I don't know that we look at their usage and determine whether or not they should qualify. It's really based on the envelope of money. It's been consistent at about \$700,000 per year as this granting program, but the decision is made through an aviation advisory committee.

**Mr. Belanger:** — Just on ... I'm not sure if I erred or the minister erred in terms of the airstrip at Eston ... [inaudible interjection] ... Pardon me?

**Hon. Ms. Heppner:** — My one list didn't list Eston but the other one does. So yes, it does have an airport but it received no grant funding this year.

**Mr. Belanger:** — Okay, so there was no money given to the Eston airstrip. Okay. I want to ask the question that we've been hearing consistent theme by the government under the title or the phrase that's being used on a regular basis around the Assembly now. It refers to ... Well the phrase is the transformational change. We hear that pretty consistent from the current government. What would you describe as your transformational change as the Minister of Highways? What would the Ministry of Highways view the transformational change as?

**Hon. Ms. Heppner:** — I thank the member for the question. I have no specifics on this. I know that thanks to the hard work of the deputy minister and my senior staff, they are constantly looking internally at improving how we do business, how we interact with stakeholders, making sure that it's citizen focused. And I know we'll be asking for ideas from folks to see if they've got any thoughts or ideas of how we can do things differently. But right now it's just the continued work on making sure that we're doing the best job with the money that we have.

**Mr. Belanger:** — So as part of the transformational change that's often the buzzwords around the Assembly, like there aren't no plans to utilize that particular phrase to — an example within Highways — to transform any section of TMS [thin membrane surface] highways back to gravel? Is there any plan of that sort being evaluated or undertaken by your department?

**Hon. Ms. Heppner:** — To turn TMS back to gravel? I would say no.

**Mr. Belanger:** — So there's no plans whatsoever, not even a kilometre of that that's going to occur.

**Hon. Ms. Heppner:** — Well under the heading of transformational change, I would say no. There are circumstances where communities have asked us for sections to be reverted back. There are circumstances where we've done super grids as pilot projects. So I'm not saying that it will never happen. I'm saying that that's not part of any transformational change. It's the ongoing business of our ministry to look at those things when communities are asking us to make some changes.

**Mr. Belanger:** — Now just as we corrected the record around the Eston airport, I'm just going to revert back to that particular matter and just ask the question. The minister indicated there was no grants to Eston this year. Was there any grants given last year for the Eston airport, and if there was, what was the amount?

**Hon. Ms. Heppner:** — To the question of Eston airport, under the community airport partnership program there is nothing this year. I have historical numbers from '07-08 to '16-17. Total Eston received: \$123,450.

[21:15]

**Mr. Belanger:** — Is there a description of the work undertaken attached to that?

**Hon. Ms. Heppner:** — I'm guessing it's probably runway rehabilitation, being a smaller airport. I'm not sure that there would be a whole lot of other improvements to be made.

**Mr. Belanger:** — You certainly wouldn't have the amount of flights taken to both Eston and Kindersley by government aircraft services, Central Services flights? You wouldn't have the volume of those flights available with you, would you?

**Hon. Ms. Heppner:** — No. They're not our airports, so I don't have that information.

**Mr. Belanger:** — Okay. I want to spend a bit of time on the actual two other areas in terms of contracts. Obviously, as you award tenders and award contracts, there's always the notion that all the contracts will not be completed in any given time frame. How has the project-completed record been in the last year or so? Is it 30 per cent of the contracts not being completed? Is it 20 per cent? Is there improvement on that front? Because people in Saskatchewan would know that there's a lot of times companies won't complete their contracts and they're allowed to have an extension. There's penalties attached to them. But how often does this occur?

**Hon. Ms. Heppner:** — For '15-16, contracts not completed on time, and it would be for a variety of reasons, is about 30, 35 per cent.

**Mr. Belanger:** — Obviously extensions would be afforded, and obviously that's part of the challenge of living in Saskatchewan where there are a number of factors. And I wouldn't mind if you'd share them just for the record; just a basic, well a few of them. And also if you can, what were the penalties attached to

them? Like, if you have a dollar figure, is it 1 million, is it 10 million?

**Mr. Gerbrandt:** — So to answer the question, with the contracts that are not completed at this point in time, we don't know the final assessed penalty until the contract is completed. So for those contracts that are currently not completed at this time, we won't know until the final work is complete and we've completed a full assessment on liquidated damages and site occupancy, meaning that they do pay penalties if they're not completed by a specific date. It can be a lump sum as an initial cost, and then there's daily damages that are assessed. The longer they take, they get assessed a certain amount of damage per day in regards to the work that's done. So for those particular contracts, once they are completed, once we've assessed the amount of time to take to complete that job, then those damages would then be completed and assessed on those individual contracts.

**Mr. Belanger:** — So based on the process you were saying — and correct me if I'm wrong — 35 per cent of the contracts are not completed on time for a variety of reasons. And I'm certain that if we push we can find the reasons for these delays. But would it be fair to say, and would it surprise you if I were to say that of the 35 per cent that didn't complete their contracts on time, 1 per cent of them get a penalty? Is that a fair statement?

**Mr. Gerbrandt:** — One per cent would be low when we compare the actual assessed damages on those particular contracts.

**Mr. Belanger:** — So what would be the high range?

**Mr. Gerbrandt:** — So to answer the question, the late contracts that are determined to be the fault of the contractor, they would be assessed a penalty. That amount of the penalty would be determined on the amount of days that they were late, and also on whether or not there was a lump sum damage incurred as being past a specific date in the contract. So depending on how many days — and it could be five days or it could be 60 days or it could be longer — depending on how long that contract is exceeded past the specific date specified in that contract.

**Mr. Belanger:** — Okay. And that's one of the reasons why the criteria for allowing, you know, the late or the non-completion, I think that understanding and describing that criteria is pretty important. And obviously some of the criteria for the lateness may be understood.

But when you look at, you know, the acknowledgment that yes, maybe 1 per cent of the 35 per cent late projects is kind of low, we weren't totally off that mark. So the point I would raise is that the criteria in determining what would be acceptable as late needs to be understood, and that's why it's important that we understand that. So I just want to again ask, what are some of the criteria that your department would incorporate in allowing companies to not complete the projects on time and also not subjecting them to, you know, to penalties and fees, late fees.

**Hon. Ms. Heppner:** — I just want to clarify on that. It sounds like from the member's question that we don't apply penalties to contractors who don't complete their contracts. If the contract

completion is the contractor's fault, there will be penalties assessed. So that would be 100 per cent of the time if it's the contractor's fault for not getting this done.

If it's, say, weather related and it rained for 30 days and they couldn't get it done, obviously that's not their fault. Penalties would not be assessed. If it was something that the ministry did that delayed this project, again the contractor is not at fault. Penalties would not be assessed. But if the contractor is the one at fault for not completing a contract, 100 per cent of the time a penalty would be applied.

**Mr. Belanger:** — And that's my exact point, is I want to understand the reasoning and the logic and the parameters to allow companies to not complete their project on time. That really has an effect, an impact on the point that I'm making, that if 35 per cent of the work doesn't get done on time and, we would argue, that of the 35 per cent, only 1 per cent get penalties. We just want to understand . . .

It's not a slight on the Saskatchewan companies. We just want to say, okay what are the parameters for allowing companies to be late in their contract delivery so that the rest of the people of Saskatchewan can understand it. And that's the point we raised around what processes do you undertake to allow non-completion of contract. Because 35 per cent, you know, it is high, and we obviously want to get this work done as quickly as we can. And so, you know, these are the questions I think would be really relevant to the people of Saskatchewan.

**Hon. Ms. Heppner:** — The member had said — this is, I think, the third time he said this — that of the 35 per cent of contracts that aren't completed, only 1 per cent are applied penalties. I have absolutely no idea where that number's coming from. If he has some reference, I'd be happy to see that because that doesn't make any sense to me.

And as I said, when it's a contractor error for contracts not completed, penalties are applied 100 per cent of the time. If it's weather related, not. If it's something the ministry did, they wouldn't be. If it was consulting engineers that were on that project, where something has gone wrong and it's not the contractor's fault, it wouldn't be applied. But this 1 per cent of the 35 per cent would get penalties and that's all that would be applied, I'm not sure where the member gets that information from.

I do have to say — and I mentioned this last year in committee as well — we take this issue very seriously, as do the contractors who are involved. They've got an industry that they're very proud of, and they want to make sure that their work gets done. They're proud of their work, and I think that they want the people of this province to be proud of the work that they do too.

So we established a tri-party working group — it was shortly after I was named minister in 2014 — to work with our consulting engineers, the Ministry of Highways, and our contractors, our road builders to work through some of the things that may have been hindrances to getting these things done, making sure that we've got an open line of communications if there's actions that we can take to make sure the contracts are completed.

Obviously some things are going to be completely out of our control, such as the weather. In Saskatchewan we're blessed with fluctuating weather. But if there's things that we can control, we want to make sure that we have an open dialogue at a table with the three parties that are involved in getting our roads built. And we've made progress on that front, and pretty proud of the work that they've done.

**Mr. Belanger:** — Yes, I would certainly agree the common sense perspective here is that if it's the ministry's fault, then obviously the contractor would not be responsible for the delays. And one can see how it's very straightforward in the sense that, you know, it's the ministry's fault, right? And as well we live in the same province as the minister does, so we understand weather, and there's a lot of delays in weather. There's some days that we wish we could control the weather, but we obviously can't. If there's a change of order, if there is a new engineering directive, all these factors are important to determine whether the companies are not to be held liable for the delays. We understand that.

And I also concur with the minister that we have a great group of companies doing incredibly good valuable work for the people of Saskatchewan. It's a good investment in recognizing those companies, in recognizing the employment that they create. We're just trying to figure out from our perspective just the seven or eight reasons why we would allow an overrun, and it's something that I think we need to find out. But that being said, I would ask, Mr. Chair, if I could have a five-minute recess and reconvene.

**The Chair:** — I think, Mr. Belanger, I think that's a reasonable request. It is 9:29. Let's try to keep it to a bare minimum. I'm thinking around five minutes or so, if we can possibly manage that, and back here as soon as possible so we can get on with the proceedings.

[The committee recessed for a period of time.]

**The Chair:** — Well, committee members, it is 9:36. We are going to proceed with our examination of the Ministry of Highways. Mr. Belanger had the floor. We have 9:36 and so we will add seven minutes on to our examination at the end of the evening, so about 10:37 or so we'll wrap up. Go ahead Mr. Belanger.

**Mr. Belanger:** — Thank you very much, Mr. Chair. I just want to shift our focus into the cost per kilometre of highway. Obviously the last session we spoke about this at great lengths. And just for clarification of those that may be watching and those that maybe have an interest in highways and infrastructure overall, could you, Madam Minister, explain to us what type of highways — everything from a gravel road to a double lane to a passing lane — what types of highways overall does the ministry build in the province of Saskatchewan? Because there's obviously double lanes and there's grid roads and gravel roads, could you explain, just give us a kind of a brief synopsis of what kind of highways that we construct in the province of Saskatchewan?

**Hon. Ms. Heppner:** — Well there's a variety of projects that are being undertaken across the province. Obviously we do a lot of routine maintenance and repairs, both on our major highway

system, the national highway system. The more major highways would be 1, 11, 16. And then this year we're doing capital upgrades on some of our TMS roads. We'll be doing some capital work on some of our gravel highways.

One project in particular that's part of the surge money is Highway 58, and we're also working on twinning Highway 16 from Saskatoon to Clavet, working on twinning Highway 7 from Saskatoon to Vanscoy and Delisle. We finished passing lanes on Highway 7 last year from Delisle to Rosetown. We're looking at continued planning for passing lanes for Highway 5 from Saskatoon to Humboldt. There are no other twinning projects other than the ones that I had mentioned. We're working on . . . Oh, that's not right. We're going to be doing work on the twinning between Estevan and Bienfait, and then continued planning work for the project on Highways 6 and 39.

**Mr. Belanger:** — So the obviously more expensive highway of course is for the main highways or the main routes that you described. So what would be your per-kilometre cost this year as compared to last year for each type of highway that we build in the province of Saskatchewan? Even a brief description would be fine.

**Hon. Ms. Heppner:** — Really what I have is averages. It's hard to say that there's an absolute, like if you're doing a repaving that it's an absolute dollar per kilometre. There will be a high and low range. The most recent numbers I have for the heavy preservation which would be resurfacing which would be the bigger projects I would say, like what's going on Highway No. 11. Highway No. 11 this year, if you've taken that highway anytime recently, there's a lot of resurfacing being done on Highway 11, and that's anywhere from 100,000 a kilometre to 270 to \$300,000 per kilometre.

A lot of these are very project specific. If you're looking at a medium treatment, the cost per kilometre is going to be lower when you're looking at maintenance and repairs. It all depends on what you're doing. It can be as low as \$3,000 a kilometre to \$50,000 a kilometre. It's very much project specific, but those are kind of the averages.

**Mr. Belanger:** — And would it be fair to say that the cost per kilometre constructing any of these type of highways that we've seen the costs increase year to year? Is that a fair assessment to make?

**Hon. Ms. Heppner:** — Not necessarily. As an example, in 2007-2008 the low end for heavy preservation is \$100,000 per kilometre; '14-15 it was \$110,000 per kilometre. The high end ranges, it goes up and down; '08-09 it was about 210. It got up to be 360 in '13-14, back down to 270,000 per kilometre in '14-15. So it depends on the type of project.

Obviously there's going to be some kind of inflationary cost. That's just the way things go. If you bought a house 10 years ago for \$100,000, it's worth a whole lot more today. If you built a house 10 years ago, it's going to cost you more to build today. So some of those things are just natural factors that go in, but on an average basis there's ups and downs. I would say a slight increase of the cost per kilometre over the last few years.

**Mr. Belanger:** — All right. And would you be able to table the

document that you made reference to in terms of the historical costs?

**Hon. Ms. Heppner:** — I'm happy to table this. The chart that I'm using is actually in response to an opposition written question from 2015 so this information would've been made available to them, but I'm happy to do that for all committee members.

**Mr. Belanger:** — Okay. And the second point I'd make on the cost per kilometre of construction is obviously in . . . Several years ago when we were dealing with a \$110 barrel of oil versus today, you would assume that it would be a lot lesser cost just based on the fact that asphalt would be, I would assume, a lot lower in this day and this time than it was even four or five years ago. What would you contribute some of the increased costs that we see evidence of when we look at new road construction? You mentioned a high range. There's been ups and downs, and you talk about inflation. What would you attribute . . . It's got to be more than inflation, but what would you attribute the area of costs increase being when it comes to construction of new highways?

[21:45]

**Hon. Ms. Heppner:** — I will table these charts. Like I said, there have been fluctuations up and down, but I would say kind of overall it's been fairly consistent for a lot of these projects for the last few years. There have been some increases in some categories.

There's three different things that would go into the cost of road building. One is materials. We've seen that be pretty much status quo lately. The other one would be labour and equipment. That's the contractors, what they require in order to get the job done. Again, that's been pretty much status quo. In fact our tenders have been very competitive lately, quite a few coming in lower than what we had anticipated, which is good, which means we can do more with the money that we have allocated.

And the third would be engineering costs. And again, that's been relatively status quo. There's a lot of competition out there, particularly with our economy being what it is. The competition for the work that the ministry is offering has been very good, which has ended up being quite beneficial for the taxpayer.

**Mr. Belanger:** — And I'm actually glad that you're tabling the document as it refers to the written questions presented in 2015. So I'm assuming that the cost for this year, 2016, that there's no change. Is that a fair assessment to make?

**Hon. Ms. Heppner:** — Yes, it would be. We don't have '15-16 listed on this particular document, and of course '16-17 wouldn't be included because those jobs aren't done. But I can let you know that whatever is in this, the document that we're going to be tabling, it will be relatively consistent for last year's construction season as well as this year's construction season if, in some circumstances, not a little bit down from previous years.

**Mr. Belanger:** — And just in terms of the influx of companies, when you mentioned that, you know, there is some work here in

regards to highways construction . . . and you see the downturn in the oil economy which affects Saskatchewan overall. Nobody's arguing on those points as well. It certainly affects the economy right across Western Canada. And you know, it is the single most important vital component of our economy overall. And we see the dramatic, drastic effect it has on places like Alberta, as an example. So am I safe to assume that a lot of companies that would traditionally be doing road construction in Alberta basically saw the fact that the oil sector was having a very difficult time at this stage of where oil is worldwide, that many of them decided to come to work in Saskatchewan? So the competitive nature of companies wanting to work, did that have a dramatic, positive effect on some of the prices overall as there's more competitors vying for the Saskatchewan highway construction jobs?

**Hon. Ms. Heppner:** — I don't know that we're going to see a whole lot of more outside-the-province companies, particularly from Alberta. The Alberta government has borrowed billions of dollars to carry on with their infrastructure programs, so we don't expect there to be a slowdown in the building on the Alberta side. I know that there's been a downturn in the resource sector, but their provincial government has decided to continue to invest in their major projects that have been going on and continue to go on in Alberta.

So I don't know that the road builders in Alberta will be affected to the same extent as the resource sector will, but there is . . . Our road builders are competitive across Western Canada. So there's opportunities for our road builders to be operating in the Western provinces as well, and competition's going to be good for all of us. But I don't see that there will be an influx of Alberta companies into Saskatchewan because their government is continuing to invest in infrastructure as well.

**Mr. Belanger:** — But one could easily assume that there has been an increase, or an increase in interest in Saskatchewan work by Alberta-based companies. Is that fair to say that?

**Hon. Ms. Heppner:** — I think we've seen more bidders per project than before. I know in the cases of the overpasses at Warman and Martensville, I think there were eight or nine proponents who bid in the original round, the request for qualifications process, which is I think higher than we had anticipated. So there is that. But along with those increased number of bidders, as I said before, that actually works out well for us because the competition is going to tighten up those bids that we see from those companies.

**Mr. Belanger:** — And I guess, you know there's always the comment people would make, is that some of these companies are bidding work at cost just to keep their equipment moving and their men paid, and obviously they're — which is probably a fair assessment to make — waiting out the resource sector downturn. Because obviously some of these companies have a lot of experience in surviving.

So there's those comments, and that's why the basis of our question is, exactly what are we dealing with here in terms of the competition? Does that drive down the cost for building these highways, and therefore we can assume as a province that we're getting more highways built, more kilometres of highways built, using the same dollar value?

And I think it's important that — you know, some of those issues that, as they're brought forward to us — that we ask the question that, where are the savings? Is it to a more competitive, robust bidding process? Is it because of the lesser cost for basic material like asphalt as a result of the lower oil prices?

This is where we want to ask the questions of where the savings are, if there's any. And of course, much like your office, we get calls on a wide variety of these issues. So we want to be able to share with people where the costs are to build a per-kilometre of highway, whether it's the paving or resurfacing or a gravel rebuild. These are issues that are quite important to many people out there.

I want to change or shift my attention to the Warman and Martensville project. I did have it on my list, but seeing the time that we have — not much time left — I want to just get a perspective if you can, a brief description of what is being proposed for Warman and what is being proposed for Martensville, just the . . . even if it's a conceptual discussion at this time, and what costs are attached to each of the projects.

**Hon. Ms. Heppner:** — I thank the member for the question, and as the MLA [Member of the Legislative Assembly] for the area I'm quite happy to have a discussion about this. We've waited a long time for these. Warman and Martensville are some of the fastest-growing cities in our province. Traffic counts continue to increase. We've seen a lot of accidents at the at-grade intersections at both of those communities and some tragedies, which is exactly why we're going ahead with the overpasses. We put out a request for qualifications to have these bundled together, not a P3 process. It's a traditional design and build, but to bundle them together. Economies of scale, considering those communities are only a few kilometres apart, there is a lot of efficiencies to be found for a company who would do both of those projects at the same time.

The functional designs are pretty much firmed up. There might be some tweaking depending on who gets the final tender. It's been shortlisted to three, and that tender should be awarded shortly and then we'll finalize those designs.

At Warman the interchange is going to be going at their Central Street or Main Street entrance, not exactly in place. Sometimes you can put interchanges on the existing twinned highway and just build it over top and incorporate it. The location of Highway 12 to Martensville is too close. We'd actually be wiping out a brand new city office and a Tim Hortons and a whole bunch of other things, so we don't want to do that. So we're veering the highway out west slightly to accommodate for the footprint of the overpass, and then making sure that there is accommodation for an exit to the west of Highway 12. Martensville's future plans are to expand across Highway 12 onto the west side as their future growth plans. They're kind of limited where they can grow where they are now, so they are going to be jumping over the highway. So we're accommodating that.

On Warman there was some discussion. There were three potential access points in which to put an overpass: south entrance, their Main Street entrance, or at the newly built and realigned Highway No. 305 which is just north of Warman. It was determined through a series of consultations and looking at

the conflict points. Any time you build something like this there is going to be conflict points. Their Main Street entrance had quite a few of those. There's a rail line that runs through there. There's some, I think, SaskEnergy lines that are going through there. There's also a very much beloved dog park which we didn't want to interfere with. Plus that road coming off that overpass would go directly onto their Main Street which runs in front of their high school, so obviously there's some safety concerns there.

So it's going to be located at the 305 entrance. Again, because there's a rail line that goes through there, to put it right on top of the existing road would offer up some additional conflict points, so that Highway 11 is going to be bumped out east a little ways to accommodate for the footprint of the overpass and then the exit into Warman would be on 305. So it's an off highway onto another highway and their future development plans are going north, so it will accommodate their future development. There's shopping malls and a lot of additional commercial space that's been built up just south of Highway 305 so it'll accommodate that traffic, bigger arteries through town to accommodate traffic coming in and out of Warman instead of going on to that narrow Main Street that goes past a high school.

So those are the plans for now. And if the weather holds and contractors can get under way, we're hoping for shovels in the ground for those two projects this fall.

**Mr. Belanger:** — Now I travel through Martensville on a regular weekly basis. So as I'm pulling into the city or into the community from Saskatoon heading north, so where would this overpass be located? Because obviously as you're heading north you veer off into Martensville right? So where, location-wise, would the proposed overpass be, and how would it look from my windshield as I'm heading north approaching Martensville?

**Hon. Ms. Heppner:** — If you're going north on Highway 12 you'd be familiar with the new south entrance which is quite a ways south of Martensville, turning right onto that service road. The next entrance is the one where you can take an off-ramp onto their Main Street. That would be the location. So a kilometre or so down from that current off-ramp the highway will bump out to the west, and the interchange would be there. There'd be some service roads and access points kind of where the existing service road is and the current highway is. In that area would be the access points to get on and off the interchange, but the interchange will be slightly to the west of where that off-ramp intersection is.

**Mr. Belanger:** — And on the Warman . . . As you come up the hill heading east, I guess, well northeast, where would that off-ramp be? Like, it would be before the hill or after that?

**Hon. Ms. Heppner:** — If you're going north on Highway 11 it would be after the hill. That intersection, the at-grade intersection at their centre street is going to remain open. There'll be some changes to the grid road that runs down to the Clarkboro ferry to your right. So that intersection will remain open, but then the interchange itself will be on the other side of the hill when you're going north. And then, like I said, slightly east of the current highway. That highway's going to have to

get shifted out a little bit.

**Mr. Belanger:** — Is that where the home construction business is? Is it in that neighbourhood, the mobile . . . not mobile but the RTM [ready-to-move] business just in Warman, is it further south of that or further west?

**Hon. Ms. Heppner:** — No, there's a major RTM business in Hague but on the Warman side there's farm land, I think basically farm land on the east side of Highway 11 so there's not as . . . When it comes to disturbing homeowners or business owners it's . . . There's obviously still going to be some challenges, but it's not going to be as disruptive as going through a commercially developed area.

[22:00]

**Mr. Belanger:** — No, I got my communities mixed up. I thought the RTM business was in Warman. You're right, it is in Hague. The attached budget for both of these projects, have we made a determination as to what dollars are being committed to this?

**Hon. Ms. Heppner:** — We have, and I'm not at all trying to be sketchy or withholding information, but because we're currently in the process of getting bids in from proponents, I would rather not say what we're planning or hoping those bids come in at because we're still in the process of getting the financials in from those companies who are bidding.

**Mr. Belanger:** — No, and that's fair enough because obviously I think all our responsibilities in this particular Assembly is to ensure . . . You know, we've been harping on about value for money and being competitive and maximizing investment into our infrastructure so that there will be lasting benefits at a reasonable cost. I don't think anybody would argue with that.

The other point I would ask on both of these projects: what was the logic or reasoning behind a traditional build versus P3s [public-private partnership] which you exercised throughout the rest of the province?

**Hon. Ms. Heppner:** — We actually asked SaskBuilds to look at it. There's kind of a threshold where the value for money will or will not pay off. These projects, although large, are not necessarily large enough to qualify for that process. But I'll let Nithi follow up on that question.

**Mr. Govindasamy:** — So when . . . And I think Dave went through a fairly detailed explanation of the planning process, the design process, the general location process, the functional plan, the detailed design, and finally, you know, setting of the route with respect to construction of these kinds of projects, and then award and bidding.

So in that planning process for these two interchanges that have been identified, we did do, a couple of years ago through SaskBuilds, what we call a market sounding. We actually talked to industry and talked to people who are knowledgeable about the business, as to the interest of the industry with respect to the kind of business model that would be most effective. And we weigh those factors with respect to determining the type of construction process.

I think it's a commonly known fact that P3s are a great business model, but they're not for every project. And in this particular case, the people who are actually going to be, at the end of the day, doing the construction, etc., including Saskatchewan contractors who, you know, were consulted, and the business case strongly suggests that a design-build process of construction of these interchanges would be the best value for money with respect to these two interchanges.

**Mr. Belanger:** — Now I just want to, I just want to shift gears again on the relationship as it pertains to P3s on the other builds, and particularly the Regina bypass.

Now correct me if I'm wrong. From the history of the P3 model, that the federal government came along under Harper and basically indicated that they would put money into infrastructure projects as long as it was a P3 process. I guess I would ask for clarification. Is that correct, yes or no?

**Hon. Ms. Heppner:** — Not really. They set up P3 Canada and what they asked of provinces is that for the larger projects, because they had a Building Canada Fund and there was an infrastructure component attached to that — I think it was two tranches of Building Canada Fund — but on the bigger projects, what they asked is for those projects to go through the P3 lens to see if the value for money stood up and if it would have been a better deal for everybody involved to build it under a P3.

I can't say, because it would be hypothetical, but in a project like the Regina bypass, if the value for money wasn't there, there probably would have been other avenues to access federal funding through some other infrastructure program, except I think at that time we had ours all allotted for highways already.

But their requirement was to first to go through a P3 lens to see if the value for money was there, and that would be a yes or no proposition. And if it was no, then go through other avenues. But it wasn't that, we will only give you money if it's a P3. That would not be an accurate statement.

**Mr. Belanger:** — What other avenues would have been made available for the Regina bypass if the P3 lens wasn't a good option?

**Hon. Ms. Heppner:** — It would have been the Building Canada Fund. And the upside to us, one of the many to using a P3 process, is because we did receive money through P3 Canada, it left the provincial share of Building Canada Fund available to us to use for other highway projects. But had the answer come back from P3 Canada that this was not a viable project to use as a P3, I would assume that we would have looked at Building Canada Fund although that pot of money is not nearly as large.

**Mr. Belanger:** — But one could safely assume — again, if you set aside the other pot of money — one could safely assume once we accepted the P3 money, we were to abide by the P3 lens, so to speak. And if that money was — and correct me if I'm wrong — was it the amount of 200 million? The answer's yes? Okay. So now the project is 1.9 billion. Given the fact that we have these cost overruns of, you'd almost assume 400 per cent, is it fair to say that all of a sudden the P3 lens ought not to apply and that it is really a question of the tail wagging the dog



on this project because all of a sudden we've got this cost ballooning to 1.9 billion? So was there any anticipation, was there any discussion that, well hold it here, the \$200 million we're getting from P3 is dictating that it has to be a P3 because we got the money for a P3 at \$200 million. But now this cost is 1.9 billion. So we didn't anticipate any of that, any of the increases at all at the time we made application?

**Hon. Ms. Heppner:** — Mr. Chair, as to the dealings with P3 Canada, I would suggest that some of those questions be relayed to Minister Wyant as the Minister Responsible for SaskBuilds. That particular part of this project would be housed within his ministry. I can offer some high-level comments on this, but for the details I would suggest that it's probably better directed to SaskBuilds.

The member had referenced a cost overrun of 400 per cent. That is factually incorrect. I'm again not sure where that comes from. I know that the opposition members, their leader, and the member asking the questions have referenced that this project was originally \$400 million and ballooned to \$1.88 billion. Mr. Chair, that's factually incorrect. The members opposite know this and I would hope that if this 400 per cent cost overrun is what he's referencing, the \$400 million project, that was for a completely different project.

I have maps. We in Highways like maps. And I have a map of what that project was. It was an interchange at Pinkie Road going south of Regina and accessing interchange at Tower Road. And that was the entire project, and that cost was \$400 million. That was established years ago. In the interim, the project has changed obviously drastically in scope with the overpasses along Highway 1. The access from Highway 1 to Highway 11, the project has changed drastically. So the implication is that the route that we have today, that is currently being built, had once had a price tag of \$400 million attached is once again factually incorrect. I'm happy to provide the maps to committee members for their reference as to what that \$400 million project was. It is not the project that we're building today.

I do want to also point out the value for money that was established through the P3 process actually doesn't include the \$200 million that we're getting from the federal government through P3 Canada.

**Mr. Belanger:** — Mr. Chair, I would point out that that was the original budget attached to the Regina bypass. The \$400 million has now ballooned to 1.9 billion. There are a number of issues that we could take up as to the location of the bypass. We could speak at length and for a long time on that front.

And the minister is just a tad off in terms of the percentage of overruns. I said 400 per cent. In actuality it's 475 per cent more than originally planned. And we got \$200 million from the federal government for a P3 model, and the \$1.7 billion that we're now paying on this project really has us taking the back seat, that it's got to be through a P3. And that's why some people would say, well based on the allocation of \$200 million we got from the federal government, we're now putting \$1.7 billion in the project.

So the question . . . Now let me rephrase the question. Of the

\$1.9 billion project, which your department is not arguing as to the cost of the bypass, is it fair to say that we got \$200 million from the federal government under the P3 program? So (a) will you confirm that the project is 1.9 billion, and (b) of that 1.9 billion, 200 million came from the federal government under a P3 scheme? Are those numbers correct?

**Hon. Ms. Heppner:** — I'm not going to spend a lot of time trying to refute the misinformation that's been brought to the floor of this Chamber during question period and again tonight. Now he's raised the cost overrun to 470 per cent, Mr. Speaker. Those were for two totally different projects.

I have said this before. I'm happy to have a discussion about the route and the design and what we've chosen to do, but as long as that's based on misinformation, that debate is completely unnecessary because it's not based on facts. It is no secret that the cost of this project is \$1.88 billion and that we received \$200 million from the federal government through P3 Canada.

**Mr. Belanger:** — Mr. Chair, I want to pay a bit of attention to the North in my last section of the estimates. I know we're going to have another opportunity to come back and go through the estimates of Highways and Infrastructure at a later date. Just in terms of northern Saskatchewan as a whole, the minister made several comments of increased budget dollars to northern Saskatchewan. Could you elaborate those, the breakdown of your increased budget to the North?

**The Chair:** — Committee members, while the minister is looking into the member's question, I will table the document labelled ECO 3-28, typical construction costs from '07-15. I thank the minister for that information, and it is so tabled.

[22:15]

**Hon. Ms. Heppner:** — Sorry for the delay. We have a lot of charts in front of us. The budget for this year for the North is \$52 million. On the capital side, if you take last year's budget and remove the work that was done for airports because that work is done, the budget is pretty close to the same as last year, but then taking out the money that was spent on airports, the capital in the North is almost 100 per cent increase over last year.

**Mr. Belanger:** — Some of the highways that were improved on include Buffalo Narrows, Stony Rapids. Were there any federal dollars attached to those highway projects?

**Hon. Ms. Heppner:** — On the airports, you mean?

**Mr. Belanger:** — Yes.

**Hon. Ms. Heppner:** — Stony Rapids there was.

**Mr. Belanger:** — Okay. What is the total project cost of Stony Rapids and how much of that is federal versus provincial?

**Hon. Ms. Heppner:** — The total cost of the project for Stony Rapids airport was \$14.3 million and the federal contribution was 7.4.

**Mr. Belanger:** — And what was the scope of the work?

Obviously there was a resurfacing and there was a . . . Was there a highway actually built right from the airport than ran directly to the hospital or the health centre? Was any money spent on that route?

**Hon. Ms. Heppner:** — Yes there was. It was \$2.5 million for that new access construction that you reference, so for the road was two and a half million dollars of the total project cost. There was \$8.6 million for rehabilitation of the existing runway and lighting systems and \$3.2 million for an apron expansion.

**Mr. Belanger:** — The other aspect of the far North highway construction process is, where is the Wollaston Lake road in terms of the priority of the Government of Saskatchewan? Because I think it was, if memory serves me correct, it was announced under Minister Elhard, and then the project was cancelled. Is there any plans that would give some people any hope, either a joint federal-provincial project, that this Wollaston Lake road can happen?

**Hon. Ms. Heppner:** — Thank you for the question, and it's quite timely actually. I had a meeting Monday with First Nations leadership and Chief Bobby Cameron from FSIN [Federation of Sovereign Indigenous Nations] about different roads in the North with a particular focus on Wollaston. And I want to congratulate the community leaders for the work that they've done. There is an estimate that that road . . . In total, the project would be well over . . . will be over \$100 million. They've come in with some innovative proposals on how to do this in a phased-in approach with an overall reduced cost. They have some engineering expertise, folks that are familiar with the area and have done some other work up in the North, which obviously, I think, adds to their competency, because it's different building roads in the North, as you know, than it is in southern Saskatchewan.

We had a really good meeting. They had a proposal for a partnership which we appreciate especially on a project that's this big. To have this solely funded by the provincial government would make it difficult for us to go forward in a timely fashion, and so they have a proposal to split the first phase of funding between industry, the provincial government, and the federal government.

The Liberal government in Ottawa, while they have announced tens of billions of dollars for infrastructure, sadly in at least the first two years — and we don't know what's going to happen after that — but in the first two years there's no money for transportation infrastructure, so roads and bridges and that sort of thing, things that Saskatchewan needs.

So we're going to . . . I've committed to the leaders that I met with on Monday, and I believe my chief of staff has already started that process, and I'm hoping to follow up with Minister Sohi, their Infrastructure minister, to see if there's other avenues of funding that we could tap into from the federal government side to partner with us on this, considering there is no transportation infrastructure in their plans.

But if there's other things like training for First Nations to build capacity internally so that they can train and build roads at the same time which I think is good for everybody involved, I promise to follow up with them. There is a steering committee

that's been established between the province and the leadership in the North in that area. The federal government's going to have a representative there. The next meeting, I believe, is at the end of June, so not too long from today, and to follow up in some of the discussions that we had with them on Monday.

But I'm very excited about the proposal that they've given to us. They've done a lot of work on this. I understand the importance of that to start the work on having a road there. So we'll follow up the discussions with them at the end of this month, have the discussions with the federal government to see what kind of programming and funding we might be able to access. If we can get training dollars then it's . . . We know that roads aren't just for getting cars around. There's a social . . . There's a health and social aspect of that. And if we can incorporate training into this project as well that's definitely something that we're looking forward to investigating with them.

**Mr. Belanger:** — I know there's been a lot of work as it relates to, you know, partners like FSIN and the Athabasca education and development training council and the Prince Albert Grand Council. There's been a lot of partners that have been really working overtime on trying to find some solutions for the Wollaston Lake Road because the reality of global warming really does impact and affect the functioning of this community. As we know, that's been documented that with freeze-up being delayed and shortened as a result of global warming that this community, bustling community, First Nations community has got to have a permanent solution as opposed to looking at the ferry system and maintaining that fragile delivery system for the community.

And that's why over time when we ask the questions as it relates to the ferry operation or the barge operation, exactly what the costs might be and if you were to transpose those costs over a 20-year period, and the fact that the responsibility by the federal government — I'm not certain if they do it through the Canadian Coast Guard — of keeping the entire Athabasca Basin supplied through the Athabasca River and going up that way and the dredging costs and so on and so forth, the solution is developing a good highway system.

And I would suggest to the minister that Wollaston is a good start, the far North where you enter into the, you know, between the two points of Black Lake and Stony Rapids. That food freight subsidy, a lot of people have been asking for that. The process began to connect the far North to the rest of the province many years ago and, but unfortunately there's still a call for fresh food programs to make sure that families up there can afford food. Many people believe, and there's always a difference of opinion out there, that investment into a good highway system is probably much more valuable than some of the other alternative suggestions that are coming forward from a few groups.

That being said, I think you look at the resource industry themselves. If they're part of the equation, then you certainly look at the unique potential partnership that could come forward. And while Wollaston is the flashpoint now, like I said, the far North road is pretty crucial for a wide variety of reasons. We're seeing an increase in tourism. Of course the mining sector, we know that uranium prices will come back. And the

ability for people to travel between the far North and southern points would certainly help alleviate the stress families face when paying incredible prices for food in the far North. So all these issues are always at play, and that's why we pay very close attention to what is being done on highway improvements in northern Saskatchewan.

And at one time you requested of me to identify three highways that would be of importance to me as an MLA. And we didn't identify three specific highways, which I thought was, you know . . . [inaudible interjection] . . . I identified the three types of highways. There's community access highways. There's the economic corridors. And then there's the safety, community safety issues.

So one of the things that's really important is to point out that the North has been desperately calling for highway improvements. There are times we see highways that, in the North, we think are in really good shape, well they're being repaved while some of the highways in the North are not getting any attention. And that's why I will continue arguing in the Assembly that we don't see that commitment.

So on that front, I think it's important to note that, whether it's the Wollaston Lake, the far North road, or the community access roads, the North needs to see that kind of investment.

The other road that's recently come up, in spite of it being off the table for a couple of years in terms of attention, is the recent issue around the Fort McMurray fires, where I think the McMurray or the huge fire there really qualified what many of us in the northwest have been saying: that there should be a secondary exit road from the Fort McMurray area that would cut across, coming through La Loche. And the community of La Loche done an incredible amount of work to build a road from La Loche into Garson Lake, which is a community that straddles the Alberta-Saskatchewan border. And I think that the distance between Garson Lake and the Al-Pac road is somewhere around 50, 55 kilometres if my memory serves me correct.

So imagine for a moment if you're able to have that road built where you can increase trade and travel and tourism, and at the same time, given the fire situation which was an incredible challenge for the community, that they would be in preparation for if this thing were to ever happen again, heaven forbid, where you see entire families displaced and their homes burned to the ground, that from the safety perspective that there be another route out of Fort McMurray. And had we completed that road, then that would have been, you know, a secondary safe exit route for a lot of the citizens in Fort McMurray and the Wood Buffalo RM.

So there's a lot of arguments as to why investments would be very important and prudent to do in the North, and it's everything from the economy. It's everything from increasing trade and tourism. It's everything for assisting families in meeting the high cost of food. It's all about showcasing the North. But families have been suffering through highway challenges for years, and the need to get partners like the Prince Albert Grand Council and like FSIN and like the corporate world to begin to rally around this whole notion of highway improvements.

That being said, you did indicate that there was an increase in northern highways spending, but there's no new construction of highways in northern Saskatchewan. Yes, there may have been the airport and the money attached to the airport, but from the constituency of Athabasca or Cumberland, I still haven't seen any improvements. Now on the Green Lake or the Big River to Meadow Lake highway, I think that's Highway 55, there is 14 kilometres being fixed up there. But that just skirts the southern fringe of our northern part of the province, and I think that's just meant for the transportation of resources, namely forestry. That might be tied to the forestry sector.

[22:30]

But we need to see investments into Turnor Lake. We need to see investments into the Dillon road, into the Patuanak road, into the Wollaston Lake road because this is an important part of Saskatchewan. And this is the reason why I think we need to hear the advice and direction of the partners you heard of on Monday, on your Monday meeting. I cannot stress enough the importance of getting these roads done.

Now we have a bunch of organizations that are starting to come together to coordinate better some of the northern issues that we address here in the Assembly, and I think we are going to see a lot more focus, a lot more participation by northern people in trying to convince government in a very strong, respectful way that we want roads fixed in northern Saskatchewan.

So I see that my time is up, but I want to share with the minister some of those issues and to certainly hear her response, and at our next Committee of Finance meeting on Highways we can give her more detail on northern Saskatchewan roads because we've spent quite a bit of time on the southern roads as well.

**The Chair:** — Minister, would you like to respond to that statement?

**Hon. Ms. Heppner:** — I thank the member for his comments. And like I said, I really enjoyed the meeting that I had with the folks about Wollaston road on Monday. I think we're well on our way to coming up with a solution to start some work there. Like I said, we'll follow up after the meeting that's going to happen at the end of June.

And he had referenced the Fort Mac road which on our side is the Garson Lake road. It is about 50 kilometres. We're virtually done our side. We're almost to the border. When the fires hit Fort Mac, Premier Brad Wall had written to Premier Notley to ask about her province's interest in doing their side of the road because right now we can build it to the border. I think there's about 9 kilometres left. We can build it to the border, but that doesn't help if Alberta hasn't done anything on their side. And her response was that it's not a priority for them and it's not in their three-year plan. So that last 9 kilometres will stay as it is. There's no . . . Right now, unless Alberta has a commitment, we're kind of building a road to nowhere. The vast majority of our side of the road has been complete, and if Alberta decides that that will be a priority for them to do the Alberta side of that road, we will definitely go back in and finish our 9 kilometres to connect to the Alberta side.

And I'm hopeful that the province of Alberta changes their

mind on that. I understand right now they're worried about rebuilding Fort Mac itself, but that road would be important as well. And we'll continue to work with them to see if they'll bump up the timeline for that, but our side is done.

**Mr. Belanger:** — Thank you very much for the response. I would add, the history around the Fort McMurray-La Loche road, as the minister would certainly know from history, that there was an agreement at the time between Premier Calvert and Premier Klein. And Klein at the time indicated that they were willing to complete the project, as we were on our side, and it took a lot of personal intervention by the premier himself.

Recent developments around who gets to decide the capital allocation for highways is a bit complicated in Alberta as opposed to Saskatchewan. The RM of Wood Buffalo do have a lot of influence as to what highways that they would prioritize for their region, and it's really a large area. And while the mayor for Fort McMurray advocates for the road, the business people in Fort McMurray advocate for the road, many of the Indian bands around there advocate for the road, it's still largely up to the RM as a whole if they want this road to proceed because I think they do have a lot of say and influences in the region as to which highways would be prioritized.

There's a lot of history behind the lobbying effort. And I can remember the mayor at the time, I believe his name was Chuck Knox, many, many years ago. He'd served as the mayor of Fort McMurray for a long time . . . [inaudible interjection] . . . Chuck, is it Chuck Knight? And Mr. Knight had been to La Loche numerous of times to advocate for that highway. So it just seems that it's difficult to determine which party has the final say. But continually we find that there is some northeast business interests as well that come into play.

I know there's a number of regional MLAs of the Fort McMurray area that are also involved with the decision-making process, and then you have the RM of Wood Buffalo. So you have these players out there, and it's really confusing and conflicting as to who has the final call. But it is nice to see at the time when we were the MLA and went to a meeting with our premier of the day, where both premiers agreed to build this road. And it wasn't no more than a year and a half later that Premier Klein was done, and it was unfortunate because we did have this deal consummated with him.

So I would just encourage the minister to know that, from the history perspective, there was a lot of work, a lot of players and support. But there's so many conflicting parties attached to this project that it's difficult to say who has the final say, and we should not let that confusion reign. So I share with her that information in the hopes that she would continue lobbying for that connection because it's very important for us as a region, but more so us as a province. So, Mr. Chair, thank you.

**The Chair:** — Well thank you very much Mr. Belanger. We have come to the end of our time this evening. Ms. Minister, do you have any final comments you'd like to share with the committee?

**Hon. Ms. Heppner:** — Thank you, Mr. Chair. I want to thank the member from Athabasca for the questions tonight, for committee members for their time. They are all looking very

excited about being here at 10:37 at night, but thank you. And a special thanks to ministry staff who's with me tonight. I keep telling people I'm the luckiest person around because I love what I do, and I'm surrounded by people who also love what they do, and it shows every day. I want to thank them for their help this evening, and I think we're back next week, so we will see you all then.

**The Chair:** — Thank you very much. I'd like to echo the minister's statement. Thank you, members, but thank you very much, witnesses, for all the information you provide to the committee. Seeing it is 10:38, we get to come back tomorrow at 1:30 p.m., June 16. This committee stands adjourned until then.

[The committee adjourned at 22:38.]