



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 5 – June 21, 2016



Legislative Assembly of Saskatchewan

Twenty-Eighth Legislature

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 15:00.]

The Chair: — Good afternoon, committee members, those that may be watching. This is the committee of the Economy and it is 3 p.m. local time, starting right on time. We have today one substitution to note. Ms. Sproule is here for Mr. Belanger.

**General Revenue Fund
SaskBuilds Corporation
Vote 86**

Subvote (SB01)

The Chair: — We are considering the estimates for SaskBuilds Corporation this afternoon, specifically vote 86, SaskBuilds Corporation, subvote (SB01). Mr. Wyant, again thank you for being here this afternoon. Please introduce your officials. I assume you have an introductory statement for the committee and I ask you to do that now, please.

Hon. Mr. Wyant: — Well thank you, Mr. Chair, and members of the committee. As Chair of the board of directors for SaskBuilds it's my pleasure to present the corporation's 2016-17 budget. Before I begin, I'd just like to introduce the very dedicated public servants who are providing leadership at SaskBuilds. To my left, Rupen Pandya, president and CEO [chief executive officer]; to my right, Teresa Florizone, vice-president of corporate services and chief financial officer; to my very far right, Sarah Harrison, vice-president of strategy, engagement, and projects; and behind me, Ron Dedman, vice-president of Priority Saskatchewan. We also have with us, Mr. Chair, Sheila Engele, director of finance for SaskBuilds; Reagan Seidler, director of strategy and engagement for SaskBuilds; and Miranda Brown, who is a project analyst. So I welcome them here today.

Mr. Chair, I thank them for taking the time to be with us, and I would also like to thank them for the very hard work that they do in supporting the work that's been done at SaskBuilds to date and what will happen in the future. These officials are instrumental in providing the support to many different major capital projects throughout government.

The \$3.5 billion budget, this year's budget, is investing more into infrastructure than any time in our history. Our government is keeping its commitment to keep Saskatchewan strong with new highways, schools, hospitals, and unprecedented upgrades to Crown infrastructure.

SaskBuilds plays an important part in that plan and in a bigger way than members may realize. Firstly we're delivering some of the largest projects this province has ever seen. The budget includes \$500 million to ramp up construction on the Regina bypass, the largest infrastructure project in Saskatchewan history and its single largest creator of jobs since the railway crossed Western Canada in the 1880s. Requiring roughly 920,000 cubic feet of concrete, 600 million cubic feet of dirt, and more than 1,400 kilometres of rebar, this project is large enough to create a single-lane highway from Avenue L in Saskatoon all the way to Estevan.

Governments benefit from extraordinary partners on this

project, with construction being led by Graham Construction, a company that had got its start in 1926 in Moose Jaw building railway stations for Canadian Pacific. As members know, Graham is also the lead builder on the new SHNB [Saskatchewan Hospital North Battleford] project in North Battleford, which is why we're particularly pleased that in October of this last year members of the Saskatchewan Chamber of Commerce inducted Graham into the Saskatchewan Business Hall of Fame. Yet Graham is only one of 54 businesses working on this particular project to date.

As mentioned Graham is also bringing Saskatchewan a truly innovative facility in the form of the integrated mental health hospital and correctional centre in North Battleford. Acknowledging the influence that mental health and addiction issues have on public safety, Saskatchewan will become one of the few places in the world to bring a secure psychiatric facility under the same roof as a hospital. The new SHNB promises a revolution in care, not only providing world-class mental health services but a genuine breakthrough in tackling the root causes of crime. And, Mr. Chair, people from across Canada are paying attention to this project. Therapeutic design innovations contribute to a \$90 million cost savings including a multi-level design that reduces travel distances and the building's environmental footprint, and a cogeneration system to reduce energy consumption.

\$310 million will continue Wright Construction's build of 18 new elementary schools in Martensville, Warman, Saskatoon, and Regina. Financial analysts from KPMG indicates government will save \$100 million or 13 per cent using a P3 [public-private partnership]. The savings are largely the result of SaskBuilds' world-class method for identifying and quantifying risks through committee-based workshops. Not only were significant savings achieved, the Provincial Auditor commended SaskBuilds' method and found that we had effective processes for developing a P3 business case. The ambitious construction schedule remains on time and on budget to open September of 2017, a mere three years after the release of the RFQ [request for quotation].

I'm proud to say that more than 60 local businesses are now involved, many of the same companies that have worked on schools in Saskatchewan for many years. Partnerships with local businesses was one reason the project was honoured by the Canadian Council for P3s at their national awards in November of 2015, awarded a silver medal in the innovation partnerships category to recognize collaboration between the provincial government, school boards, municipalities, First Nations, and the private sector that facilitated a project of this historic size.

And lastly, Mr. Chair, of course is the long-term care centre that just opened in Swift Current. It's recently been named The Meadows by the board of Cypress Health Region in recognition of its tranquil, home-like atmosphere. The place is fantastic. There are adjoining rooms for couples, two-way cupboards for staff to discreetly stock residents' rooms, a spa area for residents to bathe in comfort, personal display areas for each resident to show off their treasured items, and extra storage to hide mechanical and medical equipment from view.

The Swift Current & District Chamber of Commerce is pleased because construction included 10 local companies down to the TV, fireplace, fixtures in the common area rooms. Chairperson Michel Deguire said, and I quote, “It is great to see so many local businesses involved in this project. While P3s are new to this province, our first experience is going well.”

The health region is thrilled to . . . had to have become fans of the P3 model in particular. They told *The Southwest Booster* that there had been “no concerns” with the P3 approach. And most important has been the feedback from families. In fact, Mr. Speaker, we have thus far received only one complaint, and that came from a resident who said his new home was too quiet. So he turned on the radio because he was used to living in a noisy place. I strongly encourage all members to visit the facility when they get a chance. The health region has been giving public tours for some time and is more than happy to show it off.

The work of SaskBuilds, Mr. Chair, makes me very proud. It’s rare that we have the opportunity to say that all our projects are on time and on budget, but we can do that here. Reading headlines from across Canada, and we’ve seen these reports from Toronto where the TTC [Toronto Transit Commission] Spadina subway expansion is two years late and \$400 million over budget, from CBC Halifax where the Macdonald Bridge Big Lift is “approximately four months behind schedule due to bad weather and a steep learning curve.” In Winnipeg, city officials cite insufficient upfront planning and unexpected complications from utility moves as reasons for Plessis underpass went past its deadline and over budget. And from CBC Edmonton, I quote:

Grande Prairie regional hospital is \$89 million over budget and won’t be completed until 2019, two years later than previously announced. Health Minister Sarah Hoffman confirmed Wednesday that quotes that came in last year for interior electrical and drywall work were considerably over budget . . . The Alberta government says the cost overrun was also caused by site preparation starting before planning was complete.

There are issues addressed by modern P3 projects that integrate design, construction, and maintenance and put responsibility for project risks on the shoulder of the builder. P3s are better, faster, and lower cost, and to say once again, 100 per cent publicly owned. That’s why Canadians have turned to P3s to address their infrastructure needs for over 220 projects in nine provinces, two territories, and 30 municipalities. That’s why the governments of Kathleen Wynne and Christy Clark are among the champions of the P3 model and why Rachel Notley’s government in Alberta is choosing to build the south Calgary highway using a P3. It’s why P3s have been adopted by the cities of Saskatoon and Regina. And that’s why the *Leader-Post* headline from October read, “P3s have majority support in Saskatchewan.”

Still SaskBuilds does much more than P3s. Learning the lessons associated with P3s, we’re improving capital planning across government. Saskatchewan is being recognized by experts across Canada as a leader in how infrastructure ought to proceed.

Equally important, we’re changing the way government does its buying. As mentioned, this is the largest capital budget the province has ever seen. It’s attracting the attention of companies looking to diversify their workload as oil and potash prices recover. That’s one reason why we created Priority Saskatchewan’s action plan, to ensure local companies can compete on a fair playing field when bidding on government contracts.

We like to see as many contracts as possible go to Saskatchewan companies. That said, we can’t close our borders to businesses from elsewhere in Canada. Nor would we want to, as free markets and competition are vital to Saskatchewan’s export economy. While remaining fully compliant with our trade agreements, the action plan has made significant changes to how we award contracts, including Crowns like SaskPower limiting their tenders to companies from within the New West Partnership where feasible. And best value is the new basis for awarding contracts rather than simply lowest price, which can take into account factors like experience, product quality, and knowledge of local conditions.

This is all an industry-led process, Mr. Chair, so we’re grateful the industry groups have endorsed our action plan. I’ll read just a few quotes into the record, noting that these are their words:

. . . you hopefully heard the exciting news that now Saskatchewan Crown Corporations are providing preferential treatment to companies based in Saskatchewan, Alberta, and British Columbia. This is a tangible sign of the provincial government’s ongoing commitment to do whatever is possible to support the development and inclusion of Saskatchewan-based . . . [businesses].

That’s from Mark Cooper, president and CEO [chief executive officer] of the Saskatchewan Construction Association.

And, Mr. Chair, from Shantel Lipp, president of the Saskatchewan Heavy Construction Association:

This initiative is the most comprehensive . . . improvement plan ever undertaken in Saskatchewan . . . We believe that the government is moving in the right direction and appreciate that the extensive work done to date is an important first step.

And lastly:

Public procurement is a core tool to drive innovation, stimulate investment and create jobs. It is also exceedingly detailed and complex. The speed, thoroughness, and collaborative spirit demonstrated by government to date is, quite simply, a model the rest of Canada should emulate.

And that’s from Derek Lothian, executive director of the Saskatchewan Manufacturing Council.

So with that, Mr. Chair, I’ll turn the floor over to members of the committee. Let me end my comments simply by thanking the officials at SaskBuilds once again for being here today and for all the work they do to support our corporation. Thanks.

The Chair: — Thank you very much for that information, Mr. Minister. Are there any questions for the witnesses by the committee? I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. Thank you, Mr. Minister, for that extensive introduction and for the officials for being here today.

I would like to start with some questions around the arrangement between SaskBuilds, financially, and the Government of Saskatchewan, just to make sure I understand it completely. And I'm going to start with Public Accounts '14-15, page 29. And in particular what we see is that the budget I believe in 2014 was higher than the actuals. And the actuals was \$8.217 million. I'm just wondering if you could explain why you didn't use your entire budget in the 2014 year.

Hon. Mr. Wyant: — It's a matter of how we fund those projects. So if a project doesn't happen to need the required funding in one particular year, those funds flow over to the next year.

Ms. Sproule: — Which particular projects were they in that fiscal year?

Hon. Mr. Wyant: — The projects were the Swift Current long-term care facility, which was in procurement. SHNB, the Regina bypass, and the two joint-use school projects were in the business case development stage.

Ms. Sproule: — So could you give the committee some indication of how that \$8.217 million was spent, in just large, high-level description.

Hon. Mr. Wyant: — I'll ask Ms. Florizone to answer the question.

[15:15]

Ms. Florizone: — Mr. Chair, 2014-15, in regards to the bypass, we had \$1.7 million. We had joint-use schools about 1.7. And for the North Battleford hospital, we had about 3.4 and Swift Current about 1.2. And the remaining is the corporate budget of SaskBuilds.

Ms. Sproule: — How much was the corporate budget?

Ms. Florizone: — About 400,000.

Ms. Sproule: — 400,000. Thank you. So in terms of what didn't go forward in that year, I guess, was your total budget 12 million for '14? I don't have that figure in front of me, but I think that was it.

Ms. Florizone: — That's correct. Now what happens with projects is you're budgeting them based on what you'd be expecting to spend for a business case development. And as the project progresses, we would carry forward any unused spending into the following year to continue on with the project, as capital doesn't stop at the beginning of the year and end at the end of the year. It does continue on over years.

Ms. Sproule: — So I guess in terms of what was anticipated in

2014, you're saying the business case development didn't go as far as you thought it would be. Now, Mr. Minister, you said that you were on time and on budget. Was this timeliness a factor for those projects, or how did you catch up?

Hon. Mr. Wyant: — It's simply a function of when the funds flow. We maintain that all our projects are on time and on budget, and I can point to the recent completion of the Swift Current long-term care facility which was completed on time and on budget in accordance with the material that we have made public. So it's just simply a function of how the cash flows out of the project. But certainly the projects that are under way are on time. They are consistent with the timelines which we had anticipated in terms of their percentage of completion.

Ms. Sproule: — Okay. When you look at 8 million was actually used out of a budgeted 12 million, that's . . . I'm trying to figure out the percentage here. It's three-quarters, so it's 75 per cent. So 25 per cent of your budget wasn't used at all in that year. Is there any possible way to actually spend what you've budgeted for, or is this just, as you say, a function of when funds flow? Or is this a planning issue?

Hon. Mr. Wyant: — It's really just an issue of when invoices are received and when they're paid. So that's really, you know, that's what happens. So it's not simply a matter of making a calculation in terms of how much money was in the budget and how much was spent to determine what the percentage of completion was. It's just simply a matter of when invoices are received and when they're paid.

Ms. Sproule: — We don't have the Public Accounts for '15-16 yet although I think they're going to be here soon. Is it correct then to say that all of the funds relating to the construction of these four major projects — the bypass, the 18 schools, the North Battleford hospital, the Swift Current health care facility — that all of the invoices, all of the money would flow through SaskBuilds, all the payments? Does everything flow through SaskBuilds, or does the government itself make some payments as well?

Hon. Mr. Wyant: — Only the transaction costs of SaskBuilds are accounted for. The transaction costs with respect to any particular project or the construction costs with respect to any particular project are flowed through the respective ministries.

Ms. Sproule: — So in order to get a complete picture of all of these projects, you're saying that an individual from the public would have to look at both the SaskBuilds portion of that project as well as there would be a line item somewhere on the estimates for that particular ministry?

Hon. Mr. Wyant: — The value-for-money reports which, as you know, are public documents on SaskBuilds website, have a full accounting of all the transaction costs and the funds that are payable with respect to any one of those particular projects. But those value-for-money reports, which I'm sure you've seen and reviewed, are all on our SaskBuilds website, and there's a full accounting with respect to all the transaction and the project costs in those reports.

Ms. Sproule: — I guess I'm more interested in how it's accounted for in Public Accounts volume 1, and in particular I

cannot even find a mention of SaskBuilds in Public Accounts volume 1. So I don't know where to find it in terms of summary financial reporting, and perhaps you could tell me where that is because I can't find it.

Hon. Mr. Wyant: — Teresa will answer that question.

Ms. Florizone: — So thanks, Mr. Chair. The Public Accounts for SaskBuilds, we are a small organization with . . . [inaudible] . . . as part of all the other ministries. And we have a line item within the Public Accounts, and that's where our information is supplied. Our information is also rolled into the capital of each of the ministries because of the items that are capitalized roll into the capital submissions as well.

Ms. Sproule: — Then if I understand correctly, this \$8 million that's referred to in volume 2 from your actuals in terms of the General Revenue Fund, that doesn't show up at all in the summary financial statement as an individual line item, but it's subsumed by the other, all the ministries that you're working for? Is that correct?

Ms. Florizone: — The capital portion is assumed by the ministries.

Ms. Sproule: — Where is the line item for SaskBuilds in the summary financial reports? Can you tell me where that's located?

Hon. Mr. Wyant: — We don't seem to have the exact line item here, Ms. Sproule, but we will get that to you.

Ms. Sproule: — All right, thank you very much. I did a Google search under summary, this document, volume 1 of Public Accounts, and simply there is no reference to SaskBuilds whatsoever. So I'm just curious to know how the public can figure out how we can see the total costs of all these P3 projects if we can't locate those sums. So I don't know how the accounting is done, but I think it's somewhat incomplete if we can't actually find reference to that. I know you said you'd undertake, but if it doesn't show up, then how can you explain it?

Hon. Mr. Wyant: — Well as I said, as I mentioned, we'll provide that to you, but I want to remind you that all this information is contained in the value-for-money reports that are publicly available to anybody that cares to have a look at them, and they're all online, as you know. So that information is certainly publicly available in terms of all the contract work that's being done by SaskBuilds.

Ms. Sproule: — Yes, and I certainly thank the minister for pointing that out to the committee members. And those documents I know are available, and certainly we have a couple here today that we want to ask about. But again in terms of summary financial reporting when we're talking about it showing up in other places in Public Accounts volume 2, I think, you know, it would be interesting to know why it doesn't show up in the summary accounts.

I don't know if you want to respond to that, but I can move on to the next question if you want to.

Hon. Mr. Wyant: — As I mentioned, we'll provide that detail.

Ms. Sproule: — All right. So just for the record then, the 8 million . . . I'd better find that number again. As shown on page 29 of Public Accounts volume 2, the amount of actual spending under the General Revenue Fund was \$8.217 million, and your undertaking then is to provide the committee with a description of how that's reported in the summary financial statements.

And I guess if possible, we would ask for the . . . I don't know what your actuals were for 2015. It looks like it was around \$12 million for 2015, so if you could describe that as well. And since we're into this budget year, I believe your request is quite a bit lower this year for \$5 million, if you could provide the committee with an accounting of where that will be located as well. I think it's very important to ensure that that's clearly delineated in the summary financial statements.

On page 105 of Public Accounts 2014-15, we see that an expense under finance debt servicing is the amount of \$54,963, went to SaskBuilds Corporation for debt servicing. Could you explain to the committee what that debt was and how it was serviced.

[15:30]

Hon. Mr. Wyant: — In speaking to officials, we're going to have to have a look at that number and get back to you on that. We're not absolutely sure, and we don't want to answer the question before we have a fulsome answer to the question.

Ms. Sproule: — Thank you, Mr. Minister. I think if you look on page 11 of your annual report, '14-15 annual report, you will see that, in statement no. 2 which is statement of operations and accumulated surplus, you're showing that you've earned interest in the same amount, \$54,962. And if you look at the notes to the financial statement on page 15, it indicates that SaskBuilds's bank account is included in the consolidated offset bank concentration arrangement for the Government of Saskatchewan. "Interest received of \$54,962 . . . was calculated and paid quarterly on SaskBuilds' average daily account balance at a 30 day interest rate with an annual average of 0.92%."

So I guess my question is, first of all, what is the consolidated offset bank concentration that you're referring to? And if I understand correctly, if it's the same amount, the Ministry of Finance is paying interest of \$54,000 on money it gave you and that you're claiming that interest as income. Does that make sense?

Ms. Florizone: — So what that is . . . when we do get a subvoted of funds in regards to our budget, there is a requirement through the . . . leaving funds within basically what I call a bank account, receives interest. That interest during the year is the number that we're stating of that \$54,000. Now that number then becomes interest to SaskBuilds and becomes part of our revenues, and then it becomes an expense on the government's perspective. So from a third party perspective, they will clear each other out, what we call below the line on the financial statements.

Ms. Sproule: — So it's a net zero basically. So why would you

use this consolidated offset bank concentration arrangement, and what exactly is that, as you refer to it on page 15 of your financial statements?

Ms. Florizone: — So as a treasury board Crown, we do require that any funds that do come into SaskBuilds . . . And as part as the requirements from a public sector accounting board standard requirements, there is a requirement that all revenues that you receive to manage your operations is required to be stated on the financial statements.

Ms. Sproule: — Why would you keep that interest and just not return it to Finance. It's their money really.

Ms. Florizone: — That's a great question. The interest that is earned is part of an allocation as the revenues that come in is also part of SaskBuilds as a transfer, so any interest earned is also an allocation. And as a treasury board Crown, we're not a ministry, so we maintain that as part of our collected ending balance.

Ms. Sproule: — But essentially the taxpayer is out that \$54,000 then, in terms of finance.

Ms. Florizone: — Mr. Chair, the numbers are accounted for, as what does happen is that as SaskBuilds gets the funding and any revenues that we get from . . . [inaudible] . . . we state it. Any expenses would go against the revenues. And then any balance that is left is actually used within SaskBuilds to maintain projects going forward or the operations of this business. So any balance that is carried forward, we also use then and reduce our budget ask for the following year as we net out the expenses . . . [inaudible] . . . the taxpayer doesn't pay anything more.

Ms. Sproule: — Right, it's just general revenue funds that are now specifically kept, I guess, by your line item. The \$8.2 million, that's part of the revenue that you report. I'll have more questions on your financial statement. I just want to go back to Public Accounts from '14-15. I think I saw a hard copy show up here a few minutes ago. Page 144, this is Highways and Infrastructure, and they're reporting \$1.68 million to SaskBuilds in '14-15. Could you just provide the committee with an explanation of what that amount was for?

Ms. Florizone: — Mr. Chair, so the transfer to SaskBuilds was for the Regina bypass project in regards to expenses that occurred through the business case in order for the PPP Canada funding project or the actual contract to continue on. There was expenses. When you create a business case that SaskBuilds incurred, and as mentioned earlier through the session that we also have ministry expenses, so in order to collect the transfer of funds from PPP Canada, we consolidated the expenses to send over to PPP Canada in order to get the grant back from them.

Ms. Sproule: — I'm looking now again on page 11 of your '14-15 financial overview. That \$1.68 million is recorded there as grant revenue from the ministries of Highways and Infrastructure. So does that mean that the money, although it shows up in Highways as just regional services and not as a grant . . . for some reason it's described as a grant in your report over and above the 12.075 million that you got from the GRF [General Revenue Fund] which was your basic amount shown

up in the budget in the estimates. So over and above the 12.075 million, you received a grant. Is that how you reported that money that came from Highways? And I'll have more questions about the federal PPP Canada [Public-Private Partnership Canada] funding as well.

Ms. Florizone: — Mr. Chair, that's correct. The revenue that we get from a ministry is considered a grant when it comes through SaskBuilds accounts as it is a transfer from a ministry to a treasury board Crown.

Ms. Sproule: — So why weren't those monies transferred through the GRF?

Ms. Florizone: — At the beginning of a year when we're budgeting for all the expenses as they come through, what happens is you're budgeting for the actual cost of the project. Mid-year there is . . . PPP Canada came out with an opportunity to get grant funding. And in order to get the grant funding, the expenses were consolidated. So then when we consolidated the expenses, the actual revenues came in as a grant from Ministry of Highways.

Ms. Sproule: — So basically you had to account for it that way in order to access, I'm assuming, that \$496,000 from Canada, so those were federal terms then. You were basically required to report in this way. Is that happening for all the P3 projects for which you get federal funding?

Hon. Mr. Wyant: — We've only received funding, federal funding, through PPP Canada on the Regina bypass.

Ms. Sproule: — Okay. I just want to finish off with Public Accounts volume 2. I guess the last report . . . and I guess there's no question here. It's the 12.75 million that you got in '14-15. That's also what the budget was for. Is that '15-16, I believe. Can you tell the committee what the actuals were for '15-16? I know we haven't received Public Accounts yet, but we would be getting them in a week or so, so I'm just wondering if you have that information handy.

Hon. Mr. Wyant: — For '15-16 the operating expenses were \$3.7 million plus a bit. And the planning and procurement and implementation was \$8.909 million.

Ms. Sproule: — So it's a little bit over the original estimates from last year then. Okay. Just moving on now to your annual report for '14-15, the actual report itself, I just had a couple of questions. Page 4 you're describing the team that SaskBuilds has assembled: 20 full-time employees operating from its headquarters in Regina. I just would like maybe to get a sense from the officials who those people are, where they came from, did they come from other ministries. And I see that your budget for this year is significantly lower, so are you going to be letting people go? Where are they going to go? Are you going to keep the same staff complement, although your anticipated expenditures I think are less than half of what you had for last year?

Hon. Mr. Wyant: — So in '15-16 SaskBuilds continued to deliver with 22 FTEs [full-time equivalent]. During that fiscal year, three permanent FTEs left for other opportunities, of which two of the three went to the private sector, and one of the

three moved to the Ministry of Justice. In addition to that, five seconded term FTEs left, and five new hires came on board, which included one permanent FTE and four term FTEs. So at March of 2016, SaskBuilds was staffed at 18 FTEs. Does that answer your question?

Ms. Sproule: — Partway, yes. I'm just wondering, in terms of this budget you have a much lower request, and there's nothing in the vote that indicates what your FTEs are. Normally in the votes, we can see what the FTEs are. But I'm just sort of wondering what you're budgeting for staff for this year, with a much lower estimates. If you look at the capital builds portion of the budget, you can see that your plans for capital infrastructure are going down. So what's the plan for staffing for this year and into the future?

Mr. Pandya: — Mr. Chair, I'd be happy to answer that question. Rupen Pandya from SaskBuilds. So for '15-16 we have 22 FTEs allocated to SaskBuilds Corporation. That remains unchanged into this current budget as well.

We are moving from a phase where we were heavily involved with the procurement of projects into a phase where we'll require different skill sets to assist ministries in monitoring and oversight as they move into operations on their projects. And as we've had staff leave the corporation, what it has given us an opportunity to do is reconsider how we will be staffing going forward. So rather than having a number of staff that will be focused on the procurement front, we would bring on board staff to that full FTE complement of 22 FTE to support us on the contract management side and to support ministries and our partners as they are engaged in contract management as well as work related to integrated capital planning that is also part of the mandate of SaskBuilds.

Ms. Sproule: — So going into the future despite the drop, I guess, in investment in capital projects based on what's in this year's budget, you're saying that you are changing your staffing complement to bring on board other staff that will serve different functions. Are these functions that are not presently available within the line ministries that you're working with? What types of jobs are you talking about?

Mr. Pandya: — Thank you, Mr. Chair. So primarily the functions that we would repurpose some of the FTEs so that we could meet the new budgeted salaries for '16-17 would be focused on integrated capital planning. And so, Mr. Chair, you'll be aware that Saskatchewan has only recently introduced integrated capital planning on a ministry-wide basis, that in the past capital plans were forwarded to the Ministry of Finance through ministries as part of the annual budget-making process. But one of the key mandates of SaskBuilds when it was established is to develop a central planning process for capital across government.

We're now moving into year three of that area of mandate. And as we've moved into year three, we put in place a significant amount of rigour to help ministries in terms of building their business case and submitting those business cases through again a centralized process that is led by SaskBuilds where those business cases would be reviewed and then they would be assessed in terms of priority by a committee made up of membership from other government ministries. And that

information is ultimately provided to the treasury board as part of the annual budget-making process to help them prioritize infrastructure.

So this is an area that we are growing into. We're in year three of a five-year implementation on integrated capital planning, and this is an area where we'll require additional resources and expertise to assist in doing analysis of the volume of the business cases moving forward.

[15:45]

Ms. Sproule: — My question was more about what skills are you seeking in these positions that don't currently exist within the ministries themselves. What types of professionals are you engaging that will do the work that ministries cannot do, based on the goals of this ... I think it's referred to as long-term capital planning in your annual report, but you're calling it now integrated capital planning. What is it that line ministries don't have or Central Services doesn't have that you feel SaskBuilds as a corporation is fulfilling a gap in what government has been doing for the last 120 years?

Mr. Pandya: — So thank you again for the question. So, Mr. Chair, again I think all the members of the committee will be aware that there has been no central integrated capital planning process in the Government of Saskatchewan until three years ago.

And so the work that the individuals who have been currently engaged in this work and the individuals, the FTEs that we will bring on board to further support this work, will be multiple-fold. One will be to assess business cases developed by ministries. So this is work, members, that, Mr. Chair, that ministries are currently doing. Of course they have the expertise to develop business cases, and we've lent some rigour to that by standardizing the template through which business cases are submitted by ministries. As those submissions come forward, what we will undertake to do is a detailed and rigorous analysis of each business case to help again prioritize the infrastructure ask of ministries as that moves through the treasury board and budget-making process.

Another principal function of the individuals who will be involved in assessing business cases, helping ministries in developing those business cases — in fact that's what we currently do — would be to transfer as much knowledge around integrated capital planning so that the system is aware there is in fact a community of practice that we've established that brings together capital planning experts from the existing ministries of the Government of Saskatchewan, and we'll share with them best practice in terms of integrated capital planning moving forward. So these individuals will be experts in best practice related to integrated capital planning, business case assessment and development, and will provide those services to ministries so that those ministries will be able to ensure that the business cases they are forwarding as part of the capital planning process have all of the elements required for assessment.

Ms. Sproule: — I keep getting questions come up as you speak. The word "integrated" does not show up at all in your '14-15 annual report, so can you tell me when the notion of describing

capital planning as “integrated” became part of your lexicon?

Mr. Pandya: — Thanks for the question, Member. So integrated capital planning emerges in the order in council that established SaskBuilds in 2012. I can get the committee the exact number for that order in council.

Ms. Sproule: — I guess then why wasn’t it used as part of your responsibilities and planning in 2014-15?

Mr. Pandya: — Thank you, Mr. Chair. I’ll refer the committee to page 6 of the ’14-15 progress report where it notes that “In partnership with the Ministry of Finance, SaskBuilds co-led the development of an internal integrated capital plan to inform budget decision-making.” So it has always very much been a part of the mandate of SaskBuilds. I believe it’s described as improving capital planning to ensure it’s based on the best practice in the lines with government priorities. I think that’s the broad description of the key strategy, if you will.

Ms. Sproule: — Thank you for pointing that out. I missed that one. I’m just wondering then, in terms of the community of practice you described for all the line ministries, what is the role of Central Services in this process, and why again do we need an additional layer of the corporation of SaskBuilds to do this work when it was typically performed within government until three years ago?

Mr. Pandya: — Thank you for the question, Mr. Chair. So when SaskBuilds was established in October of 2012, the government had in mind creating a centralized capital planning process, an integrated capital planning process. And what had existed prior to that was that individual ministries again would be developing their capital plans and their capital submissions to the Ministry of Finance, and there was not a standardized process in place to allow that to occur. In fact ministries, various ministries were submitting plans with various levels of development, if you will, in terms of the business case.

What the focus has allowed us to do is work with ministries to ensure that we are again standardizing the business case development across all the ministries of the Government of Saskatchewan and that we are exercising a central agency function in terms of assessing those business cases and then providing a prioritized list to the treasury board as part of the decision, the budget decision-making process.

Ms. Sproule: — Yes, I certainly recognize this as a central agency function. I guess my question maybe for the minister is, why not do it as a central agency then? And why create a corporation to do that work?

Hon. Mr. Wyant: — I’ll answer that this way. When SaskBuilds was established, it was established to lead large, complex projects, particularly P3s. So when SaskBuilds was established, it was deemed appropriate at the time that we develop a strategic function within SaskBuilds to look at capital planning generally across executive government.

So I think, as an ancillary function, it works well with the concept of leading large, complex projects where you can bring the expertise to the table in terms of developing not only the business case, but leading the project development and

ultimately execution of the contracts with the various proponent teams.

Ms. Sproule: — Go ahead. I’m going to actually, Mr. Chair, ask my colleague to take over from here for a while.

Ms. Chartier: — Thank you for that. Thank you, Mr. Minister and to all your officials here today. I’ve just got the two project agreements in front of me for the schools. And so I’m wondering, with respect to these two agreements, which school boards have signed them?

Hon. Mr. Wyant: — The contract agreements are signed with the Ministry of Education. Accountability agreements are all signed with each individual school board. So the construction contracts that you’ll see, the ones that are online, are all signed by the Ministry of Education.

Ms. Chartier: — The accountability agreements are signed . . .

Hon. Mr. Wyant: — By the school boards.

Ms. Chartier: — I’m wondering which school boards? Are there school boards who didn’t sign on to them?

Hon. Mr. Wyant: — All school divisions that are associated with the construction of these schools have signed those agreements, the accountability agreements.

Ms. Chartier: — Was there one point where one school board had not?

Hon. Mr. Wyant: — They’re all signed by the respective school divisions.

Ms. Chartier: — As of what date?

Hon. Mr. Wyant: — We don’t have the . . . I understand that all the agreements had been signed by early March. I don’t have the dates. Those would probably be obtained from the Ministry of Education.

Ms. Chartier: — Okay. Were you aware at one point, I believe, one of the school boards had not . . . initially just wasn’t signing it? Are you aware of that?

Hon. Mr. Wyant: — Certainly there was some ongoing discussions with a number of different school divisions, but ultimately all the agreements have been signed.

Ms. Chartier: — All have been signed. Okay. And I see that there’s an appendix or schedules at the back, that in the copies that I have, they’re all blank — all the schedules, definitions, and interpretation, independent certifier agreement, all those things. Have those now been . . . Is there information that now goes with those appendix?

Hon. Mr. Wyant: — On the accountability agreements?

Ms. Chartier: — Yes. Mr. Minister, I should make sure we’re speaking the same language here. Help me out here. Tell me the difference between the project and the accountability agreements.

Hon. Mr. Wyant: — Well the project agreement is the agreement that's signed with the project consortium who are constructing the schools. Those documents have all been signed. They're all online. Of course they've been redacted for commercially sensitive information, and that's what's been posted online on our website.

Ms. Chartier: — And the accountability agreements?

Hon. Mr. Wyant: — The accountability agreements primarily are agreements which allow the school divisions to own the schools, and that's the agreement with the Ministry of Education. That's primarily the function of those agreements.

Ms. Chartier: — Okay. So all the accountability agreements are now signed.

Hon. Mr. Wyant: — They are.

Ms. Chartier: — And I understand from talking to my colleagues that . . . So I don't have the accountability agreements in front of me. I have the project agreements. But I understand with the accountability agreements one of the challenges Regina Catholic had at one point in signing them was that the appendixes were blank. Like there was no information. So I'm wondering if that has changed.

Hon. Mr. Wyant: — Those appendixes had been provided to the board before the documents were signed, so they had that information at the time those accountability agreements were signed.

Ms. Chartier: — I think initially . . . Okay. And you said they've been signed as of March.

Hon. Mr. Wyant: — I believe that's correct.

Ms. Chartier: — Okay.

Hon. Mr. Wyant: — Just to clarify, we of course wouldn't have been able to proceed with the construction of any of the schools without the accountability agreements being signed. So that was the . . .

Ms. Chartier: — I just wanted some clarity because I understand that Regina Catholic at one point wasn't signing the accountability agreements because they didn't have this information in the appendix.

[16:00]

Hon. Mr. Wyant: — They would have had the information before the documents had been signed, as I understand.

Ms. Chartier: — Okay. Thank you. I may get back to that in a minute. In terms of the value-for-money, which I do have before me, in terms of accounting for division staff time . . . So I know every school board has had staff who've been involved in consultations, meetings, the charettes, like the designing, the 3P [production preparation process] process. So has any of that been accounted for in the value-for-money, the time that the division staff will have committed to being part of this process?

Hon. Mr. Wyant: — Those costs for staff who participated in that design would not be included in the value-for-money report. I would point out however that certainly in any traditional school build, they would have had the same amount of participation by staff, and so that's how they would be accounted for. But they're not included in the value-for-money report, nor are they included in traditional builds when we account for it.

Ms. Chartier: — Okay. So you're saying that the same amount of time that has been spent on . . . My conversations with school boards have led me to believe that there's been a significant amount of time put into this P3 process to make sure that it was correct. So what I hear you saying is that that amount of time was equivalent to what would have been put into a traditional build.

Hon. Mr. Wyant: — I guess my view is that that would be, you know, a similar amount of time that would be required for good planning on any capital project.

Ms. Chartier: — Just raising for you that in conversations with school boards, they've been appreciative to be part of the process. Obviously this is something very different that needs to be done right. But from my conversations, there's been a lot of time put into this.

On that same theme around accounting for costs and the value-for-money, have legal costs been included in the value-for-money? Any legal costs that the school boards would have to undertake.

Hon. Mr. Wyant: — The legal and financial and procurement and technical advisers that are retained as part of the P3 project are included, but to the extent that school divisions retain legal counsel to provide them advice on P3s, that is not part of the value-for-money report.

Ms. Chartier: — Thank you for that. This is a relatively new critic portfolio for me so I'm just trying to understand some of it here. In terms of the nine school sites, who owns the land in each of . . . So we've got Martensville, Warman, and Saskatoon and Regina. So who owns the land?

Hon. Mr. Wyant: — The municipalities own the land. They've leased those to the school divisions for \$1 a year.

Ms. Chartier: — In all cases?

Hon. Mr. Wyant: — That's correct.

Ms. Sproule: — Just to follow up on that, when you say \$1 a year, who has title to the land?

Hon. Mr. Wyant: — The municipalities retain title to the land, which is not an uncommon . . . It's not uncommon in certain schools around the province where the municipality owns the land that the school is built on.

Ms. Chartier: — So does that differ from past practice at all then?

Hon. Mr. Wyant: — Historically there is a number of cases, as

I mentioned, where the school divisions lease the land from the municipalities. But I would say I guess traditionally the school divisions have purchased the land directly from either the municipality or the developer in any particular school site.

Ms. Chartier: — Just to confirm, the municipalities own the land and are leasing it to school divisions for \$1 a year.

Hon. Mr. Wyant: — That's correct.

Ms. Chartier: — Okay, thank you for that. In terms of maintenance, I know . . . Obviously with P3s there's lots of kinks and things to work out. I know early on one of the concerns was around school use, or community organizations and school use, so that's just an example of one of the kinks that needs to be worked out. I also understand from talking to people with the city of Saskatoon . . . I haven't had conversations with the other cities. But there was some difficulty figuring out who, like in terms of maintenance — snow removal, grass cutting, summer, all those kinds of things — how does that take place?

Hon. Mr. Wyant: — One quick point, and I'm not sure what you meant by kinks with respect to the use of the schools. As you'll know, and I've mentioned a number of times, these schools will be owned by the public and operated as if any other school is operated within the province. So from that perspective, I didn't understand your comment about kinks.

In terms of the maintenance though, what we'd otherwise refer to as hard maintenance, HVAC [heating, ventilating, and air conditioning], roofs, those kinds of things, are all the responsibility of the project co over the terms of the agreement. A number of the soft maintenance items will continue to be the responsibility of the school divisions so in . . . That varies between school divisions, but I think it's fair to say that the distinction between the hard maintenance, in terms of the building envelope, the HVAC systems, those kinds of things, are all the responsibility of the project co over the term of the contract.

Ms. Chartier: — Okay, so there's not one maintenance . . . Is there one maintenance contract for all 18 schools? Does every school have the same agreement?

Hon. Mr. Wyant: — There's two project agreements, as you know, one with respect to the Regina schools and one with respect to the schools in Saskatoon, Martensville, and Warman. And those contracts will call for, as I mentioned, the significant maintenance to be done by the project co over the term of the agreement, with each school division being responsible for some of the soft maintenance. So for instance the custodial work will continue to be done by the school division under the terms of their collective agreement that they have with CUPE [Canadian Union of Public Employees], those kinds of things.

Ms. Chartier: — So each project, so the no. 1 and no. 2 have slightly different agreements that they've signed when it comes to maintenance?

Hon. Mr. Wyant: — They're fundamentally the same. They do provide for some differences within school divisions to carry on different things, but primarily they're identical contracts.

Ms. Sproule: — Mr. Chair, can I jump in? Thank you. Mr. Minister, you indicated that the school boards will own the schools. At what point do they take ownership of the schools? Is it now? Do they own the construction and everything that's there, or is it sometime in the future?

Hon. Mr. Wyant: — The schools are owned by the public from the moment that the school's construction has begun, so what you see on any particular site today is owned by the public. Of course there will be a date when the substantial completion is done and the operation of the facility is turned over to the respective school boards, but the building that's on site today is all owned by the public and will be throughout the . . . [inaudible].

Ms. Sproule: — Thank you. So then the maintenance that you were talking about, not the custodial work but the significant maintenance that will be continued over, you say, the life of the project, what exactly does that mean? If the school board owns it now, what is the contract that goes beyond the construction of the school? Like are you talking about painting and changing light bulbs? And why is the school board locked in on that with the proponent, and for how long?

Hon. Mr. Wyant: — As you know, this is . . . As you're aware from reading the contract, this is a design, build, finance, and maintain contract. The contractor will be responsible, or the consortium will be responsible for the regular maintenance and the life cycle rehabilitation of the project of this particular school such that at the end of the term of the contract, the school will be otherwise in a like new condition. So that's their responsibility under the terms of the contract.

Things like light bulbs and normal day-to-day maintenance that you'd otherwise have in a school will be the responsibility of the school division through their maintenance and custodial staff.

So we're really talking about regular maintenance, life cycle rehabilitation, so the significant pieces of the project.

Ms. Sproule: — Could you perhaps elaborate a little bit more on what types of work that would entail or what types of maintenance you're talking about? Is it referred to in the project agreement at any point? Could you direct the committee to that clause?

Mr. Pandya: — Thank you, Mr. Chair. So we'll refer you to the specific sections of the project agreement that outline the maintenance responsibilities. But in general, I could just cover off some of those.

So when we talk about hard maintenance, we're talking about major structural systems in a building. So the heating, ventilation, air conditioning replacement, servicing that would be required; building envelope repairs that may be required 15, 20 years down the line to ensure that the building envelope is maintained and is functioning properly; you know, any sort of major repainting of the facility that would be required to ensure that it is kept in the condition specified in the project agreement.

So those are the types of hard maintenance that we're talking

about in the context of the maintenance piece, and we'll get you the specific section of the PA [project agreement] that references maintenance.

Ms. Chartier: — Could you refer to which section . . .

Mr. Pandya: — Mr. Chair, it's appendix 4C, section 2.

Ms. Sproule: — Do you have a page, a page number? I have project no. 2 in front of me. I don't know if you've got 1 or 2 there.

Mr. Pandya: — Mr. Chair, so for project 2 it is project 2, page 2 of appendix 4C, section 2, and for project 1 it is page 1 of appendix 4C, section 2.

[16:15]

Ms. Sproule: — Thank you very much. Unfortunately the version that's available to the public is a blank page and it says, "appendix C FM Services." And that's all that's there, "appendix 4C FM Services." So this information isn't available publicly but perhaps you could share with us, unless there's a better version available online somewhere that we haven't got access to yet.

Mr. Pandya: — Thank you for the question, Mr. Chair. So in fact those appendices are available publicly. So when you print the project agreement off the website there's a section of appendices and you have to actually print the appendices separately too. It's just the way that we had to load it on the website. So you do have, public has access to that, appendices.

Ms. Sproule: — All right. Thank you for that. Are any of these appendices not available to the public, or is the entire document available publicly?

Hon. Mr. Wyant: — The only elements of the contract that aren't available publicly are any items that have commercially sensitive information, which would be redacted from the agreement.

Ms. Sproule: — So it would just show up as redacted in the documents that are online?

Hon. Mr. Wyant: — They would.

Ms. Chartier: — Just going back to the signing of the accountability agreements, I understand, I've had some clarification that I understand that Regina Catholic, as you said, did sign it. But their motion, they did express some concerns about the confidentiality piece. I'm just wondering if you've got a response for that or how that might impact trustees. Their motion here . . . the whereases:

Whereas the Board has ownership responsibilities for the three schools scheduled to open in September 2017 while, at the same time, the Project Agreement for the Saskatchewan Joint-Use Schools Project #1 is between the Province of Saskatchewan and Joint-Use Mutual Partnership #1, and

Whereas the Board believes the Confidentiality Provisions

contained within the Accountability Agreement infringes upon its ability to disclose information about the three new schools as compared to disclosure mechanisms experienced with other capital projects.

BE IT RESOLVED

That the March 1, 2016 draft of the Accountability Agreement between the Board of Education of the Regina Roman Catholic Separate School Division No. 81 and Her Majesty the Queen in Right of the Province of Saskatchewan (as represented by the Ministry of Education) be approved substantially in the form presented and that the Board signing authorities be authorized to execute the same.

So they did sign it, but in their whereas clause expressed some concern about confidentiality.

Hon. Mr. Wyant: — I don't want to sidestep the question, Ms. Chartier, but I think it's probably a better question for the Ministry of Education. But having said that, that would have been commercially sensitive information. So if that's the reference . . . I wasn't aware of what the minutes said for the board of education, but that's a better answer for the Ministry of Education. But that said, I think that the challenge was that that contained commercially sensitive information that shouldn't be released to the public.

Ms. Chartier: — If that was a regular build, though, as well, would that not have been commercially sensitive information? So I think the question is, how come they can disclose information under a regular build but not under this?

Hon. Mr. Wyant: — Well in a traditional build there wouldn't be any agreement to sign between the Ministry of Education and . . . There wouldn't be a similar agreement to sign. I think that's the answer.

Ms. Sproule: — Well I guess that leads to the question is, what types of commercially sensitive information has been redacted in this agreement that would have ordinarily been in a regular design, build? What exactly has been redacted . . . I mean not the content, but the type of information. What are you taking out of this agreement that's not available to the public?

Mr. Pandya: — Thanks, Mr. Chair. So I won't be able to speak directly to what a school division as part of a traditional build would release publicly. I'm not aware of that information being released publicly. Typically in traditional procurements we'd, you know, in general we don't in the public sector make those contracts available on our websites.

What I can say is that we have followed Canadian best practice in terms of releasing the project agreements, the RFPs, the RFQs — which were requests for proposals or requests for qualifications — the fairness advisers' reports, etc., as part of these procurements. And the information that we're redacting is information that has been defined as commercially sensitive by our project cos. and subject to *The Freedom of Information and Protection of Privacy Act* and the local authorities Act. So it's only information that would be proprietary and would harm commercial interests of our partners.

Ms. Sproule: — Yes, I completely understand that and appreciate that. I'm just asking what types of information would be considered commercially sensitive. Is it the price for the maintenance agreement? Like what is it that's redacted exactly? Not the details, of course, because you just identified why they're being redacted, but I would like to know what the substantive topics, what kind of information would be considered commercially sensitive under the standards that you've identified.

Mr. Pandya: — Thank you, Mr. Chair. I can give you two examples. The first would be the schedule of payments that would be proposed by the project consortium that has entered into the project agreement with the authority. So the actual schedule of payments will allow any other proponent team to determine what the financing strategy, if you will, of the winning team would be. And so that's commercially sensitive, as is the maintenance and rehabilitation program.

So just to be clear, the maintenance and rehabilitation program has to meet all of the technical output specifications that are required by the authority in the project agreement. But how that is achieved in fact is proprietary and that's the type of information that would be redacted.

Ms. Sproule: — In terms of the redacted schedule of payments in maintenance and rehabilitation . . . I had another question here but it's just completely vacated. Sorry, I have to think about this. Oh yes, this is my question. How many people actually put in bids for these projects?

Hon. Mr. Wyant: — With respect to the schools, there was three proponent teams that put in bids on each of the two procurements.

Ms. Sproule: — So in terms of the commercially sensitive nature of the information that's been redacted, at what point in the future would this become something that is no longer sensitive? Or is this sensitive information until the project is over? I mean obviously 15 years from now the whole climate will have changed, so at some point that material would no longer be considered commercially sensitive. So when will that information be available to the public?

Hon. Mr. Wyant: — The challenge of course is that it contains, as Mr. Pandya has indicated, their bid strategy. So to the extent that we may proceed with another project like this in the future, it would give people, it would be a competitive disadvantage to them if that information was released. So arguably the information would remain redacted until the end of the term of the contract or until that point in time that we decided we weren't going to proceed on any of these kinds of projects anymore. But it does, as Mr. Pandya had indicated . . . The strategy with respect to how these are bid is sensitive information, so to lose that competitive advantage would be something that of course we want to guard against to ensure that there's a competitive advantage the next time that a project goes out for tender.

Ms. Sproule: — So basically you're saying that the many millions of dollars that the public is putting in as taxpayers' dollars, they will not be able to see how that money has been spent in terms of scheduled payments for maintenance and

rehab until the end of these project agreements. Can you tell us when the termination date is for these agreements so we know when we can look at this?

Hon. Mr. Wyant: — We can clarify your question if you can just give us a second. Just to clarify, I'll have Teresa Florizone just clarify the kind of question you just asked.

Ms. Florizone: — So the information that is presented will be part of each ministry's submissions in their budget requirements annually, as well as in Public Accounts it will as a summary financial statement consolidate the information. The information will be there as well under the capital portion as to the amount of booked asset requirements.

Ms. Sproule: — So you're saying that that information actually is available in Public Accounts right now?

Mr. Pandya: — Thank you, Mr. Chair. So those expenses, those figures will show up in Public Accounts on an annual basis, on a basis of percentage completion of the asset. And then moving forward into maintenance and rehabilitation, those dollars will also show up in Public Accounts.

Ms. Sproule: — Then will you undertake to provide the committee with a detailed description of those expenses on a line-by-line item, not in consolidated fashion but on an individual, at least project basis? Or preferably by school so that people can understand what they're paying for maintenance, what they're paying for in terms of rehabilitation, and what the schedule of payments would be for each individual school. Like I don't understand how it could be possibly helpful to an individual looking at this information unless it's specific to each project because a consolidated number will tell us absolutely nothing. So I guess what I don't know, can you provide us with those information on a line-by-line item, or would that be violating the commercial sensitivity of the agreement?

[16:30]

Mr. Pandya: — Thank you, Mr. Chair. So Public Accounts will provide a detailed accounting of the capital payments for each project, and that will be done on a project-by-project basis, so you'll be able to identify each of the different projects that we're engaged in.

Ms. Sproule: — That will be helpful in terms of the capital arrangements. Obviously what we're talking about here is more specifically maintenance and rehab. If you're saying the capital descriptions for each project would relate to the schedule of payments, I believe that you referred to as the commercially sensitive information, that's half the piece, but in terms of maintenance and rehab, are you saying that's also a capital accounting that will be provided for by school in the Public Accounts?

Ms. Florizone: — Mr. Chair, in Public Accounts what will show up is a specific line in regards to operating and maintenance for payments on the P3 projects. It won't go into detail as to each individual project, but for that portion of the operating and maintenance you will see that, a number. So that information will be available for you.

Ms. Sproule: — Is that in the volume 2 under each ministry's accounting of expenses? Is that where it would be located?

Ms. Florizone: — It will be in Public Accounts coming forward. We're just in the process of preparing the final.

Ms. Sproule: — Yes. I'm just wondering where in Public Accounts would it be, in volume 2 where ministries, each vote, there's a list of all the expenses under per vote.

Ms. Florizone: — It will be under the notes to the summary financial statements.

Ms. Sproule: — All right. Thank you. Just a couple more questions. And I want to look at the budget itself. Page 20 to 27 is the Saskatchewan Builds capital plan, and this goes from 2016 to the end of 2020. So it's kind of a four-year or five-year plan.

I'm just wondering if you could — because the way the minister presented this information on page 21 is globally, by the capital plan by sector, and then under things like transportation infrastructure, municipal infrastructure, education capital, advanced education and training, health care, government services — I'm not sure you can tease out for us exactly what SaskBuilds's relationship is vis-à-vis this capital plan.

But I'm just kind of wondering what your role is, and how do you fit into this section, Saskatchewan Builds capital plan. And I guess my specific question ... That's a general question. Maybe I'll let you answer that and then I'll ask a specific question.

Hon. Mr. Wyant: — So I'll try to answer that as simply as I can. That's the Government of Saskatchewan capital plan. Certainly SaskBuilds is part of that capital plan. It's a component of the capital plan. Does that answer your question?

Ms. Sproule: — Yes, I think it does. Thank you.

On page 27 there is some reference to the financing of this capital plan. And the minister indicated that to help finance the Saskatchewan Builds capital plan, an estimated \$1 billion is forecast to be borrowed during 2016-17. What is SaskBuilds's involvement in determinations as to whether this money would be borrowed or actually financed through deficit financing? Are you involved in consultations at the level with the Ministry of Finance and the line ministries? Is this part of your integrated, what did you call it, the integrated capital plan, is advice relating to borrowing vis-à-vis actually deficit financing it?

Hon. Mr. Wyant: — We have no direct involvement with respect to that matter. It's certainly within the purview of the treasury board. Our responsibility as a function of that is simply to provide a prioritized list of projects for consideration. But in terms of the decision as to how those will be financed, that's not a decision that SaskBuilds is involved in.

Ms. Sproule: — Thank you for that. I'm going to be in estimates with Finance so I wanted to clear that up here first and then I'll ask those questions to the Minister of Finance.

In terms of this prioritized list of projects, can you identify ... We know the projects that you are currently working on. In terms of the go-forward from here, are there new projects that you're going forward with? Are they P3s? And who is at the top of the list? Who is on the list? And how do you determine the priority?

Hon. Mr. Wyant: — [Inaudible] ... you're aware of the capital budget for the '16-17 fiscal year for the Government of Saskatchewan. SaskBuilds would have had some input into those items that are set out in the capital budget. Our work, as Mr. Pandya has indicated earlier, is to work on the capital planning and provide some commentary back to treasury board with respect to projects which may be ready for procurement, but ultimately the decision as to which projects get funded is one that goes through our treasury board process. We don't have a list that we can provide to you in terms of the projects which may be under consideration. But certainly we're involved in that, as I mentioned before, and as part of your question.

We've always said that P3s are not a panacea. We'll look at where they make sense. We'll give them, as the Government of Saskatchewan, some consideration as to whether they make sense in any particular project or not. So we will put that lens on projects as they come forward for consideration by SaskBuilds through our integrated planning process. But it's certainly not a foregone conclusion that any one particular project will be built using a P3 in any particular circumstance.

Ms. Sproule: — In terms of the budget — and you said you would have had input into this — in 2017-18, I think there's the plan to spend \$1.5 billion; in 2018-19, a plan to spend \$1.2 billion; and in '19-20 it's back to below \$1 billion for capital expenditures. In terms of the input you've had and these figures that are presented in the budget, are these all for the existing projects that have already been identified or is this also planning for new projects to come forward?

Hon. Mr. Wyant: — Well as you know, all SaskBuilds projects are included in the capital budget which has been laid out. I think with respect to any particular projects that are identified, I think that's probably a question better asked of the Ministry of Finance.

Ms. Sproule: — All right. Thank you. Just a couple of questions now for probably Mr. Dedman. I just want to ask about Priority Saskatchewan. And the first question I have is back to your annual report of '14-15. I believe it was created in June of 2014. And on page 14 in the notes to the financial statements, there is an indication that "Priority Saskatchewan was created as a branch of SaskBuilds in June of 2014 and is responsible for leading a coordinated approach to procurement process improvement across government and the Crown sector."

And certainly, Mr. Minister, you will recall that we had introduced some bills looking for recognizing local knowledge, amongst other things. And I think some of those were incorporated into your new procurement process. My question though is, how much money has been allocated to Priority Saskatchewan in that fiscal year and in last fiscal year, '15-16? And if possible, how much are you budgeting for Priority Saskatchewan for this fiscal year?

Hon. Mr. Wyant: — In the 2014-15 budget, the costs of Priority Saskatchewan were absorbed within the budget of SaskBuilds. In '15-16 there's an allocation for salaries within the budget, and so that's how that's accounted for.

Ms. Sproule: — Thank you. Could you provide the committee with that amount and how many staff that are currently within that section of SaskBuilds, for this year as well, please?

[16:45]

Hon. Mr. Wyant: — There are four FTEs for a budget of approximately \$500,000 which are the FTEs that are associated with SaskBuilds. Certainly the work that SaskBuilds is doing across executive government and the Crowns in their consultation with the work that's being done . . . And that was of course part of the significant issues involved in moving Priority Saskatchewan forward, was the significant amount of consultation that was required to be done, not just with industry but of course across executive government and with the Crowns to ensure that as we move forward with our procurement transformation plan, our 13-point items, we had the appropriate level of consultation when we planned that out.

There's been certainly a significant amount of consultation going forward with industry that's continuing today and will continue in the future as we continue to kind of roll out that transformation plan. We've always commented that this was not simply a static process. This consultation with industry, with executive government, and across the Crowns will be a continuing process to make sure that we're in a state of continual improvement with respect to procurement transformation.

And with respect, I think that was one of the challenges with the legislation that your party had proposed at the time. And I think I made a comment about this that you couldn't simply just move forward with a piece of legislation without having some significant consultation with industry because they were the ones that had the important issues to deal with. And I'm quite pleased with the fact that this whole issue of procurement transformation isn't one that's being driven by executive government. It's really being driven by industry who are giving us their best advice in terms of how we can roll this out. And it's been an exercise, I think it's fair to say, that's been recognized across the country in terms of the very good work that's been done and the level of consultation with industry. So that's a long answer to a short question.

Ms. Sproule: — Thank you for that, Mr. Minister, and obviously there's absolutely consultation required for any of these projects, and I don't think it was ever suggested by the official opposition that there would be no consultation. In fact that's where the impetus came for bringing it forward, was consultation with business and manufacturers in Saskatoon. That's where it kind of started. We saw the genesis for that.

So certainly there is a great deal of information on your website about the consultation that's taken place, and I know there's a number of individual associations that have indicated their support for the consultation process. So no problems there, none whatsoever.

Mr. Dedman, I see that tomorrow you're actually going to be in Saskatoon, I believe, speaking at a luncheon with the North Sask Business Association, and you're going to talk about where things currently stand with this groundbreaking work. And I'm just wondering if we can scoop the NSBA [North Sask Business Association] and find out a little bit about what you're going to be telling them tomorrow. Or maybe the minister, either one.

Mr. Dedman: — Thank you. I think my talk tomorrow will be in three parts. First of all, a little bit of background of how Priority Saskatchewan came to be and how, as the potash expansion came to an end, that the focus of many companies change to looking at government procurement as an opportunity to expand their business.

The second thing I'll talk about is the work of Priority Saskatchewan to date, which centres on the action items that were developed in consultation with the private sector and kind of . . . Well these have been shared extensively on the website and with the various stakeholders. There was an interest from North Saskatoon Business Association to perhaps share this information directly with their membership.

And then I think a little bit of discussion on sort of the ongoing role of Priority Saskatchewan and our availability to listen to any concerns that are raised about procurement, whether that's a procurement experience that a Saskatchewan company has had or it could be suggestions as to how things might be done differently in government procurement.

Ms. Sproule: — Thank you very much for that. I'm just wondering if it . . . I don't have a copy of the paid disclosure for SaskBuilds. It's normally part of the annual report, and I know that it probably exists, and we probably did receive a copy, but I'm just wondering if it's possible for you to provide us with the payee disclosure for '14-15 annual report. And then I presume it'll be provided again in the '15-16.

In terms of the salaried employees that are currently engaged — I think the minister indicated there are four — can you describe for the committee what their designation is or what . . . are they engineers? Are they economists? Are they accountants? What kind of professions have you engaged in this work?

Mr. Dedman: — Yes. There are four FTEs assigned, but at the moment there's only one and a half people involved in this. We have half time from Greg Lusk who is with Central Services, and then I'm obviously involved.

Ms. Sproule: — So again what is sort of the professional designation that Mr. Lusk would have and your own?

Mr. Dedman: — Mr. Lusk has an M.B.A. [Master of Business Administration], and I'm not sure about his undergraduate degree. And I'm an engineer.

Ms. Sproule: — And when you say he's half time, is he half time with Central Services as well and then half time with SaskBuilds?

Mr. Dedman: — Yes.

Ms. Sproule: — All right. And were you previously with Central Services before you came to SaskBuilds?

Mr. Dedman: — Yes.

Ms. Sproule: — All right. So in terms of the services that you are providing right now with the Priority Saskatchewan, what can you identify that having a stand-alone corporation, what advantages has that provided to the work that you would have been doing otherwise in Central Services?

Mr. Dedman: — Well the initiative is really about bringing a standard and consistent approach to procurement across government. The concerns that were raised by industry were around the fact that there was no consistency, and so that if you're dealing with one particular ministry or a Crown and you have experience with that particular agency, that is not helpful necessarily in how you deal with a different Crown or a different ministry. So the goal of the initiative is to bring a standard approach, and that will involve things like training consistently across government. And a lot of work has been done on that already with involvement from ministry and Crown procurement people in looking at the action items.

Ms. Sproule: — Thank you. I guess my question is, when you have a ministry called Central Services, it seems to imply that those kinds of services could be provided centrally. And although I have great respect for this minister and know he's a really smart guy, we have a Minister of Central Services already in place where you were working, and assume Mr. Lusk was as well. And why is it that Central Services couldn't bring that standard in consistent approach that you described for this initiative? And why is it something that's important that it be done by a Crown with a separate CEO and CFO [chief financial officer] rather than Central Services itself?

Hon. Mr. Wyant: — Well perhaps I'll answer that. As you know, SaskBuilds is a treasury board Crown, which gives it kind of a unique opportunity to work not only with executive government but with the Crowns. And so I think SaskBuilds is uniquely kind of positioned, given the procurement work that they have been doing, to engage in procurement transformation. So it made a lot of sense that SaskBuilds take on that responsibility given its unique role as a treasury board Crown.

Ms. Sproule: — Thank you. What Crowns are you currently working with?

Hon. Mr. Wyant: — Well I'll let Mr. Dedman kind of fill out the list, but the responsibility for Priority Saskatchewan is to work with all Crowns with respect to procurement transformation. So there would be no Crown which would be left untouched by the ongoing dialogue. Certainly there's a number of Crown corporations that are more significant than others in terms of capital and in terms of their capitalization, but the mandate of Priority Saskatchewan is to deal with all Crowns and all line ministries.

Ms. Sproule: — Okay, so that's the mandate. The mandate is clear. My question is, which Crowns are you currently working with, if any or all?

Mr. Dedman: — All Crowns and all ministries.

Ms. Sproule: — And in terms of the work that you're doing then, do you meet with them on a regular basis? Are you dealing with actual procurement projects, or is it a training initiative or perhaps some sort of . . . I don't know how transformational change fits into this as well. So maybe just if you could describe for the committee what that kind of work with the Crowns looks like.

Mr. Dedman: — With the action plan items, we have committees set up with ministry and Crown people working together, looking at each of those items, what the implications are, and helping to put together the actual policy around each of those items. We take those items as we develop them and discuss them with our stakeholder groups and gather their input on those items as well and adjust and change as we go forward. So an example would be, we have a procurement manual that has been developed as a standard document to be used across government. That's been widely distributed and modified a number of different times. And it's getting very close to where we can publish it and share it. That will become a key piece as we go forward with training.

Ms. Sproule: — Thank you very much, Mr. Chair. I'm going to relinquish the microphone now, and my colleague will take over from here. Thank you.

The Chair: — Ms. Chartier.

Ms. Chartier: — Thank you. This is a very simple question here. Obviously some of the mantra around P3s is on time, on budget. I'm wondering if you could describe some of the . . . Like, did we have issues particularly with schools with on time, on budget prior to taking this approach?

Mr. Pandya: — Thank you for the question, Mr. Chair. There's maybe two parts to the answer that I would provide. The first is that as part of the assessment for public-private partnerships — an assessment process that's been reviewed by the Provincial Auditor — we worked with facilities maintenance individuals within the school divisions to help build the risk profile for each of the projects to identify what are their challenges with respect to on time, on budget delivery, as well as a whole host of other issues that they might encounter in the context of building schools.

More specifically, I think, this question was just asked in committee to the Minister of Education the previous day, and so I'd refer the committee to that answer. But I think if I may just paraphrase the answer, I think the answer was, one of the most recent school constructions — which is Willowgrove/Holy Family in Saskatoon — is approximately, well actually, over a year late and had a number of deficiencies that are still being addressed as part of that traditional build construction. So I think that was a specific example that was given.

I think the other point that was made by colleagues in the Ministry of Education relative to school builds is that, although divisions in the past have built their own individual schools that clearly they wouldn't have had the ability to pursue what the Minister of Education described as a catch-up in terms of school construction — 18 schools simultaneously — and that the economies of scale that were generated wouldn't have been able to be achieved individually in the context of that particular

procurement.

Ms. Chartier: — I'm very well aware of Willowgrove, but just to be clear, you had embarked upon the P3s before Willowgrove. All those problems were identified. So I'm wondering, I guess the question was, do we have a long history of projects not coming in on time, on budget?

Hon. Mr. Wyant: — Well I think that's fair to say yes, that . . .

Ms. Chartier: — I just want any examples.

Hon. Mr. Wyant: — Well as Mr. Pandya had indicated, I think the experience that came to us from capital planners in the various school divisions certainly indicated that there was some challenges with respect to on-time, on-budget delivery. I don't have a list of examples you can give, but when we went through the risk workshops, as Mr. Pandya's indicated, they certainly brought examples forth to those risk workshops as to the kinds of things that would delay the opening of a school.

And I think Willowgrove-Holy Family is a good example. It's not the only example, because we know that there are a number of other capital projects across government that go over budget. So from that perspective, I think it's fair to say that taking the experience that's come to us from the school divisions demonstrates the challenge with being on time . . . on-time delivery of schools. So I can't give you a list of schools, but the experience that came to us through those risk workshops certainly underscored what we knew to be the case in terms of capital construction across government.

[17:00]

Ms. Chartier: — Just out of curiosity, do you have other governments . . . Obviously these are probably risks that are issues around other jurisdictions as well. Are there other solutions to solving some of those problems around risk, around the things that put projects behind schedule?

Hon. Mr. Wyant: — Well one of the great advantages of P3s is the risk transfer and taking those risks that get identified through those risk workshops — you'll know the auditor has made some comments on that — and developing strategies for ensuring that those risks get transferred to the proponent, not just with respect to the construction but with respect to the term of the contract. So it's our view that, with respect to these particular projects, the best way of managing those risks is to use a P3, and at the same time building a long-term strategy with respect to the maintenance of those schools over the terms of those contracts.

Ms. Chartier: — Thank you for that. Just moving on here. With respect to Partnerships BC, are you still doing any work with Partnerships BC?

Hon. Mr. Wyant: — Certainly we brought Partnerships BC in to help establish the processes which we now use at SaskBuilds. And as we have built capacity at SaskBuilds, our reliance on Partnerships British Columbia has reduced to the point where we will no longer be requiring their assistance.

We do know that from discussing the issue of capacity with

other jurisdictions, that as we build capacity, we'll now be able to have that capacity to be able to offer those kinds of services to other jurisdictions who are looking to develop their own models within their own provinces.

So we've been very successful in building capacity, which now will not require the assistance of any other outside agencies to continue that.

Ms. Chartier: — Thank you. When did you cease working with Partnerships BC?

Hon. Mr. Wyant: — As I mentioned, our reliance on Partnerships BC has reduced over time. We may need them on a project-by-project basis or in case we need some assistance on any one particular project, but essentially the expertise has now been built within SaskBuilds to provide the services that we need.

But as with anything else, if there's some assistance that we need going forward with respect to any one particular project, we may use them. There's other agencies in this country as well that provide those services. Infrastructure Ontario is an example. So just as other jurisdictions may rely on us for our expertise, to the extent we may need some expertise in any particular area, we may rely on them.

Ms. Chartier: — Can you tell me how — again I'm new to this critic portfolio here — can you tell me how you've . . . in which fiscal years you used Partnerships BC and to what extent? What was the expenditure?

Hon. Mr. Wyant: — In '13-14 the actual expenditures to Partnerships BC was just over \$1 million, 1.015 million. In '14-15 the expenditure was \$1.7 million, and in '15-16 the actual was 658,000 to \$659,000 approximately.

Ms. Chartier: — Was there a contract? Was it contract-based work?

Hon. Mr. Wyant: — Yes, they were multi-year contracts.

Ms. Chartier: — Was that, when we talk about a multi-year contract, that was one contract to use to lay out that work for those three years?

Hon. Mr. Wyant: — Different contracts for different projects, depending on where we were using them.

Ms. Chartier: — On which projects did you have them work with you?

Hon. Mr. Wyant: — They worked on the Sask Hospital in North Battleford, the bypass, the joint-use school projects, and the Swift Current long-term care project.

Ms. Chartier: — What were their deliverables to the Government of Saskatchewan?

Mr. Pandya: — Thank you for the question, Mr. Chair. So the deliverables would have been different across each project. Clearly Swift Current long-term care was the province's first P3 project, so we were looking for not only assistance in

establishing SaskBuilds as a corporation, but assistance in helping build capacity with SaskBuilds staff relative to project advisory, due diligence services, providing quantity surveyor work — that's professional cost estimation work in terms of projects. Providing specialized interest rate advisory services is part of financial close on a public-private partnership. You require special advice as that close process occurs, and also expertise in establishing data repositories for all the documents related to a P3.

As you move the projects — Sask Hospital, joint-use schools, and then finally Regina bypass project — the level of involvement for Partnerships BC diminishes as you move through those procurements. And in fact I believe the question was, you know, what type of services were being provided? And they were primarily project advisory services and capacity-building services to SaskBuilds staff in a range of areas around quantity surveying; financial advisory; and data room, interest rate advisory services. So those are common across the procurements and diminish, if you will, across the procurements as I outlined.

Ms. Chartier: — Thank you. Thank you for that. Speaking of North Battleford hospital, in terms of, it seems to me a very complicated project. Obviously you've got Central Services who, Central Services will own the facility upon completion. So Central Services is the body that will own the building. Is that correct?

Hon. Mr. Wyant: — That's correct.

Ms. Chartier: — So what kind of relationship will Central Services . . . So we've obviously got Corrections and Policing and Health involved. So I'm just trying to understand how all those players will be working together and how the contract with the consortium is structured.

Hon. Mr. Wyant: — Just to confirm again that Central Services is the owner of the building. Health and Corrections and Policing, as the two line ministries, are currently working on a management plan in terms of how the space is going to be utilized, what kind of services will be jointly provided in terms of the therapeutic and the correction side of it. So they're currently working on that management plan.

Ms. Chartier: — Okay. So we had a conversation about maintenance in the schools. So there is \$185 million in this contract. Is that correct for maintenance?

Hon. Mr. Wyant: — You'll be aware that the value-for-money report sets out the detail with respect to the project. The final project cost — it was a design, build, finance, and maintain project — the payments to the private sector partner are \$363 million. The retained risks of \$33.8 million and the procurement implementation and the other owners' costs of \$10 million, for a total of \$407 million.

Ms. Chartier: — Sorry, and what was maintenance allocated?

Hon. Mr. Wyant: — The maintenance is not broken out. It's one combined bit, and that was the \$363 million figure.

Ms. Chartier: — Okay. Okay. Can you describe what will be

involved in the maintenance? Obviously you did that for the schools, but I'm wondering what's included in the hard maintenance.

Mr. Pandya: — Thank you for the question, Mr. Chair. So the maintenance would be similar, so it would be hard maintenance. Soft maintenance or custodial services will still be managed in the same way.

Central services is managing those services within the existing Saskatchewan Hospital in North Battleford. So it's hard maintenance: heating, ventilation, air conditioning, there's a cogeneration facility which will be on site as well, building envelope . . . So those hard maintenance services, if you will, will be included, and I believe that the schedule will be similar to the schedule that was identified for schools. I think there's a similarity in terms of identification of schedules in the project agreement that specify in detail those responsibilities.

Ms. Chartier: — I'm just wondering, so obviously the school boards are a little bit easier because you have, in terms of . . . Is SaskBuilds involved at all with working with Health and Corrections and Policing in figuring out who does the other maintenance? Who is responsible for what? And I know, Minister Wyant, you had said that Health and Corrections are in the middle of discussing all that, but do you have any sense of what that's going to look like?

Hon. Mr. Wyant: — So Health and Corrections will be responsible of course for the therapeutic programs that are happening within the facility. Central Services will be responsible for the soft maintenance responsibility, just as the school boards will be responsible for that in the school projects. So that's who will be responsible for it. It will not be the responsibility of Health or Corrections to do those things because it's a building that's owned by Central Services.

Ms. Chartier: — Okay. Thank you for that. In terms of how that construction is going at this point in time, sort of checking in, is it on schedule and on budget?

Hon. Mr. Wyant: — I can certainly provide to you the project highlights which has been provided to me in answer to your question. The project is on time and expected to be delivered in accordance with the schedule. There is a significant number of project highlights. I can share them with you if you like.

Ms. Chartier: — Just to clarify, it's scheduled for completion in spring 2018 and on track to be complete in 2018?

Hon. Mr. Wyant: — That's correct.

Ms. Chartier: — Okay. I'd be interested . . . I know I have a news release here that highlighted 11 local businesses, and I know that's been a debate or discussion that's happened in this Assembly. I'm wondering if I could get . . . Are there any other Saskatchewan businesses involved other than the 11 that are listed in the news release of February 29th?

[17:15]

Hon. Mr. Wyant: — Currently there is 14 local Saskatchewan companies involved in that project, which represents 67 per

cent of the total businesses. So there's the 14, and as I mentioned in my opening comments, Graham Construction is the lead contractor on that project.

Ms. Chartier: — Could you table that list for the committee?

Hon. Mr. Wyant: — Yes, I don't see why not.

Ms. Chartier: — And are you expecting other . . . We still have another two years. Are you expecting further Saskatchewan companies to be involved?

Hon. Mr. Wyant: — We are. There's a tremendous amount of work that still has to be done on this project and on a number of other of our P3 projects as well. I would point out that the 14 local businesses that have been indicated here don't necessarily include companies that have obtained subcontracts from these. That's difficult to determine. So certainly the ones that we know is 14, and we think the number is quite a bit higher given the subcontracts that have been entered into by those prime contractors.

Ms. Chartier: — Okay, thank you for that. And I think I still have two more days of Health estimates, so I will have some conversations with the minister on the Health side regarding the contract and just how that'll all look.

So obviously we know some money has been allocated in the past for design, or it's not for design yet, but for planning dollars for a few facilities in Saskatchewan. We've got the Weyburn, a hospital in Weyburn that has sort of been on the back burner but has received money for planning. We've got the Victoria Hospital that has received some very preliminary dollars. We've got La Ronge long-term care that has received some very preliminary dollars. And there's nothing allocated in this budget so obviously that's not happening this year, but can you tell me SaskBuilds's role, if and when the time comes, to move on those projects?

Hon. Mr. Wyant: — Well I think it's fair to say that, as Mr. Pandya had indicated in earlier comments, SaskBuilds is engaged in integrated capital planning. We will look to the business case analysis of those projects as they come through and make recommendations. And so that will be our involvement as those business cases are developed, to make sure that there's a consistent business case that goes forward so that proper consideration can be given to those projects in the context of the overall capital strategy of the government.

Ms. Chartier: — From my understanding, Weyburn is quite far along in that process, or had been given money. And I think of all the projects that I've just named. Has the business case come to SaskBuilds yet?

Hon. Mr. Wyant: — SaskBuilds hasn't had any involvement with respect to the planning of the business case study in the Weyburn facility, yet.

Ms. Chartier: — Yet. Are there any other capital projects before you at the business case stage?

Hon. Mr. Wyant: — We currently have 11 business cases that are being considered by SaskBuilds, so there's 11. The details

of those plans, of course, will be all . . . The priority, in terms of how those projects move forward once the business cases are confirmed, will be a decision that gets made by treasury board but there's 11 that are being considered.

Ms. Chartier: — Could you tell me the 11?

Hon. Mr. Wyant: — It's advice to treasury board, so we can't provide the list.

Ms. Chartier: — Okay. But you've said that these are all projects that have been previously . . . like funding for planning dollars, these are all projects where funding for planning dollars had been given in the past?

Hon. Mr. Wyant: — They're all at early . . . They're all at different stages with respect to the development of their business cases.

Ms. Chartier: — They're all at different stages, but Weyburn isn't one of them, you had said.

Hon. Mr. Wyant: — I won't disclose what's on the list and what's not on the list.

Ms. Chartier: — Prior to you telling me there were 11, I think you said that Weyburn hadn't come before SaskBuilds.

Hon. Mr. Wyant: — We have no involvement in that business case with respect to that project.

Ms. Chartier: — Thank you. The on-time, on-budget debate is an interesting one, and I'm sure you've seen The School of Public Policy, that University of Calgary paper. You've read that, I have no doubt . . . [inaudible interjection] . . . You got it from somewhere.

So some of these things that I'll read into record you're very well aware of. I'm thinking about the North Battleford hospital and correction facility. That work had started in 2011. Actually it started long before that, I think in 2007, by previous administrations, and planning dollars had gone into that. So in 2011 your government announced that it would be replacing the existing Saskatchewan Hospital, and then three years later, that's when you announced that it would be a public-private partnership.

So I'm just curious to your thoughts on this particular paper in the summary, that I know you've read. It says here:

However, the yardsticks by which the on-time and on-budget criteria are measured are typically flawed. The "start dates" of PPPs are marked after the conclusion of a lengthy negotiation and project-planning process between a government and a private consortium, making project completions seem more efficient than they really are. Meanwhile, the estimated cost of a project has a tendency to increase during that preliminary process. In other words, the delay and cost inflation that so often characterize traditional PSAs [or traditional builds] are not magically eliminated in a PPP: they just tend to occur prior to the first shovel breaking ground, rather than incrementally over the course of the project's construction.

So obviously they're talking about the contract negotiation period there and factored into the length of time it'll take to get this hospital built. There were other delays when you decided to move toward a P3 model. I'm just wondering your thoughts. When you read a paper like that, as the minister responsible for P3s, what are your reactions?

Hon. Mr. Wyant: — So I guess I'll say this, that there is a history, and we've commented on this before, that when projects, when decisions are made to build projects, typically they don't get built on time and they go over budget. So we equate the on-time delivery from the time that the decision is made, from the delivery of the contract to start of the project. Because we know, and Willowgrove and Holy Family was a great example of that, there were target dates set for the construction of that project from the date that the building started construction, and it was delayed in the construction.

So we evaluate the time as to whether it's on time from the date that the construction starts. Certainly there's a tremendous amount of upfront planning when it comes to P3s, and that's one of the reasons that these projects can be delivered on time because there is a significant amount of planning that goes into it. I must also say that when the decision was made to move forward with the construction of that particular facility, that we moved quite quickly in terms of moving forward with the planning process to get to the stage where the construction documents were signed.

But as I've said, it's a significant amount of planning that goes into P3s. One of the big challenges with conventional projects is that there isn't that upfront planning and that's the challenge, and that's what results in projects going over time and over budget with numerous change orders.

So I take some exception to the article from that perspective. When we say something's going to be open on a particular date, it will be open on that date and that's the time we equate from the, that's the time that we talk about when we talk about it being on time.

Ms. Chartier: — I know you've read this, but the first part of that:

Advocates of PPP would argue that one [of the] clear benefit PPPs do offer the public is an impressive record of bringing in projects on time and on budget. It is true that the inflexibility of contracts and the financial risk transferred to the private partners have a powerful effect in keeping projects on track.

But the whole point around the length of time it takes to negotiate those contracts and all those, so I'm . . . With respect to North Battleford, what was the length of time from the decision to do this project to construction.

Hon. Mr. Wyant: — As I mentioned before, there is a significant amount of upfront planning. The date that we calculate whether the project's on time is from the date of financial close, which in this particular project was August 17th of 2015. I can't give you the date as to when the business case was developed, but I can say that this project has been promised by consecutive administrations over the course of quite a

number of years, including the former administration in this province that promised to build it a number of times. So once the decision was made by this government that we were actually going to go ahead and replace an aging facility that wasn't serving its purpose, that's when the upfront planning begins.

And as I've mentioned before, it's a significant amount of planning to develop a business case and then to develop the model. And again I'll state this for the record: this is a very unique project. It hasn't been done in this country before when you're combining a therapeutic facility, a correctional facility, and a hospital into one so that you can start to meet or better meet the needs of people within the system that need that care. So great care and attention needed to be paid in terms of how this was going to be planned, how it was going to be laid out, lots of discussion with health care professionals not only in this province but across the country, and with correctional experts.

So the result of all that planning resulted in this project being delivered on time, the date that you had mentioned in your last question. So I don't want to diminish the significance of this project by getting hung up on how much time it took to plan it because this is a significant planning exercise as all P3s are.

Ms. Chartier: — I'm not diminishing the need for this facility. I've had family members in the existing facility. I recognize this is a good project and it's important. But I'm asking about on-time, on-budget schedules. And so you're telling me the clock started when the financial close happened in August 2015 and it'll be on time in spring of 2018. But you announced it in 2014, April 29th, 2014.

Hon. Mr. Wyant: — That's when the request for qualifications was issued, in April of '14, with the request for qualification deadline in July of '14. So that was the date that the RFQ was issued.

So once the qualifications come back and the proponent teams are qualified, that's when the RFP goes out for the actual planning of the facility. So when you look at that kind of timeline, from April of '14 to financial close, that's a significantly short period of time, notwithstanding all the upfront planning that was done. So I think that, from the government's perspective, this project has moved ahead quite, quite quickly given the commitments that the government has made.

[17:30]

Ms. Chartier: — Well thank you. I just want to . . . I know we are just about . . . We are out of time.

The Chair: — Ms. Chartier, yes. Speaking of clocks, you mentioned at the beginning of your statement there, we have run out of time for this committee. I'd like to very much thank the witnesses for appearing before the committee and thank the committee members for their questions. It's been very informative. This committee, you know . . . I'll ask Mr. Wyant if he'd like to say some final words or thoughts.

Hon. Mr. Wyant: — Thank you very much, Mr. Chair. Well first of all, thank you to you and the consideration by the

committee of our estimates. I do want to thank again the officials from SaskBuilds who are here to support me. Without them, we wouldn't have the successes that we've had at SaskBuilds. So they have my thanks. Thanks to Ms. Sproule and Ms. Chartier for their questions. I'd like to thank the committee for their attendance, and I'd like to thank Hansard for their attendance as well. So thank you very much, Mr. Chair.

The Chair: — Thank you very much. I echo those sentiments as well. This committee is done for today. However, we stand recessed until 7 p.m.

[The committee recessed from 17:31 until 19:00.]

The Chair: — Welcome back, committee members. It is 7 p.m. and we are here to consider estimates from the Ministry of Agriculture.

General Revenue Fund Agriculture Vote 1

Subvote (AG01)

The Chair: — We'll now begin our consideration of vote 1, Agriculture, central management and services, subvote (AG01). I'll also mention that Ms. Sproule is substituting this evening for Mr. Belanger. That was our only substitution.

Mr. Stewart, thank you and your officials for appearing before the committee. I'll ask you to introduce your officials, and then if you do have some opening statements, you can do that after that.

Hon. Mr. Stewart: — Thank you, Mr. Chair. I'm very pleased to appear before the committee this evening to discuss the Ministry of Agriculture's 2016-17 estimates.

Before I get started, I will introduce my officials, the ones that I have with me this evening: Alanna Koch, deputy minister; Rick Burton, ADM [assistant deputy minister], policy; Lee Auten, ADM, programs; Bill Greuel, ADM, regulatory and innovation; Shawn Jaques, CEO and president, Saskatchewan Crop Insurance Corporation; Lorelei Hulston, executive director, research and development, Saskatchewan Crop Insurance Corporation; Janie Kuntz, vice-president, finance, Saskatchewan Crop Insurance Corporation; Ray Arscott, executive director, corporate services; Abdul Jalil, executive director, research branch; Wally Hoehn, executive director, lands branch; and Ashley Anderson, my chief of staff.

I'd like to thank my officials for attending this evening. Earlier this month, our government introduced the 2016-17 budget. This budget is our government's commitment to keep Saskatchewan strong. We will continue to invest where we need to to provide a better quality of life for Saskatchewan people. And while the low commodity prices have definitely caused a challenge when it comes to the provincial budget, our economy remains diversified and resilient.

This budget is about controlling what we can control and set things up to balance the budget for next year. Now more than

ever, a strong agriculture industry is important. With this budget, we will keep agriculture strong to keep Saskatchewan strong.

The 2016-17 Ministry of Agriculture budget is \$389.8 million or a 7.5 per cent increase from the previous year. Through the work of the Ministry of Agriculture and Saskatchewan Crop Insurance Corporation, our government has been focused on building a productive and sustainable agricultural industry. We have worked hard to develop a collaborative relationship with industry. We have listened and made strategic investments that benefit the sector and strengthen our economy, and we offered the programs and services that farmers, ranchers, and agribusinesses need to be successful.

Our government has been focused on the Saskatchewan plan for growth for almost four years now. I'm sure by now you are aware of the four agricultural targets included in the plan, but as a reminder they are: to increase crop production by 10 million tonnes, to increase agri-value exports to \$15 billion, to increase revenue from value-added processing to \$6 billion, to become a global leader in biosciences. And while not a formal growth plan goal, we are also continuing work to significantly increase the size of the cattle herd in Saskatchewan.

We're almost halfway through the time frame to 2020 to achieve the goals set out in the plan, but already our industry has reached two of the targets and are well on our way to reaching the others. The goal now is to consistently meet targets, and to do that we continue on with our strategies — our crop strategy, value-added strategy, livestock strategy, and irrigation strategies.

We also have a fifth strategy, our agriculture awareness strategy. This strategy is the foundation for all our other strategies as we work to secure public trust. We will need the public's trust and support for modern food production to achieve overall growth in the agricultural sector. Increasingly consumers are concerned about where their food comes from, and at the same time their understanding of agriculture and modern farming practices is decreasing and the gap is widening. But we are starting to make some progress, and our government will continue to do everything we can to gain the public's trust.

As an industry we must continue to do the right thing, and we must tell others that what we do is the right thing. We have a good story to tell, and as an industry we need to work together to tell it. With our strategies in place to guide us and with government setting the right climate for growth, I'm confident in our farmers' and ranchers', researchers', and agribusinesses' ability to reach our growth plan targets.

The first goal of increasing crop production by 10 million tonnes by 2020 was actually met and exceeded in 2013. And while we haven't reached that production level since, our producers still harvested the third largest crop on record in 2014 and the second largest in 2015, this despite what can be described as challenging growing seasons. The production levels of 2015 would not have been possible even 10 years ago under the same growing conditions. Investment into research, resulting in improved genetics and agronomic practices, is showing its value. Average crop production over the past three years has been over 34 million tonnes, indicating continuous

progress toward achieving the growth plan target of 36 million tonnes by 2020 on a regular basis.

In 2015 Saskatchewan once again set a record for agricultural exports, reaching \$15.3 billion and breaking the growth plan target of 15 billion. And while this impressive achievement is largely due to the leadership of producers, the ministry plays an active role in supporting international trade missions, collaborating with industry associations, and representing the province's economic interest at negotiating tables.

We recognize that trade is key to the long-term success of our industry, and this past year we saw some significant achievements on the trade file. We worked closely with the federal government to get COOL [country of origin labelling] fully repealed for beef and pork, and our government will continue to push the federal government to sign the Trans-Pacific Partnership.

I once again completed a trade mission to India, our third largest trading partner and one with huge growth potential. In this past July, we introduced \$22 million for the new International Trade Centre at Evraz Place.

Saskatchewan has a reputation of being a world-class leader in crop and livestock genetics, and we recognize that advancements and research are key to the long-term sustainability of our industry and essential to securing the global food supply. Investment in research is vital to ensure our producers are growing what the world needs in the most efficient and sustainable way possible.

To help position Saskatchewan as a leader in the biosciences, our government once again committed \$26.8 million for agricultural research and innovation. We know that innovation cannot only belong to government, and that's why we continue to enter partnerships and leverage our money to ensure that everyone is working toward the same goal. It's through these strategic investments that we will grow our research cluster and become a leader in the biosciences and value-added processing.

A strong value-added industry will allow us to take advantage of increasing global demand for food, feed, fuel, and fibre in both domestic and international markets. Total revenue from the value-added agricultural activity doubled from 2.3 billion in 2004 to 4.8 billion in 2015. Much of this growth has been due to the canola crush industry. Saskatchewan is now the largest crusher of canola in Canada with five major processing facilities, and thanks to this investment, activity has increased from 1.1 million metric tonnes of crushed capacity in '07 to upwards of 4.2 million metric tonnes in 2015.

To meet our target of \$6 billion in total revenue by 2020, we need to process more of our crop commodities here at home. This budget also includes \$254 million to fully fund business risk management programs, which include crop insurance, AgriStability, AgriInvest, and western livestock price insurance. These are cost shared 60/40 between the provincial and federal government.

The Crop Insurance budget for 2016 is \$166 million. On average, coverage levels are increasing to a record \$216 per acre, up from \$183 an acre in 2015. The improved coverage is a

result of better forecasted crop prices and increased long-term yields. Due to an increase in coverage, the premium per acre is going up slightly to an average of \$7.84 per acre from \$7.06 per acre in 2015. Our government understands that crop insurance is a major part of farmers' risk protection. Since 2008, when our government first reviewed the crop insurance program, we have been focused on making continual improvements to ensure it remains relevant and effective for our producers.

Beyond BRM [business risk management], our government is also once again committing \$71.2 million through Growing Forward 2 into strategic initiatives. We're in the fourth year of GF2 and uptake continues to be strong as we refine our programs to meet the needs of producers and agribusinesses. The programs offered through Growing Forward 2 support agricultural innovation, new markets, business improvements, tech transfer, and more.

To date more than \$232 million has been invested in Saskatchewan's suite of programming. We're also once again providing \$4.2 million in industry grants, which is the same as last year. We're pleased to be able to support organizations like Agriculture in the Classroom and 4-H Saskatchewan, as well as flagship events such as Canadian Western Agribition and Canada's Farm Progress Show.

As a government we have been committed to building the right climate for success. We've been putting the policies and programs in place to support growth in the industry and have invested to help strengthen our industry and propel future growth.

We've been working collaboratively with industry to achieve our shared vision of a thriving and strong agriculture industry. This is evident in the farm land ownership consultations that our government completed last year. Over the course of May to August 2015 more than 3,200 people, the vast majority Saskatchewan residents, shared their views on who should own farm land in Saskatchewan. The results were clear, and from the direction provided by the people of Saskatchewan our government made changes to *The Saskatchewan Farm Security Act*. The legislation provides clarity around farm land ownership and gives the Farm Land Security Board the tools it needs to enforce the rules.

The people of Saskatchewan were clear: large institutions should not own farm land in Saskatchewan. And as a government we agree, and we have been upfront about our thoughts on government owning land. We believe government should only own land that serves a higher public good from an ecological, environmental, heritage, or economic perspective. We are not interested in owning land that would be better held in the hands of producers, those who could realize the benefits of ownership. And that is why we introduced the original agricultural Crown land sale program in 2008 and why we rolled out a similar program in November of last year, the 2015 agricultural Crown land sale program.

Through these programs we have sold more than 540,000 acres of Crown land, and we will continue to focus on the sale of Crown land where there is no public benefit for the province to continue to own this land. The ministry expects to generate 148 million in net earnings from land sales during 2016-17. Owning

farm land is not a business the government needs to be in. We are actively encouraging the sale of Crown land to current leaseholders, and we will continue to do so throughout this year. We will also be discontinuing the 2015 agricultural Crown land sale program one year early, on December 31st, 2016. The uptake of the program has exceeded expectations, making the last year of the program unnecessary.

We recognize agriculture's role as a resilient and stable contributor to Saskatchewan's economy. In 2015 alone we set a record for agricultural exports, brought in the second largest harvest in Saskatchewan's history, and hit an all-time high for realized net farm income. Agriculture accounts for 10 per cent of our GDP [gross domestic product] and 47 per cent of our provincial exports. The strength and profitability of our industry is evident, and the growing strength in the cattle and hog industry, along with strong crop sales, will continue to sustain the agricultural economy.

I'm confident that we will continue to see success. We will see success because we have an engaged and supportive industry, and together we will keep Saskatchewan strong. Thank you, Mr. Chair.

[19:15]

The Chair: — Thank you very much for that overview, Minister, of your ministry. I will open the floor to questions from members of the committee. I recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. And thanks to the minister for that summary of the activities of a very busy and I think prosperous economy, or industry anyways, but certainly a very busy ministry as well. So hopefully we'll get through some of that tonight. I know there's no way we could actually reach every aspect of your ministry, but we'll do what we can.

I've been starting out this year in my estimates with taking a look at the most recent Public Accounts. I see you have a copy there, so that's great. I just wanted to start Public Accounts 2014-15 on page 9. And in there it's the reconciliation of the General Revenue Fund results to the summary financial statement. My question here is, there were two consolidation adjustments. There was one in 2014 for \$129 million, and then there was a second one in 2015 for \$295 million. Could you share with the committee what those adjustments were and why they had to be made?

Hon. Mr. Stewart: — The larger number is a combination of the ministry and Crop Insurance, Agricultural Stabilization Fund, and things of that nature. The smaller number is just the ministry number.

Ms. Sproule: — Perhaps . . . Like there's two numbers. There's one in 2014 and there's one in 2015. So do I understand the one in 2014 related only to the ministry, and the one in 2015 related to insurance stability and the ministry? Is that basically it?

Mr. Arscott: — Ray Arscott, executive director of corporate services. I'll just clarify the table a bit. Starting with the first column, the 355.29 million, that is just the ministry's expenses for the year. The 295.65 million, as you identified, is the

adjusting entries which is made up of two components. It's made up of all the other entities which are associated with the agriculture theme, because the way this is portrayed here is by the theme; it's not just the ministry. So that's SCIC, Saskatchewan Crop Insurance Corporation; that is the Saskatchewan stabilization fund, the Saskatchewan Agricultural Stabilization Fund, that is the Agricultural Credit Corporation of Saskatchewan, the past year's Horned Cattle Fund, all the associated entities that get consolidated together.

And then of course there's interagency adjustments that are made to remove if there's any amounts that are paid between them. So for example where the ministry pays crop insurance premiums to Crop Insurance, it shows up as expense to the ministry. So that's included in the \$355.290 million. But that gets removed out of the consolidated adjustments entry, the \$295.652 million, to come up to a total theme expense of 650.942 million.

So the actual amounts that are in there, and this is actually quite interesting because the amounts that the ministry paid to Crop Insurance last year in '14-15, so included is an adjusting entry and then 295.652 million, the crop insurance program delivery — and this is all from page 38 of PAC [Public Accounts] volume 2 if you wanted to follow along — is \$29.471 million in program delivery costs. The crop insurance program premiums is \$134.528 million. AgriStability, the program delivery costs are 17.824 million, and AgriStability program costs are \$30.886 million, so for a total of adjusting entries of \$212.709 million.

Now when you compare that to the numbers that go into making up the 2014 adjustment number, the 129.126 million you identified, for crop insurance — this is from PAC volume 2, page 38 of last year's Public Accounts volume 2 — crop insurance program delivery costs were 32.635 million; crop insurance program premiums were 171.398 million; AgriStability program delivery costs were \$23.085 million, and AgriStability was 22.096 million. So total costs there were \$249.214 million, for a total difference between the two years of 36.505 million.

So that starts to get at why the two numbers are different. Then we also have to look at the other items that are included in there, the biggest of which of course is the crop insurance. And this is from page 19 of the Crop Insurance, SCIC's annual report, where they had claims expenses in '14-15 of 419.375 million. And that compares to the 328.520 million in '13-14 for a difference of 89.855 million. On the same page from the annual report, the operational expenses that are included, it's \$51.279 million for SCIC and 55.425 million in '13-14 for a net difference, a decrease of 4.146 million. So if you sum for '14-15, the payments that are made to SCIC by the ministry of 212.709 million, SCIC's claim expenses are 418.375 million, and SCIC operational expenses of 51.279 million, the total adjusting entry, the total component of the adjusting entry for '14-15 of the 295,652 is 256,945.

The remainder is every other entity that's associated with the agricultural theme. But the bulk of this is covered off by SCIC. But when you compare that to what was going on in '13-14, where the payments to SCIC were 249.214 million, SCIC's claims expense was 328.520 million, and the SCIC operational expense of 55.425 million for a total adjusting entry in that year

was only 134.731 million. The remainder, of course, would be for the interactions between the ministry and its other entities.

So I guess the very short answer is the decrease in the claims expenses.

Ms. Sproule: — Thank you very much. I sort of maybe kind of followed most of that, but anyways, thank you very much. That was a lot of detail and I appreciate that. I will need to go back and see the transcript to make sure I understand it completely, but I think what I needed to understand here basically is that the GRF [General Revenue Fund] was just the ministry and then the consolidation adjustments were basically the other agencies that are involved. But thank you for the detail. I appreciate that.

Moving on then, in the '14-15 Public Accounts, we have the revenues, the schedule of revenues, and I just wondered if you could explain to the committee a little bit about the revenues that your ministry received in that year. Obviously we don't have '15-16 yet, although maybe soon, but in '14-15, just to get a general sense, on page 11 of the Public Accounts, we have transfers from government entities for \$1.3 million. We also have own-source revenue of 52.363 million, and then transfers from the federal government for \$71 million. Could you provide the committee with a bit of a breakdown?

Now if you look on the next page, there is actually three descriptions of the own-source revenue, so maybe we could look at that. I think it's page 12, yes. So there is a little more detail there on the own-source revenue, but I just wondered if you could flesh that out a little bit for the committee.

Hon. Mr. Stewart: — The figure of 71.232 million is made up of Saskatchewan Crop Insurance Corporation administration; AgriStability administration; Growing Forward 2, that's 41.173 million; federal pasture transition land improvements and asset transfers, 1.861 million; and other federal cost-sharing programs.

Ms. Sproule: — I'm sorry. I misunderstood that. In terms of revenues, on page 12 there's 1.3 million for transfers from government entities. Can you tell me what that's for?

Hon. Mr. Stewart: — Those are the assets that we received from the federal government through the transfer of the former PFRA [Prairie Farm Rehabilitation Administration] pastures, assets like fences and buildings and so on.

Ms. Sproule: — So that's basically a one-time entry for that particular year. Is that the total? All right, and then you have \$325,000 in investment income. Where is that coming from?

Hon. Mr. Stewart: — That would be some of the lands sales, I believe.

Ms. Sproule: — Okay, 325,000, that would represent how many quarter sections then of land?

Hon. Mr. Stewart: — That's not correct. It's not the land sales itself. It's forgone interest on land sold through the 2008 farm land sales program which is entered as an income and expense.

Ms. Sproule: — So this is six years after the fact. Can you

explain why interest is being forgone — I don't know the right verb there — six years after the fact? Why you're forgoing interest in 2014?

Hon. Mr. Stewart: — This would have been, probably represented the forgone interest in the last year of land sales under that program.

Ms. Sproule: — Okay. Okay. Thank you. And then I know you gave me some numbers, but I didn't quite catch them. In terms of other fees and charges for 40.660 million, what would that represent?

Hon. Mr. Stewart: — Mr. Arscott thinks the best way to explain that is to deal with the \$52,362,488 entry which is . . . We can give you a little more detail by telling you that is composed of lease revenue, land sales with no book value, gain on the sale of land, miscellaneous revenue, and refund of prior years expense.

Ms. Sproule: — Thank you. I would like a little more on the miscellaneous, about 11 million. If you could give a little more detail on \$11 million miscellaneous.

[19:30]

Mr. Arscott: — I'll explain all those numbers because the miscellaneous actually becomes quite small. For lease revenue in '14-15, we recorded \$30,354,534. For land sales with no book value, we record revenue of \$9,417,404. For a gain on sale of land we recorded \$6,026,548. Miscellaneous revenue, which is everything else, is \$1,677,079. The refund of the prior year's expenses, which wouldn't have made up a large portion of the 11 million as it's recorded in Public Accounts, was \$4,886,928.

Ms. Sproule: — And why would there be a refund from the prior year's expenses? Is that an ordinary accounting entry that you would deal with every year?

Mr. Arscott: — Yes.

Ms. Sproule: — Okay. That's a different arrangement than what's in the Public Accounts, but it gives some detail I guess to the committee. In terms of lands with no book value, can you describe what that means: lands with no book value?

Hon. Mr. Stewart: — This would refer to land that was not purchased by the province, land that came to us even . . . you know, land that was never disbursed, land that we didn't have to buy back. When there's a book value, it implies that the province has put money out to purchase the land.

Ms. Sproule: — Sorry. The province has put money out to purchase the land?

Hon. Mr. Stewart: — [Inaudible] . . . book value. When there is no book value, it's land that was not purchased by the province.

Ms. Sproule: — It's a revenue though. It's revenue coming in so . . . No? I thought this was revenues.

Mr. Arscott: — That is correct. They're both revenues for the

land sales, but there's no book value. There's no carrying value of that land or we never paid for it, so it's pure revenue of 9.417 million. For the gain on sale of land, that is the net gain, so revenue is minus the carrying costs in order to recognize the gain as revenue. That was 6.026 million.

Ms. Sproule: — So then how much land does each one of those items represent? Not the leased lands, but the lands without book value and then the gain lands.

Hon. Mr. Stewart: — I wonder if Mr. Hoehn can help us with that. Mr. Hoehn informs us that we don't have that number specifically. Would an estimate be of any help? I think . . . Can we get that now or do we have to, will we have to provide it?

Ms. Sproule: — Just while we're at it, I wouldn't mind the numbers for '15-16 if they're available, but they may not yet be available. Okay. So just '14-15 then. Thank you.

Mr. Hoehn: — Wally Hoehn, executive director, lands branch. We can't break it down that way. But what I can tell you is what the total acreages were sold in each one of those years. So in '14-15, the total acreage was 31,705 acres; and in '15-16 it was 64,464 acres.

Ms. Sproule: — Okay. And '16-17, I'll just ask some general questions about that at a later point when we talk about the current program. So thank you very much for that.

I realize this is more complicated than I ever dreamed when I start looking at these numbers. But I think, you know, it would be helpful from a committee — from my own perspective anyways — to know how much revenue you're taking in when it comes to land sales. And I don't know why that can't be reflected directly in the Public Accounts, but I'm sure there's a good reason for it. But in terms of information, that would be helpful. That would be something I think people are interested in. So is that possible to reflect it that way, or are there rules that tell you how to do this?

Hon. Mr. Stewart: — These are really Ministry of Finance rules, and this is how they characterize things, not only for Agriculture but for other ministries as well.

Ms. Sproule: — I figured as much. Okay, thank you for that, and taking the time to explain it.

Moving on then, still in Public Accounts, page 16. I noticed that in '14-15 the ministry was under its revised appropriation by \$17 million. Can you sort of generally describe why you were out . . . or not out, but that you didn't spend as much as you expected, and where those savings were found, if they are in fact savings.

Hon. Mr. Stewart: — All right. It's a number of ups and downs. The breakdown is as follows: \$9.3 million decrease in Growing Forward 2 expenses due to lower than expected uptake of program extension and program administration reported as GF2; wheat research funding budgeted as provincial-only research but now reported as GF2; 8.5 million of operational savings throughout the ministry due to achieved efficiencies, FTE management and fiscal restraint; \$6 million decrease in GF2 expenses as a result of farm and ranch water infrastructure

program spending being made out of the Saskatchewan Agricultural Stabilization Fund; \$3.8 million of AgriStability administration costs due to increased efficiencies and fiscal restraint; \$1.8 million of crop insurance administration costs due to increased efficiencies and fiscal restraint; 1.1 million reduction in industry assistance spending; and point five million decrease in bad debt allowance for land sales and leasing.

Offsetting these savings are increases of \$9.7 million for AgriStability program payments based on the January Agriculture and Agri-Food Canada farm income forecast; \$4.2 million for AgriInvest program payments based on the January Agriculture and Agri-Food Canada farm income forecast; half a million dollars for additional business risk management funding primarily for the wildlife damage compensation program due to crop left out on the fields over winter; and point three million dollars due to an increase in the value of incentives on land sold under the Crown land sale incentive program.

There's an addition here. The ministry also reports capital asset acquisitions of \$519.3 thousand, which related to work in progress on the new Crown land management system

Ms. Sproule: — That was my next question, was the capital asset acquisition. So that was for IT [information technology] infrastructure basically? Okay. Good. Thank you. All right.

Just some general questions now on the Public Accounts for Agriculture, vote 1 on page 41. I'm curious, I see under research and technology that you provided the Great Western Brewing Company with \$100,000. So I'm just wondering what that's about. Sorry, under project coordination, the Great Western Brewing Company.

Hon. Mr. Stewart: — In general terms it's Growing Forward 2 funding through the SAVI program, Saskatchewan agri-value initiatives program, to enable the development and expansion of small- and medium-sized businesses and organizations to add value to agricultural products. We're looking to see if we have the specifics of what they used the money for, but . . . Ms. Sproule, we're going to continue the search. We'll bring it to your attention when we get the results of that, if that suits you.

Ms. Sproule: — That's perfectly fine. And if it's later on, if you want to table it later, that's fine as well. Just curious about that particular program.

I noticed throughout the various programs under transfers, Prairie Diagnostic Services shows up under research programming. That was 116,000. Under regional services, they show up for 450,000. Under industry assistance, they show up with \$3.395 million, and they show up again under goods and services for an additional \$307,000. Just if you could explain a little bit about who this company is and sort of how they fit in in the four or five different programs that I've identified.

[19:45]

Hon. Mr. Stewart: — Mr. Burton's looking for more detail. But there's three programs here. There's \$116,600 amount that is for research funding for diagnostic test development and laboratory investigation to support detection of food, animal, and poultry diseases. There's another amount of 450,000 that is

for funding for the purchase of new and replacement equipment and software to improve diagnostic capacity for veterinary diagnostic services. And there is 2.395 million in budgeted grant operational funding to provide veterinary diagnostic services to the livestock industry. Oh, that's 2.385 million, and 10,000 of that 2.395 million is miscellaneous grant funding to support the World Association of Veterinary Laboratory Diagnosticians Conference in Saskatoon.

Ms. Sproule: — That covers the three, three of the four. I don't know if you can locate the other one under goods and services.

Hon. Mr. Stewart: — If you'd like more detail on what those things actually are . . .

Ms. Sproule: — No. That's pretty descriptive, I think, now that I understand it's veterinary diagnostics.

Hon. Mr. Stewart: — We found the fourth number, I think, \$307,196 amount. That's for diagnostic testing for a variety of diseases, including bovine viral diarrhoea — that's BVD — rabies, anthrax, avian influenza, and CWD [chronic wasting disease]. Also includes a payment under the disease surveillance and management program under GF2 to develop a lab information management system to help facilitate animal health surveillance. I think that's the four.

Ms. Sproule: — Yes, that's right. Thank you. Under regional services, subvote (AG07), I'm just curious about the very last entry there. It's called the Wascana Upper Qu'Appelle Watersheds Association Taking Responsibility Inc. So the rest of them are pretty clear, but I just wondered what that corporation is and what kind of program it's involved in under the regional services subvote.

Hon. Mr. Stewart: — That \$83,000 entry is for GF2 funding through the agri-environmental group planning program to provide education and awareness to deal with environmental issues in the Upper Qu'Appelle watersheds.

Ms. Sproule: — So Growing Forward 2 funds environment awareness programs?

Hon. Mr. Stewart: — Yes. In some cases, yes, for sure.

Ms. Sproule: — What would the tie be to agriculture in that context?

Mr. Burton: — Rick Burton, assistant deputy minister for policy. That watershed group is one of a number of agriculture environmental group plans that we have. And the purpose of those groups, or their objective, is really to promote good environmental practices in the agriculture field with producers that are in their area.

Ms. Sproule: — All right. Okay, I'll move on to some legal services. It appears you had, under financial programs, \$111,000 for Nelson Mullins Riley & Scarborough. And I think we've talked about this group in the past, Mr. Minister. But in that year, it was 111,000 under financial programs. But there are two other law offices under goods and services I'd like to get a description for as well. And one is the Annand Law Office for \$57,000 and Kanuka Thuringer for 63,000. If you could just

share with us what those expenses were for.

Hon. Mr. Stewart: — The Annand Law Office amount of 57,312 is a settlement claim due to damages from Simplicity Herbicide, a settlement claim for a producer based on a recommendation from the crop protection guide. The other one, the Kanuka Thuringer \$63,477 entry, is legal fees for the Farm Land Security Board.

Ms. Sproule: — Thank you. All right, under goods and services, I note that there's a payment to Crop Insurance, 434,000 over and above all the programs that are listed above on that same page under business risk management. So in terms of goods and services, why would Crop Insurance be a service provider for the ministry? It's on the top of page 43 in the right-hand column.

Hon. Mr. Stewart: — Crop Insurance provided the website development costs for environmental farm plan portal and services.

Ms. Sproule: — Thank you. And just going back to Nelson Mullins Riley & Scarborough LLP, under financial programs, what services did they provide the ministry in '14-15?

Hon. Mr. Stewart: — The \$111,803 amount is legal fees to provide guidance in the promotion of Saskatchewan interests in the United States. And a lot of that would be the COOL battle that we fought for several years.

Ms. Sproule: — Thank you very much. Moving on, we're getting near the end of Public Accounts here. On the Pastures Revolving Fund on page 244, I was very interested to see that there were transfers to two RMs [rural municipality] and only two RMs. So I guess I'm curious why the RM of Mankota got \$50,000 and the RM of Victory 101,000. Now I understand this 50,000 or more. There may be a number of RMs under 50,000. But what kind of money does that represent in terms of transfers to those two RMs?

Hon. Mr. Stewart: — Those two amounts, Ms. Sproule, represent payments in lieu of property taxes to those two RMs, and only two are listed because they are the only two that exceeded 50,000.

Ms. Sproule: — So that would just mean that you have a significant holding in those rural municipalities. Okay, thank you. Under goods and services, for Pastures Revolving Fund, on the same page 244, there are three individuals listed who received payments: Devon Archer, Tim Brown, and Shawn Hermanson. I'm just wondering — I know this is two years ago — but if you have any sort of idea what those individuals received those amounts for and, yes, what the amounts were for.

Hon. Mr. Stewart: — The Devon Archer, \$100,365 was work down seeding and redevelopment of dugouts at various pastures. The Tim Brown, 50,400 is fence construction and repair at the Arena and Makwa pastures; and Shawn Hermanson, \$98,803 is for construction of a pole shed at Scout Lake pasture and a barn at the Matador pasture.

Ms. Sproule: — Thank you. All right, I'm going to move now to estimates for '16-17. And so this year we're looking at 390

million for this year. The estimates for '15-16 were 361. It looks like you've now forecasted 355. What was the dip in, about \$6 million it looks like, between the estimate and the forecast?

[20:00]

Hon. Mr. Stewart: — Mr. Arscott will take a run at this.

Mr. Arscott: — There was a number of items that made up that change. Some of the larger ones are the bad debt allowance wasn't required, so that's a savings of \$400,000. The Crown land sale incentive for the new program was included, and that's an increase of expense of 4.5 million. For crop insurance administration there was a net savings of \$300,000. Where crop insurance premiums were forecasted to be \$3.3 million over plan, AgriStability administration was forecast to \$1.2 million under plan. The AgriStability program costs were \$1.197 million under plan, and AgInvest, based on the federal forecast, was \$2.097 million under plan. Offsetting that was the operational savings in a number of areas, including some of the Growing Forward 2 calculations for about \$7.5 million.

Ms. Sproule: — Thank you. Sorry.

Hon. Mr. Stewart: — Ms. Sproule, we have some information on the Great Western Brewing Company, \$100,000.

Ms. Sproule: — Sure, thank you.

Hon. Mr. Stewart: — That turns out to be SAVI support to help Great Western breweries develop a 100 per cent Saskatchewan beer to take advantage of the growing-local trend and reinvigorate their brand. The project was considered an excellent opportunity for Great West to reinvigorate their brand and make use of Saskatchewan malt and barley. And that program is still ongoing.

Ms. Sproule: — When you say ongoing, there's additional funds under research and technology going for the same project?

Hon. Mr. Stewart: — I don't think so.

Ms. Sproule: — No.

Hon. Mr. Stewart: — No.

Ms. Sproule: — So 100,000 was the total?

Hon. Mr. Stewart: — Yes, they're just still working on it.

Ms. Sproule: — Okay. But they're still making or researching that beer. Okay, thank you very much. Appreciate that.

I would like to talk a little bit now, or have you share some information with us if you can, about the capital transfers or capital investments which is the International Trade Centre and the Livestock and Forage Centre of Excellence. I know that in the estimates from last year that was not there at all.

But it looks like mid-year was when the announcement was made and a commitment was made then for, I believe 11

million in last year and 11 million in this year for the International Trade Centre, and then the same for the Livestock and Forage Centre of Excellence. I would just . . . If you could share with the committee just some information about where that capital project is at, and maybe a little more background on what you hope to achieve. And it sounds very interesting, so whatever you can share.

Hon. Mr. Stewart: — Yes. For some time, Agribition has been plagued with a row of old buildings with leaky roofs and poor temperature control, things of that nature, poor water supplies, bad lighting. It's pretty hard to think of anything good to say about them. And there have been . . . For a number of years, there's been a lot of dissatisfaction with those buildings, and it came down to a question of possibly losing Agribition from Saskatchewan or finding some way to put together some new buildings.

And so the trade centre is a \$36 million investment by us and the city, and there's some federal involvement too through GF2. At the current stage, I think most of the old buildings are demolished. I believe that's about where we are right now. It's expected that the new buildings will be operational by Agribition, that's late fall of 2017.

For the farm show, because of the construction around the stadium, there's a lack of space which they suffered with this year. But when these facilities are completely finished, it will provide that show with a lot of extra exhibit space as well. And you know, those are just two of the shows that we have now. There are all sorts of other opportunities in the future for that space.

Ms. Sproule: — Just in terms of that 36 million, could you provide us with a breakdown between the city, the province, and the feds?

Hon. Mr. Stewart: — Going from memory, we're looking for guaranteed, 100 per cent accurate information, but there's \$33 million . . . I think it's a \$36 million total. There's 33 million, 11 from each of the three levels of government — federal, province, and city — and 1 million from the Cattlemen's Association and I think 2 million from the Regina Hotels Association. To my recollection, that's the way it's structured. If we get the information and we find it's different from that, we'll interject.

Ms. Sproule: — Sure. I think she found it. Although I'm sure your recollection is very close.

Hon. Mr. Stewart: — Regina Hotels is 3 million and . . . [inaudible interjection] . . . oh, Agribition, not Cattlemen's Association is 1 million

Ms. Sproule: — So that was . . . [inaudible].

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay.

Hon. Mr. Stewart: — Yes, exactly.

Ms. Sproule: — You were pretty close, Mr. Minister. My next

question then is what is going to happen with Agribition this year? Are they going to just scale down, or are they finding alternate locations for that space that's missing?

Hon. Mr. Stewart: — Well they are going to cope. There may be some use of temporary, tent-style facilities to get us through. But they're resigned to coping with that. It's a small price, in their view, to pay for the new facilities in the future.

Ms. Sproule: — Thank you. And then the Livestock and Forage Centre of Excellence, could you just sort of give us the same kind of breakdown and description for that project?

Hon. Mr. Stewart: — Yes, over the last year or more, with the assistance of the University of Saskatchewan we've made significant progress along that line, including securing of \$25 million and finalizing the drawings of the beef cattle research and teaching unit, and forage and cow-calf research and teaching unit.

Tenders for the new facility will be issued before, well we're saying before fall, and maybe be a little more guarded and say before late fall. Construction expected to be completed by end of March 2018. And the 25 million comes from 10 million in funding under GF2 for a new Livestock and Forage Centre of Excellence at the U of S [University of Saskatchewan]. The U of S has committed an additional 7 million for construction costs in addition to providing the land. The Saskatchewan Cattlemen's Association — this is what I was thinking about the last time, oops — is \$1 million. I think I just lost the screen.

Ms. Sproule: — Just so I understand, 10 million is coming from the province under Growing Forward 2 or the feds?

Hon. Mr. Stewart: — Fed-prov [federal-provincial].

Ms. Sproule: — Fed-prov.

Hon. Mr. Stewart: — Western Economic Diversification is the missing 4.2 million.

Ms. Sproule: — Thank you. And so this design build, is this a traditional design build or is this one that you're . . . would you use a SaskBuilds P3? I don't know. Is SaskBuilds involved in this at all, or is this straight ministry?

Hon. Mr. Stewart: — This is not a P3.

Ms. Sproule: — It's not a P3. In terms of SaskBuilds, I just came from estimates with SaskBuilds this afternoon, so I'm thinking about their connection with other ministries. And I know they talked about capital projects and streamlining and providing services to line ministries to make their bid for these kinds of projects. Is that something you went through with SaskBuilds for this particular project, the Livestock and Forage Centre of Excellence?

Hon. Mr. Stewart: — Well there may have been initial discussions, but we didn't go that route in any event. It was not determined to be a good P3.

Ms. Sproule: — Yes, as far as I know from SaskBuilds, I understand not everything is a P3. Like they're also taking on a

ministry-wide responsibility just for capital projects as capital projects. So is this something you as a ministry can choose to participate in or say no, we don't want to deal with SaskBuilds? What's your relationship with them when it comes to capital investments?

Hon. Mr. Stewart: — Well I don't think in Agriculture we have pursued anything with SaskBuilds at this point. But you know, if a ministry has a project that they think might be a good candidate for SaskBuilds or a P3 under SaskBuilds, there's a series of meetings, and discuss the details of the project and whether or not SaskBuilds can be of assistance. This build is actually being conducted by the U of S. We're helping to coordinate and to fund.

Ms. Sproule: — Yes. I guess I understood with SaskBuilds that pretty much all large capital projects, they're providing a coordinating role and sort of identifying priorities for the government. So maybe Ag is a little different because you have so many shared partners in the funding of it, but it sounded like they were a one-stop shop for all capital projects that the government engages in. So I'm just curious why Agriculture wouldn't be part of that.

Hon. Mr. Stewart: — Well I wouldn't say that we're not part of it, but this build is really under the auspices of the U of S. It's, you know, it's not our build. We're helping in other ways.

Ms. Sproule: — Yes, that makes sense then. Would you have considered a P3 type for this kind of construction, either this or the trade centre?

Hon. Mr. Stewart: — I'm sorry, I didn't catch that.

Ms. Sproule: — Sorry, I'm just wondering if you would have examined the possibility of using a P3 model for these two capital projects.

Hon. Mr. Stewart: — I don't believe we did on the trade centre to my recollection. I'm informed it was because of the complexities of the partnership between fed-prov-city, Regina hotels association, and Agribition. It wasn't deemed to be a fit.

Ms. Sproule: — Okay. In terms of page 18 of the Estimates, where Agriculture . . . it's this schedule of appropriation by type. I see that in this year there's a capital asset acquisition of \$2 million scheduled. Could you share with the committee what that is for?

Hon. Mr. Stewart: — That is the land management system, the IT system that we discussed earlier.

Ms. Sproule: — The ongoing commitment to that, I guess IT infrastructure then, basically? Yes. All right. Obviously the capital transfers we've already talked about, all of them except the 500,000 for irrigation bridges, it looked like that happened last year and you're projecting the same for this year. Maybe just a wee bit of information about that project.

Hon. Mr. Stewart: — Traditionally there have been conflicts between irrigation districts and RMs as to who's responsible for the bridges that cross over irrigation works. The RMs didn't think it was theirs, and the irrigation districts did, and

consequently not much was happening in those cases. A lot of existing works were falling apart and some works had never been built that should have been, so we developed this program to help the RMs to do it with some of our money and some of theirs.

[20:15]

Ms. Sproule: — Do you generally transfer the funds to the individual RMs where the bridge is located and they manage the construction maintenance?

Hon. Mr. Stewart: — Mechanics of it, yes.

Ms. Sproule: — Thank you. Finally on that page, the transfers to individuals, \$246 million. Is that crop insurance transfers mainly? I think we went through this a little bit in another context but . . .

Hon. Mr. Stewart: — Crop insurance and AgriStability business risk management programs.

Ms. Sproule: — Thank you. I thought as much. Just wanted to check.

Just looking at some of the changes from last year to this year in terms of the budget from '15-16 and then this year, the budget '16-17, we see a really large jump in expenses for land management. I believe last year was \$6.4 million and this year it's jumped up to 23.465 million. Could you share with the committee sort of what that represents?

Hon. Mr. Stewart: — Yes. That is the price incentive for the Crown land sales program. That's how that's entered.

Ms. Sproule: — So if I understand correctly then, that would be the representation of what we as a province didn't take in in the sale because of the lowered fee or the rate?

Hon. Mr. Stewart: — Fifteen per cent discount off the appraised price.

Ms. Sproule: — Could you tell the committee what the total just for that program then? What was the actual amount for the price incentive that you're budgeting for this year?

Hon. Mr. Stewart: — For this fiscal year that we're in now, Ms. Sproule, yes, '16-17, 17.2 million.

Ms. Sproule: — And for '15-16 what was the . . . If you have the actual figure or the budgeted figure for that. That wasn't part of the estimates last year at this time.

Hon. Mr. Stewart: — 300,000.

Ms. Sproule: — When was the program introduced?

Hon. Mr. Stewart: — It was only announced in late November.

Ms. Sproule: — Late November.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — So 300,000 was the early birds who got in on it right away and then this year you're expecting 7.2 million and then . . .

Hon. Mr. Stewart: — If I can interrupt, there weren't any early birds. This was a cleanup of the previous program.

Ms. Sproule: — Right, so nobody actually got into it until this fiscal year, March, April 1st of '16. And we're anticipating that the cost to the government for this year for the program is 17.2 million.

Hon. Mr. Stewart: — There were sales but they weren't budgeted, that's the thing. There were actually sales for '15-16.

Ms. Sproule: — Okay, but they weren't in the budget.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — We'll see that in Public Accounts when it shows up.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Okay. So that's a loss really to the taxpayer of \$17.2 million. Is that one of the reasons why you're shutting this down earlier than you had anticipated because the uptake was as large as it was?

Hon. Mr. Stewart: — The uptake was very large. It was very good. Also, you know, this is the time for producers to purchase. There's still a 10 per cent discount on the land this year. There'll only be a 5 per cent next year. There's a 15 per cent rent increase this year. There'll be another 15 if they waited until next year. Interest rates are very low. The financial institutions are willing to take the discount into account when . . . to somewhat minimize the amount of collateral necessary to purchase the land. You know, we don't think we're doing the producers any favour to give them a whole other year at only a 5 per cent discount and another 15 per cent rent increase when conditions are this good to purchase now, so we're encouraging them to do it before the end of 2016 while there's still a 10 per cent discount.

Ms. Sproule: — So the 15 per cent discount . . . Was there a 15 per cent discount for, up until March of this year?

Hon. Mr. Stewart: — Until the end of the fiscal.

Ms. Sproule: — So those will show up in Public Accounts?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — So can you share with the committee . . . I don't know how we want to do this, in terms of land or total sales but perhaps, maybe just acres. How many acres were sold in the '15-16 year and . . . I don't know if you have those figures yet or if you want to wait until Public Accounts comes out. And then how many acres sold to date?

Hon. Mr. Stewart: — We have this number for you, Ms. Sproule. I hope it's satisfactory. Since the beginning of the 2008 incentive program and up to very recently — a couple of

weeks ago, I would guess — we've sold about 540,000 acres.

Ms. Sproule: — Now if I understand correctly, although the incentive program will end at the end of, is it this December, end of this calendar year, those lands are still available for sale so that you would continue to dispose of lands upon request or interest by the lessee? Okay, so that's not ending. It's just the incentive.

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — On page 45 of this budget, there's a description of the other own-source revenue that the Minister of Finance is reporting and budgeting for. And it says here:

Other own-source revenue is forecast at \$2.1 billion . . . and accounts for 15 per cent of total revenue. This is an increase of . . . [125] million from 2015-16, mainly reflecting increased gains realized on the sale of agricultural land.

So that 129 million, that's after the cost . . . Is that, like, when you say gain, I want to make sure I understand that the gain is after the cost of the program and the incentive?

Hon. Mr. Stewart: — Yes. If you read on, Ms. Sproule, the next line says: "The gain on these land sales are budgeted at \$165 million in 2016-17, up from \$40 million at the third quarter of 2015-16."

Ms. Sproule: — Which was the beginning . . . That was the beginning of the new program, right? So when they say gains, that's the amount that the revenue . . . Is it sort of like a net, not a gross?

Hon. Mr. Stewart: — Revenue minus a carrying value.

Ms. Sproule: — The carrying value is the figure we've been talking about . . .

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — \$17 million?

Hon. Mr. Stewart: — No. No. No. All right. This is revenue less the carrying value.

Ms. Sproule: — And the carrying value, could you just make sure . . . I don't understand what carrying value is.

Hon. Mr. Stewart: — Yes. That's the land that was purchased. So that would be I guess and Mr. Arscott will correct me if I'm wrong, that's what the government paid for that land when it purchased it.

Ms. Sproule: — Okay. Is that adjusted for inflation at all or is that the actual purchase price . . . [inaudible interjection] . . . So the lands that you acquired, how would they have been acquired and under what circumstances?

Hon. Mr. Stewart: — A lot of it was land bank land.

Ms. Sproule: — Is there any other land outside of land bank

land that was included in the sales, that you would have acquired?

Hon. Mr. Stewart: — Insignificant. It would be just . . . [inaudible].

Ms. Sproule: — Insignificant acreages. Okay. How much of the land bank land then still remains for sale? Do you have a figure for that? Or I could do it as a written question.

Hon. Mr. Stewart: — There appears to be about 288,000 acres of land bank land that's left unsold. But it may not all be saleable because when producers apply to purchase it, then we do the ground testing to make sure that there's not sand and gravel, there's not ecological issues, and so on.

Ms. Sproule: — And for those producers that choose to remain in the renting scheme in the lease, with the increased rent, would you . . . Is there an opportunity for someone else on a fair market value to come in and purchase that land, or is it continually held by those lessees until, I don't know, until it goes to their estate? Or what's the plan?

Hon. Mr. Stewart: — Until our leases expire, yes, they have control of it.

Ms. Sproule: — And are those leases renewable?

Hon. Mr. Stewart: — They have been.

Ms. Sproule: — So it would basically be as long as they meet the conditions of the lease, they could continue to rent. Now that 15 per cent rent, is that permanent or is that just for one year, that increase?

Hon. Mr. Stewart: — That's 15 per cent for sure for two consecutive years. And we want to sell this land, so we're not, we're certainly not committing that that will be the end of the rent increases.

Ms. Sproule: — All right. And in terms of the end of the program as announced in the budget, or I can't remember if that was a budget announcement or if you made it separately, how have you notified all of the landowners? Have they been fully informed of the ending of the program?

Hon. Mr. Stewart: — Over the next month or so they'll all be receiving letters.

Ms. Sproule: — Okay, so they will be notified individually.

All right, regional services — I keep track; I try to keep a spreadsheet over the years of expenses by those subvotes — and regional services, 10 years ago it was about 20 million, and now it's about 40 million. So I'm just wondering if you could share with the committee why that would have doubled in the last eight or nine years and maybe just a general description. I know it's described in the budget itself in the budget, but if you could give us a little more detail.

[20:30]

Hon. Mr. Stewart: — Regional services really is regional

services, crops, and irrigation, so it's a pretty broad area now. We've refurbished our extension services substantially over the last 10 years, and you know, it provides also:

Specialists to ensure farmers and ranchers, producers, agri-business, and industry have access to production, agri-processing, and business information and services to promote agricultural awareness which didn't exist 10 years ago; provide strategic development production, agri-processing and regulatory services through regional and provincial specialists done through extension and demonstration of new technologies, information provision, and problem solving relative to crops, forage, irrigation and livestock producers, and the value-added businesses; and includes funding for agricultural programs such as the fed-prov GF2 agreement.

Ms. Sproule: — Thank you for that. Now I notice at the same time that's doubled. We have also seen a decrease in the full-time equivalents in the ministry from 392 in '08-09 to 322, so that's a loss of 70 full-time equivalents. So in terms of the services that are being provided under regional services, with a loss of 70 staff . . . And I don't think that includes the Livestock Services Revolving Fund which is now gone as well, 40 staff.

Hon. Mr. Stewart: — Yes, I think it does.

Ms. Sproule: — Oh does it?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — Because I had the total as 392, but 322 are just the ministry? Anyways the question I have is, how much of the regional services program delivery is done by staff within the ministry, and then how much are you spending on consultants to provide those services?

Hon. Mr. Stewart: — Very, very little is done outside of the ministry. The only example that was given to me, we might contract with SARM [Saskatchewan Association of Rural Municipalities] to provide services such as an invasive weed management, things of that nature — very small numbers.

Ms. Sproule: — All right. Just to be clear then, in terms of staffing numbers, I have in 2008-09 there was 392 in the ministry plus 124 in the revolving funds for a total of 516. And now I have 322 in the ministry with 70 in the Pastures Revolving Fund for a total of 392. Is that correct?

Hon. Mr. Stewart: — Your numbers are correct, Ms. Sproule. The difference has been made up through for efficiencies, allows us substantial amount of online program delivery and things of that nature. The changes have not impacted negatively our program delivery.

Ms. Sproule: — Okay. In the land management area — we talked this year — it was a significant jump. But 17.2 million of that was attributable to the cost of the land sale program, which leaves me with about \$6.3 million in terms of comparisons to last year. And I'm just wondering, like again, nine years ago that was \$4 million, so it's gone up a couple million dollars. What would have changed in land management over the last nine years or eight years just to reflect that? It's about a 40 per

cent increase.

Hon. Mr. Stewart: — That would be the modernization of the IT system, Ms. Sproule.

Ms. Sproule: — What has the impact on your budget been in terms of taking over the pastures, PFRA pastures? I assume that would be in the land management programs. Have you had to add staff, or what sort of costs has the province incurred as a result of taking back or taking over those lands?

Hon. Mr. Stewart: — Generally Ms. Sproule, we've been able to absorb that extra workload with the ministry staff that we had. I think Mr. Hoehn says there may be one person that's dedicated to that now. I'm certain there's been some sharing of workloads in the early days of the program where it was a little bit of a bigger job to inform producers.

Ms. Sproule: — Thank you. I hope to get back to that particular program eventually, but I'll just carry on here. Financial programs, again I just noted that in '08-09 you're looking at about 6.4 million. It's now jumped up to 24 million in this year, and it was actually higher last year. So what has changed in the last eight or nine years regarding financial programs? I know Ag Credit Corp. is part of that but, I think, if you could just sort of highlight for us the significant changes there.

Hon. Mr. Stewart: — Most of that change is because Growing Forward 2 programs are administered through that branch, and a large percentage of that would FRWIP [farm and ranch water infrastructure program].

Ms. Sproule: — Would be what?

Hon. Mr. Stewart: — Yes, the farm and ranch water infrastructure program.

Ms. Sproule: — Oh, okay. Then we have the business risk management program right on the next line in terms of subvotes, and that's been really actually quite stable over the last 10 years from 221 million to 254 million. So when you say the financial programs jump because of business risk management, in what way?

Hon. Mr. Stewart: — The Growing Forward 2 programs that are delivered under financial programs are not the business risk programs. They're the strategic initiatives like FRWIP and a myriad of other programs that are funded by GF2 funds. The business risk management programs are obviously administered under business risk management.

Just one of the major changes in the last iteration of Growing Forward was a lot more funds available under strategic initiatives, and that's where you see the financial program side growing.

Ms. Sproule: — Thank you. Just turning now to the annual plan for '16-17 under the ministry, just one question, and I know that the auditor mused aloud about this as well, is under your mandate statement, you say the ministry fosters a commercially viable, self-sufficient, and sustainable agriculture and food sector. And I'm sorry, I don't have the pages because

my printer doesn't print those, but it's your mandate statement under your annual plan.

And when I think of a self-sufficient agriculture and food sector, I guess my question here — there's a number of questions I have around this — but certainly the role of subsidies and tax exemptions that are provided and certainly all the research and development funding that this ministry provides for the industry. And so I guess my first question is in terms of maybe transformational change. What do you see as the role of subsidies for the agricultural community?

Hon. Mr. Stewart: — You know, I still see the business risk management programs as being ongoing. Now we're just about to start into the first round of negotiations of that, so at this point we have no idea of what the federal government or other provinces have in mind. But from our perspective, we see that remaining fairly stable.

Ms. Sproule: — Can you provide for the committee a list of all the subsidies that your ministry provides to producers? Now you may not be able to do this here right now, but certainly if you could table it, all the subsidies including tax exemptions that producers, and through research and development as well. What is provided to the industry through subsidies, grants, tax exemptions? And I would think it's a complicated list, so I don't need it right now.

Hon. Mr. Stewart: — Yes. We'll try to put that together for you, Ms. Sproule. Bear in mind, though, that tax exemptions are finance programs. They're not ours, but we're aware of them, so we can make a stab at giving you a number.

Ms. Sproule: — I appreciate that, and certainly I can ask the Minister of Finance because I get to do estimates with him as well. So I will make an effort to do that on his part in terms of the tax exemptions.

In terms of transformational change — and this is a signal that your Minister of Finance has provided to us through the budget documents — what do you see and what is your ministry thinking about in terms of transformational change? How is that going to roll out? Have you had an opportunity to even discuss it yet with deputy ministers? And sort of how do you do program evaluations?

We've heard the Minister of Education, your seat partner, talk often about the core funding. So how does your ministry and how do you as a ministry identify programs and establish whether or not they meet that core funding, you know, mandate, and what can we look forward to in terms of transformational change from your ministry?

Hon. Mr. Stewart: — Early days for sure. But you know, we've been asked to think about it and, you know, start to do some work on what might be possible. But basically this is a real transformational change that our government is talking about, led by Finance. And you know, everything's potentially on the table. But we have no details of what will be required to be on the table in the final analysis yet. But it will be a serious program that will be quite broad. And you know at this point, that's about all I can tell you is that everything's potentially on the table without having any details yet.

Ms. Sproule: — I know that already this evening you've identified a number of operational efficiencies where you as a ministry have managed to achieve some cost savings. And so even before you get to this real transformational change that the Minister of Finance is talking about, how do you go about evaluating your programs? Do you have a rotational schedule? Do you review them every two years? Every five years? And what are sort of the main, I guess, criteria or benchmarks that you would look before you would say, okay this program's no longer serving the needs?

[20:45]

Hon. Mr. Stewart: — Ms. Sproule, every four years for sure we look at our programs and review them. But this round of transformational change is a much deeper look into our programs in terms of, you know, what is the core function of government. What should we be doing? What programs can we deliver efficiently? What things, you know, are we not good at, things of that nature. Yes, I think by the time it's over it will be a pretty deep dive into everything, every function of government and a little bit of self-analysis, I guess, of our government to see what we should and should not be doing in the future.

Ms. Sproule: — I know I will raise this with the Minister of Finance, and hopefully we'll get more information there. But what signals has he provided you that . . . The questions he's asking in terms of transformational change to me are sort of bread-and-butter questions that every ministry would ask itself almost every day, every week, every year, and certainly every four years as you go through your program reviews. So has he given you any signal as to how that deep examination will change from what you would obviously and currently be doing in your general operational review?

Hon. Mr. Stewart: — I think looking at the core function of government under a little brighter light than maybe has ever been done before, certainly for a very, very long time, in more detail than we do in our four-year reviews, for sure. And, you know, and going in with the idea that nothing or very little is sacred. Everything's potentially on the table before the end of this process. I think that's the difference. It's just a much deeper dive than what we've taken previously.

Ms. Sproule: — And would you say that's almost entirely attributable to the decline in non-renewable resource revenues, or is this triggered by something different than that?

Hon. Mr. Stewart: — Well I think, you know, our budgetary issues were a catalyst for this, but it is more than that. I mean it really is important for government to do things that government should be doing and government is good at. Government isn't good at everything. Even this government of ours, which I'm pretty proud of, there are things we don't do that well. And I think any government can say that. We have to look at those things. Maybe there's a better way to deliver some programs. Maybe there's a lot of programs we shouldn't be delivering at all. You know, this is . . . our Finance Minister is leading a pretty serious program here.

Ms. Sproule: — All right. Then we will just stay tuned for details on the deep dive, see what happens. Just a curiosity here.

I notice that on your web, or on the budget web page, there's been a change to the price assumptions for canola, and I just wonder if you could sort of let the committee know what happened there. Is this just an oversight?

Hon. Mr. Stewart: — This is almost funny to us, but the bottom line is correct. But the canola numbers, that number is actually the barley number. But the bottom line, it was calculated correctly. That was just a misprint that wasn't caught.

Ms. Sproule: — Okay. I just noticed it on the website today so I had to ask. All right, that's . . .

Hon. Mr. Stewart: — Good observation.

Ms. Sproule: — Well when you're getting ready the day of, you notice. You print things out the day of and that's what happens. Thank you.

I think I want to go back to the operational plan for 2016-17. One of the things I noticed was, when you're talking about — under key actions under your, probably page 3 — under the operational plan, you talked about in this year maximizing the agricultural and public benefits of Crown land through sales and leasing programs. In 2015 the language was a little bit different and I'm just curious as to why you changed the language. Because in 2015 it was strategically focused sales, and now you're just talking straight-out sales. So why are you no longer focusing on or using strategic focus on your land sales?

Hon. Mr. Stewart: — Even before the transformational change piece came along, we decided that this government is going to be more focused on getting out of things that we shouldn't do. And we don't see an advantage to government to holding a lot of land where there's no, you know, ecological, environmental, oil and gas, sand and gravel, heritage value for government to own the land. The land is a benefit for individuals and farming and ranching entities to own. And it's really not . . . There's really no advantage to government owning land that doesn't fall under one of those categories, you know, as a further reason to own land than just to own it. It actually improves the equity in farming and ranching operations, but it doesn't do anything for government.

And so we don't think that land that doesn't fall within those important categories should continue to be owned by government. If you know, individuals — farmers, ranchers — are interested in owning it, it's a valuable asset to them and builds their enterprises, where it doesn't really add anything to government.

Ms. Sproule: — I'm just wondering if that would extend beyond agricultural land. And I know you can't speak for other ministers, but maybe at the cabinet table is there a view then . . . I'm thinking of residential, cottage lands that are owned by the government, some of the developments within parks, maybe northern administration district land. Is that sort of a view that is held across ministries, or is that one that's more particular to the Ministry of Agriculture?

Hon. Mr. Stewart: — Well I think the view is held across government but in relation to agricultural land. I haven't heard

discussions of those other . . .

Ms. Sproule: — I'm just thinking the same sort of thought processes could be applied to other categories of land that are held by the Crown. I'm just wondering if that's on the table.

Hon. Mr. Stewart: — Not to my knowledge, no.

Ms. Sproule: — Thank you. On that same page you talk about establishing a new food centre. What is that new food centre that you're talking about?

Hon. Mr. Stewart: — The real name for that or the new name is the Saskatchewan Food Industry Development Centre, and it's a spinoff of government that operates in Saskatoon. A number of the things it does, it helps fledgling food processors develop new products and even make production runs in their early stages of business. So it's a very important aid to growing the food processing industry in the province, has done some great work and continues to. And we're in the process of building new facilities there.

Ms. Sproule: — When you say it's a spinoff, can you sort of describe that a little bit more?

Hon. Mr. Stewart: — It's a non-profit organization offering full service assistance to food processors wanting to add value to their products for domestic and/or international markets, but funded by government and their own clients.

Ms. Sproule: — There's an organization in Winnipeg that does a lot of this as well. I think it's called CIGI [Canadian International Grains Institute] . . . [inaudible interjection] . . . Not the international grains, no. Anyways they will develop products of . . . I've have seen them at trade shows where there is dried peas for example, that you can snack on and things like that. Is this a similar kind of idea?

Hon. Mr. Stewart: — Yes. A number of the provinces have similar food innovation centres like this but of course ours focuses on Saskatchewan products and how to make them end up into whole foods. And other provinces focus on what they produce, I suppose.

Ms. Sproule: — And what is your ministry's contribution to this non-profit?

Hon. Mr. Stewart: — \$600,000 in annual core funding to the food centre, as we abbreviate it, and a contribution of \$9 million to the new building.

Ms. Sproule: — Can you just explain where the location of this is? In Saskatoon?

Hon. Mr. Stewart: — The current . . . the old overcrowded facility is on campus, but the new one that's under construction will be in the northern industrial area of Saskatoon.

Ms. Sproule: — Thank you. Yes, it sounds interesting. I may want to take a drive there sometime . . . [inaudible interjection] . . . Yes.

In terms of this core funding, is this a fairly new program or is

this something that's been around for decades?

Hon. Mr. Stewart: — Nobody seems to know when it started, but many years it's been on the go.

Ms. Sproule: — Thank you for that. Next one I wanted to ask about, we've talked about the Livestock and Forage Centre of Excellence. The next one is the Global Institute for Food Security. You're indicating one of your key actions there is supporting it. Is that something through funding or does the ministry provide other supports to the institute?

Hon. Mr. Stewart: — So just at this stage, \$2 million a year core funding. The deputy minister, Ms. Koch, is a board member of the Global Institute for Food Security. And you know, we're expecting great things from it.

Ms. Sproule: — All right. Next key action on the next page is to work with the industry to ensure *The Agricultural Implements Act* is meeting the needs of our agricultural producers. Could you just provide the committee with a description of what's being looked at here and maybe what you see as some room for improvement with that particular piece of legislation.

[21:00]

Hon. Mr. Stewart: — The board is in place to guarantee that there are parts and service available for equipment that's been sold for, you know, a reasonable length of time, that the equipment is up to performing the work that it was sold to perform. And we've committed to the agricultural machinery industry and to producers to enter into consultations to determine whether or not the Act is still up to the task that it was supposed to achieve. And it's been a very long time since any changes were made to it, so it may be that the numbers are no longer relevant. But we're committing to find out what we can from the industry and producers.

Ms. Sproule: — And when you say the board, which board are you referring to?

Hon. Mr. Stewart: — The Agricultural Implements Board.

Ms. Sproule: — Thank you. I may get into some more questions. I believe there's a financial statement, is there, from that organization? Yes, okay, I haven't got down to that one yet.

Now in terms of performance measures, and you've certainly described this in your opening comments, both annual crop production and the annual livestock sector revenue have already exceeded the targets that you had set for 2020. Are you intending to reset those targets now that they've been met? Or are you just going to wait until 2020 to look at them again?

Hon. Mr. Stewart: — You know, I can't say for sure if we'll wait until 2020 but for now we just want to consistently meet those targets for a few years before we, you know, either . . . before we raise the targets again, if that's what we do. Or you know, perhaps in years of somewhat lower production for one reason or another, we might think that the targets we have are plenty ambitious for the time being. So we're just going to let it play out for a little while and see if we can get more consistent

at hitting the targets and hit the targets on the other ones that we haven't got to yet.

Ms. Sproule: — Right. I guess the value-added revenue is one of those.

Hon. Mr. Stewart: — Yes. I think we're at 4.2 billion, aiming for 6.

Ms. Sproule: — Yes. Okay.

Hon. Mr. Stewart: — 4.8, I'm corrected, 4.8 million.

Ms. Sproule: — Is that annually?

Hon. Mr. Stewart: — Yes. Billion. Yes.

Ms. Sproule: — All right, I'm going to move on. On the next page, the ministry goal is enhancing trade in priority markets, and you certainly talked about that a little bit in your opening comments as well. The last sentence there in your performance measures, says:

The ministry will continue to support the sector to take advantage of these emerging opportunities by expanding market presence, influencing federal trade negotiations, and collaborating with the private sector.

If you could just describe how you intend to do those three things. So first of all, how you intend to expand the market presence. Secondly, how you plan to influence federal trade negotiations. And then thirdly, what sort of collaborations with the private sector are you looking at to increase your exports targets?

Hon. Mr. Stewart: — Yes. You know, as far as expanding market presence, we do that continually as a government through trade missions, and always in conjunction with industry partners and often STEP, Saskatchewan Trade and Export Partnership.

We find that offshore markets demand a little attention. North America seems to be the only place where you can make a deal, shake hands, and not talk to each other for 15 years and expect the deal to still be good. Other countries expect a little attention from, you know, suppliers that they spend millions and even billions of dollars purchasing product from, so we do that. And while we're servicing the markets that already exist in major markets — like I'm thinking India, China, and so on, and we have many others in the United States — we also talk about other things that we may be able to supply and so on.

You know, we conducted a small but I think pretty successful trade mission to India in February. And as a result of that we had 10 delegates from India's umbrella chamber of commerce agency here at the farm show for the first time ever this year. Plus we cemented the relationship as regards our pulse sales to India — they're a very large customer of ours — and talked while we were there about other things like oats, flaxseed, and certainly canola oil, talked about maybe fractionating some of our products like flaxseed and oats for the protein and other valuable ingredients that may be contributors to a healthier diet in India in the future. And the delegation was interested in those

things when they came here, as well as grain storage equipment and seeding equipment. And so you know, that's one example of a market that we try to service because it's a very important market to us.

And trade agreements, we have always, you know, the European trade agreement, we work with the federal government on a not daily basis but an ongoing basis through the negotiation. And we're strong proponents of these types of deals where, you know . . . I'll take COOL as an example. We had real problems with COOL with our beef and pork. But because we had a trade agreement with the US [United States], although they resisted for years and had to be ordered four times by the WTO, World Trade Organization, to comply with the rules and walk away from the COOL rules that they set up, that discriminated against our pork and beef . . . They had to be told four times by the WTO [World Trade Organization] to do that. But because we had that agreement, we won that thing in the end, and so we believe in that. We believe in having trade agreements with as many major importers of our products as possible so there will be rules in place around dispute settlements, market access. But low-level presence is what I'm trying to think of and things of that nature so that every time a shipment is sent there's not a possibility of it being rejected and sent back or someplace else.

The European deal will be good for us, and the TPP [Trans-Pacific Partnership] is almost necessary. Some of our major trading partners like Japan are TPP countries. We have access there now with substantial tariffs. We manage to somehow compete to some extent in those markets, but if we're not signatories to TPP we're pretty much out. The status quo is not a possibility if we're not a signatory of TPP. So we work hard with the federal government to advance our interests, and I think they would say that we're pretty relentless at that. And we're always advocates for trade deals.

Ms. Sproule: — Just on total speculation, but I believe that both presidential candidates have indicated they're not that happy with TPP. Do you think that it will go forward? I know that's purely speculative.

Hon. Mr. Stewart: — You know, the US right now is the wild card in that. I tend to think after the election is over . . . And as you know, the election's in November, and there's a bit of a cooling-off period before the new government is inaugurated in the US in January, and oftentimes the rhetoric cools down a lot. And I'm hoping, regardless of which candidate becomes the president of the United States, that that will happen in this case for sure.

Ms. Sproule: — Whole different sort of cool, isn't it? Did you have another comment?

Hon. Mr. Stewart: — Not unless you want to talk about some trade data with the TPP countries.

Ms. Sproule: — I don't think so at this point, but if we come back to that, sure. I just want to move on to some questions that some people I've been chatting with have asked me to raise, and one is about AgriStability. We know you're meeting with the other FPT [federal-provincial-territorial] Ag ministers, I believe in Calgary next month. And Agriculture and Agri-Food

Canada's data shows that AgriStability has disproportionately helped the largest and the most specialized farms, which basically amounts to a public subsidy allowing them to off-load their risk onto the public, while smaller, more diversified farms have looked after their own risk at their own expense.

AgriStability also has a margin cap, meaning it covers the lesser of a farmer reference margin or his eligible input costs, making the program a subsidy for high-input producers and their input suppliers. And low-input producers get very little support if their margins fell drastically enough to make a claim.

So the question I guess is will you ensure that the next agriculture policy framework is designed for fairness by eliminating the margin cap and also capping payouts so that AgriStability subsidies to large, specialized farms do not have the effect of promoting unfair competition by the biggest producers?

Hon. Mr. Stewart: — You know, I don't . . . And I'm not accusing you of being less than earnest, but I don't necessarily accept the premise of that. But as far as lowering the trigger from 85 to 70 per cent, you know, we opposed that, and we were the only province or only jurisdiction that did last time in 2012.

I don't know what will be on the table. We don't know what opportunities there will be to negotiate around these pieces. I don't see any change in the other provinces that I've talked to, at least in their attitudes toward that. I don't know what . . . We've haven't been able to find out what the federal government's attitude is towards things like that.

So this first negotiation that'll be held in mid-July in Calgary will be an eye-opener, and we'll be flying blind for a start, at least until we see where the provinces and feds sit.

Ms. Sproule: — Would you say that when it comes to these negotiations, is that every province has equal standing, or does Saskatchewan carry greater weight because of the significantly larger percentage of agricultural exports that we represent? Like are you on the same footing as Nova Scotia and Newfoundland as you . . .

Hon. Mr. Stewart: — And the territories.

Ms. Sproule: — And the territories.

Hon. Mr. Stewart: — You know, I think there is maybe some consideration given to Saskatchewan's standing as, you know, the largest exporter of agricultural products in the country. But when it comes down to the votes, it's each province's self-interest and whatever policy the federal government has decided on that they prefer. And you know, I don't think . . . there's not much weight given to the fact that we're the biggest anyway.

[21:15]

Ms. Sproule: — We have the federal Agriculture minister from Prince Edward Island. To your knowledge, has he visited Saskatchewan since he's been elected?

Hon. Mr. Stewart: — I invited him to Agribition just weeks

after he was elected, and he attended. And so we had, you know, an opportunity to talk, and I think he's an earnest fellow. Our type of agriculture is quite foreign to him, but you know, I got the impression that he's willing to learn and keep an open mind about it.

Ms. Sproule: — Just carrying on here, this individual said kudos to the government for amending the farm land security Act, but land ownership concentration is still a concern. I'm just wondering if the ministry has considered how much farm land could one individual or corporation be allowed to own? For example, independent researchers have discovered that one individual in Saskatchewan owns — I don't even know if that individual is from here — but they own 180,000 acres of Saskatchewan farm land. That's one individual. They mention that in PEI [Prince Edward Island] individual corporate farm land ownership is capped. Has Saskatchewan considered similar ceilings on the concentration of farm ownership? And have you ever considered how much is too much?

Hon. Mr. Stewart: — No. Agriculture in our province is a business, and you know, I think we've struck the right balance. We took further steps to ensure that foreigners don't purchase Saskatchewan farm land. We eliminated large, institutional investors from purchasing land. You know, to limit individuals or farming corporations from purchasing land, I don't see us doing that. I'm not interested in doing that myself.

Ms. Sproule: — As you know the *Canada Transportation Act* review was tabled in parliament in March. We know that many farm groups are opposed to the recommendations that came out of the review regarding grain transportation. And I guess, what is your official position regarding the CTA [*Canada Transportation Act*] review? That's the first question. And then secondly, will you actively lobby or have you been actively lobbying to maintain the maximum revenue entitlement revenue cap?

Hon. Mr. Stewart: — We did lobby, and we are lobbying, and we'll continue to lobby for, you know, a result that will get our grain moved in the future.

You know, it's way too early to predict, but I haven't seen a crop off to this good a start in a very long time in Saskatchewan, province-wide. And so it could be that we'll have another very large crop. And our concern, more than focusing on single issues like the revenue cap, is to find a way through this review to create incentives for the railways to move our grain and move it efficiently and effectively and on time and at a reasonable cost.

Now whether the cap needs to be changed, whether it doesn't, whether it needs to be eliminated, I don't think . . . I think a lot of the industry would be afraid of that, and I wouldn't blame them. But there may be opportunities for changes to it that are less of a disincentive for the railways to invest and spend more money on moving grain. You know, industries in, you know, many circumstances own the rolling stock. Grain industry doesn't. So the railroads expect to be compensated for the fact that they have to own the rolling stock, if that's going to be the case. And you know, that's not altogether unrealistic. My sympathies are always obviously with our industry, the agriculture industry. But we need to think this thing through.

The original recommendations that were made were inadequate as far as we're concerned and we asked them to, you know, extend the provisions that were provided under, I think it was Bill C-30 for another year. And we got that just the other day, that that was passed through the Senate. And so we have another year before that runs out and we'll continue to make our case with the federal government on that.

And you know, interswitching is something that the industry found to be helpful, and we think that there should be some ability to do that in the future. And that was something that the original recommendations were going to let go by the wayside. And the cap is a thorny issue that has to be properly dealt with and thoroughly analysed to find something that'll actually work. You know, disincentives are not a healthy thing for us. They're not good for getting these large crops moved. And so we're interested in being more engaged with this process, and we hope that we will find opportunities to do so.

I spoke with the Senate committee on transportation in Calgary a month ago, I think, and rail transportation was one of the issues that they talked about. And I think we got a fairly sympathetic hearing. Now that's a long way from getting the rules changed, but it's something. And we'll continue to dialogue with the federal government and our stakeholders as we go through this next year.

Ms. Sproule: — Thank you. Just a couple more questions on that. Interswitching of course is helpful, but it's not available to a lot of producers. They're not within range, so that has a limited application of course.

And when you talk about more opportunities to incentivize railways, the only thing that I think I've ever been aware of creating incentives for a railway is for them to make more money. And so when you talk about incentivizing them rather than de-incentivizing them, are you looking at federal government contributions to ensure that that service is available or maybe further investments in rolling stock like we have with the Saskatchewan Grain Car Corporation? Or and I guess that adds . . .

You know, you say you want to get more engaged, and you need to think this through. What sort of efforts are you. . . I'm sure at a deputy minister level, you're looking at this closer, maybe ADMs. But do you have actual people writing reports or providing. . . You know, what kind of efforts are you actually doing in that area?

Hon. Mr. Stewart: — You know, we don't know where it's going to land. Pretty sure though that no province is interested in getting back into purchasing railcars. There may some interest in the industry for doing that. If there is, they're holding their cards pretty close to their chest. The feds, I don't know if they're interested in doing that. But we know this: that the car fleet is aging very quickly, and you know, there's only so much car-building capacity in North America. So decisions are going to have to be made fairly soon as to how many new cars are going to be ordered and who is going to be buying them. And frankly a great deal of our efforts up until recently have been to extend the provisions of C-30 for another year, so we've got longer to talk about these issues.

Ms. Sproule: — Basically you've got some breathing room, but you've worried me even more now when you talk about nobody wants to build these cars.

Okay, just one question on the PFRA pastures. And certainly a concern from this individual is to ensure that these pastures will remain publicly owned. Given your earlier statements about the Crown not being interested in owning land that could be privately owned, is there going to be an incentive to privatize or, say, sell off the PFRA pastures?

Hon. Mr. Stewart: — We have no plans for that at all.

Ms. Sproule: — So at this point in time, you will continue receiving the divestment and working with the individual patrons to help them succeed?

Hon. Mr. Stewart: — Yes.

Ms. Sproule: — All right. Question about the Wheat Board from an individual. He wants to know if the minister is aware that the top-quality Canadian wheat that used to get a premium price is now selling at a discount to dark northern spring American wheat. So what are your concerns around that?

Hon. Mr. Stewart: — That would be news to me if it's happening in any market. But there may be a market somewhere that prefers northern US, but I'm not aware of it if there is.

Ms. Sproule: — I think I can undertake to get more detail and maybe ask you at a later date about where the source of that is coming from.

Hon. Mr. Stewart: — Sure, we'll see what we can learn about that, but that would be news to me.

Ms. Sproule: — Okay. Further to that, are there any studies at all that you're aware of which have analyzed the impact of the removal of the single-desk? I mean there's got to be some impacts both, I think you would argue, positive, but maybe there are some negative impacts as well. Is there any sort of neutral or academic studies that you're aware of regarding the impact of the removal of the single-desk?

Hon. Mr. Stewart: — There are no studies that we would consider credible that have been done. There are a number of studies with what we would guess, or I would guess, are predetermined outcomes before they were written. But you know, I think the results speak for themselves.

Wheat was a declining crop in Western Canada under the Wheat Board, and these last two or three years we've seen acres increase on a pretty much continuous basis and year over year, and producers are interested in wheat again. There's money being spent on wheat research. Producers are doing better than they ever did under the Wheat Board. They have the opportunity to manage their own business.

In rural Saskatchewan, you just don't hear active farmers talking about the loss of the Wheat Board except maybe in, you know, that they're happy with the new situation. You just don't

hear it. Now some of the older guys that are retired from farming, they couldn't imagine operating without it; I'll grant you that. And I know that some of them think that we probably should have kept it, but as far as active commercial farmers go, there's very little interest in ever going back there.

I think, you know, the farm income numbers are a record high in 2015 and farm cash receipts. You know wheat was once again our biggest crop in 2015, and when wheat's our biggest crop again and farm income numbers are record high, you know, I think the jury's in.

Ms. Sproule: — Okay, thank you. Would you say there are any negative impacts at all on transportation as a result of the change in the single-desk?

Hon. Mr. Stewart: — No, I don't attribute any of the issues that we had in 2013-14 to the loss of a single-desk. That was not the issue at all. The issue was that the railways pulled back a tremendous amount of investment in locomotives and crews and rolling stock. That's the issue.

[21:30]

And you know, CN [Canadian National] had done it four or five years before that, and they were actually starting to rebuild again, and then CP [Canadian Pacific] management changed, and they did the same thing. And we don't need to name names here, but we all know who I'm talking about. That's what caused the situation plus a very difficult winter. But you know, with more crews and locomotives, that could have been dealt with better than it was under the circumstances.

So I don't think the disappearance of single-desk had anything to do with that crisis one way or another. But there's some responsibility on the part of the railways — particularly one.

Ms. Sproule: — All right, thank you. Just going back to the CTA review, the question is, does the Government of Saskatchewan support a costing review?

Hon. Mr. Stewart: — You know we're not in any way against a costing review. We just assumed that it would be part of the CTA deliberations, and that would not be something that we would have to lobby for. But so you know, a costing review might be useful. We're certainly not opposed to it in any way.

Ms. Sproule: — Would you consider calling for it, actively calling for a costing review?

Hon. Mr. Stewart: — We'd consider that, yes.

Ms. Sproule: — One final question, this is a particular one in regard to the Raymore elevator. And I'm not sure if you're aware of the situation out there, but I believe that it's the Cargill concrete elevator in Raymore and that it's about to be destroyed despite the fact that some producers are willing to buy the facility. Do you see any role for the government there? It seems like a waste of an asset, and it's just going to put additional transportation costs on to the farmers by having to haul further yet again, and obviously the taxpayers get additional road maintenance costs due to the road destruction due to increased hauling distances.

So I guess the question, as put to me, is why do taxpayers have to subsidize Cargill's profit margins? So is there any position the government's going to take on that?

Hon. Mr. Stewart: — Yes well, probably not. You know, that's private property. We would not see it as government's place to intervene in that. You know, that just happens to be the best of the elevators that have been abandoned and have a date for destruction. But it's happened in hundreds of locations around the Prairies over the last three decades. It's just not government's place to interfere in these business arrangements. I might not like to see that, but still, you know, we're talking about transformational change and government getting out of areas where we shouldn't be in the first place. And that's one we're not going.

Ms. Sproule: — Thank you. As this individual pointed out though, it does result in a direct cost to taxpayers because of the pounding that the roads are taking. Is there any sort of thoughts as to including, I guess, the elevator owners and the inland terminal owners in sort of ways to have them be responsible for the costs to our highways?

Hon. Mr. Stewart: — Well you know, government can do almost anything if we really want to, but there will be a price to pay for that as well. And that would be even less facilities that would be more utilized, involving longer hauling distances. Elevators would, they'd centralize even more, I'm afraid, if they had to cover the costs of road damage, and they'd operate fewer facilities. They'd be leaner and meaner.

And I think it would be a negative incentive to building a better elevator network, which we are actually seeing. We're starting to see more elevators again, not less. We've bottomed out, and we're starting to see a few more. And we want to encourage that for the very reasons that you've mentioned.

Ms. Sproule: — Would you see the role of the shortlines in this network and certainly in improving or maybe, in other words, not destroying our road network and in causing the extra costs for our RMs? So do you have any plans or incentives that you are looking at in terms of the shortline railroads?

Hon. Mr. Stewart: — Well we see their role as a very important one. More than, you know, a decade or more previously, the shortlines are doing better. They're moving more product, generally speaking, apart from the fact that during this rail transportation episode that we had in '13 and '14 sometimes the shortlines weren't very well serviced by the main lines. That's behind us now, and we're back to a more normal situation, at least for the time being, and the shortlines are doing pretty well.

We do have some incentives to help them out with the purchase of locomotives and things of that nature. Of course we lease them railcars that are owned by the railcar corporation, and we make them available to shortlines on a priority basis, things of that nature. I think the shortline industry is, you know, fairly pleased with life these days, and they're not calling for anything more.

Ms. Sproule: — Okay. I mean, I was at their annual meeting, I

believe last fall, so they weren't quite as happy as how you describe them right now. But certainly I think availability of producer cars is a concern. And maybe it's better in the last six months than it was, but that was something I think they were looking for. And other things would be perhaps, you know, better access to the American markets through shortlines. Is there any possibility that in the next . . . Like is that something you're looking at, is allowing access to American markets directly without using our two main line railways?

Hon. Mr. Stewart: — Well yes, we would certainly invite that. You know we're not going to build the rail lines for them, but if American railway is interested in drawing grain out of Saskatchewan, we would certainly be interested in talking to them.

Ms. Sproule: — Okay, I'm going to move on. I'm getting distracted here. Anyways I'm still on your plan for '16-17, and the next ministry goal I want to look at is the one, partner to promote the benefits of agriculture. And again you spoke about this a little bit in your opening comments, and I'm interested to see if strategy is the social licence strategy. And it's certainly I think not something . . . if you were talking five years ago about which ministry do you think would be talking about social licence first. And I see it as something that your ministry is doing more than any other ministry, so I just am curious what you see as social licence in this case and how it is that you're going to ensure that it's a national priority.

Hon. Mr. Stewart: — Social licence is one thing that we always bring up at fed-prov-territorial meetings, and we'll be doing that again and again and again.

So we do that, and you know, we provide money to Ag in the Classroom to start training school-aged children about teaching them the ag story. It's a very positive story. The story of commercial agriculture is one of great improvements in production, great improvements in soil fertility, and great reductions in soil erosion. And our soils, with continuous cropping and modern farming methods, have been turned into a carbon sink as opposed to emitting carbon every time they're worked, which under the old half summerfallow practices in the past were . . . That was a huge emitter of carbon into the atmosphere, and now we don't do that.

So we have all this production and all these, you know, good environmental benefits from crop agriculture. Our grasslands of course are a carbon sink and always have been and will be. So we want, you know, we want to tell the story of how productive we are, how we do more with less now — less fuel, better placement of fertilizers to minimize the amount that we need to use, spraying technology that eliminates overlapping of chemical applications — things of that nature that are positive environmental stories and also positive production stories and how that there are all sorts of careers available in the agriculture industry besides actually running a farm or ranch or working on one even and how Saskatchewan is one of the few jurisdictions in the world with a large enough and productive enough land base to actually make a difference in feeding the world as we approach 9 billion people on the planet by 2050.

You know, that's a positive story, and a story that I think . . . Well first of all, let me say that we're now . . . Most urban

dwellers are generations away from any farm experience and have no fundamental knowledge of modern practices. So the gap widens between, you know, the positive story that we have to tell and the understanding of it with non-agricultural people. That's what social licence is. We need to tell our story so that people will agree that we're doing this in a responsible fashion — we're feeding millions of people — and allow commercial agriculture to proceed with, you know, good, strong regulations and oversight, but not crippling and burdensome regulatory environments and so on.

So social licence will ensure that we're able to continue commercial agriculture in the future with the blessing of the public.

Ms. Sproule: — Thank you for that. I certainly get the lecture on continuous cropping from my dad every time I go home. And on Sunday, on Father's Day, we had a good look at the crops on the way out to the farm and I think, as you describe, things are looking pretty good right now. Honestly, every time I get that lecture on how important continuous cropping is, as opposed to summerfallowing, which he fought with my brother when my brother wanted to start it, of course, in the '70s and '80s.

But yes, I think certainly there's lots to be proud of and, you know, in terms of the story that you have to tell the world . . . [inaudible interjection] . . . What's that?

Hon. Mr. Stewart: — I've been through that fight with my own dad.

Ms. Sproule: — I'm sure there's a generational change there.

Hon. Mr. Stewart: — Right.

Ms. Sproule: — Okay. Going on then, thank you for that. On the highlights of your plan for 2016-17, you're talking about the 26.8 million to support agriculture research and development, including the 2 million we've already spoken about for the funding for the Global Institute for Food Security. First of all, I was just wondering if you could provide the committee with a breakdown of that 26.8 million and maybe a high-level description of how you approach decisions who to fund and how to fund?

Hon. Mr. Stewart: — As you mentioned, Ms. Sproule, the agricultural research branch budget for 2016-17 is 26.8 million. That's 2 million, as you mentioned, for the Global Institute for Food Security; 2.8 million for operational funding to R & D [research and development] institutes such as the Crop Development Centre, Prairie Agricultural Machinery Institute, that's PAMI, and the Western Beef Development Centre, WBDC. \$3.9 million to support intellectual capacity; that's 15 scientists and technician pairs at the U of S and the Western Beef Development Centre. Approximately \$13.9 million through the Agriculture Development Fund for project funding; 3.6 million for technology adoption and commercialization through Ag-West Bio Inc., Saskatchewan Food Centre, agricultural demonstration of practices and technologies, that's ADOPT, and Agri-ARM [agriculture-applied research management] sites; 945,000 for salaries and administration. An investment of \$7 million and \$7.8 million for crops and

livestock projects respectively, 66 new ADOPT projects. I think those numbers should add up.

[21:45]

Ms. Sproule: — I will trust you on the math on that one, but thank you. In terms of the ADF [Agriculture Development Fund] funding, who sits . . . Are these juried projects or are they simply applications and your ministry staff apply?

Hon. Mr. Stewart: — The ADF board makes those choices.

Ms. Sproule: — I don't know if I'm going to have time to get into some of the annual reports for some of those organizations, but I think just that breakdown is what I was looking for at this point in time, and time is ticking away.

I just wanted to make reference to an article that was in the *Leader-Post* on April 20th regarding an APAS [Agricultural Producers Association of Saskatchewan] survey on AgriStability. And the survey indicated . . . This was APAS did a survey of producers about their experiences with some BRM programs, including AgriStability, AgriInvest, and crop insurance.

What the president of APAS indicated there was that the survey results indicate serious problems with AgriStability, which the federal and provincial governments need to address. He went on to say that only 18 per cent . . . The article says:

Only 18 per cent of respondents felt the program benefited their operations now or would in the future . . . 35 per cent of respondents indicated they had already withdrawn from the Agri-Stability program.

What was your ministry's review of this article, or what was your reaction to this article? And maybe what would you be representing at the FTP [federal-territorial-provincial] meetings next month in Calgary?

Hon. Mr. Stewart: — Well you know, no great surprise I would say, you know. Producers have not been happy with AgriStability since the reference margin decreased from 85 per cent to 70 trigger points. I guess that'll be my message. I don't know, it didn't get much traction last time. I'm hoping for better things this time, but I'm not terribly optimistic.

Ms. Sproule: — Yes, again it just seems incredibly frustrating that the federal government would provide each province with equal footing in an arrangement that certainly impacts Saskatchewan much more than other groups.

Hon. Mr. Stewart: — It does. It really does. Well that's the way it is though.

Ms. Sproule: — Yes. I'm sure I'm not the first person to observe that. The other indication there was only 30 per cent of respondents agreed that coverage provided through co-op insurance is adequate; however, 73 per cent said they can actually predict their coverage at the start of season, so that was a positive. But any concerns about that number of 30 per cent saying that coverage is inadequate?

Hon. Mr. Stewart: — You know, crop insurance has changed a lot in the last few years, you know, five, six years. Doing a lot to adjust yields as yields increase across the board, crop insurance projected yields are increasing as well. And you know, crop insurance usually covers a couple of crops a year, and increasing their projected yields and therefore the coverage level. Some commodities may feel they're a little left behind at times, but crop insurance has made great strides to keep up with the overall increase in yields across the province.

And you know, I think if guys analyzed a little closer the changes that have been made and how close those numbers are to actual provincial averages, I don't think there'd be as much dissatisfaction as that. But I think the important number is 73, I think it was, per cent believed that it was bankable and predictable. And that's a pretty ringing endorsement when you compare it to a program like AgriStability.

Ms. Sproule: — Of course, although I think 30 per cent is concerning, and I know you've made additional programs available under the suite of programs that are available, but I know spot loss hail, I think, is still something that people are hoping to obtain.

While I have Mr. Jaques up at the front though, I do have the annual report out for SCIC. And one of my first questions is that your accumulated surplus is over \$1 billion as of 2015, and that seems like a lot. So why is it that an insurance corporation would have an accumulated surplus of over \$1 billion, \$1.1 billion?

Hon. Mr. Stewart: — I think I will ask Mr. Jaques to answer that. Hopefully he'll tell you about the liability that's associated with these Crowns.

Mr. Jaques: — Yes, Shawn Jaques, president and CEO of Sask Crop Insurance. You're right. Our accumulated surplus is well over \$1 billion. We've had some . . . We've been fortunate in Saskatchewan, had some really good production years. But as the minister stated, our liability has also increased.

We're estimating liability to be, in 2016, close to \$5.8 billion. So you know, while \$1 billion seems like a lot of money, in 2002, we paid out 42 per cent of our liability because of a drought. So in today's numbers, that'd be, you know, well over two and a half billion dollars. So while it seems like a lot of money, that is used to pay future losses.

Ms. Sproule: — So what would your target be in terms of accumulated surplus? Where would you feel comfortable?

Mr. Jaques: — You know, I guess something I should also mention is because of our large surplus, we've been able to reduce premium rates for producers. They've gone down 20 per cent in the last number of years because of those large surpluses.

Ms. Sproule: — So just in terms of a comfort level though, what would your ideal surplus be, or do you just take it as it comes? And when do you decide to reduce premiums?

Mr. Jaques: — Well I mean, every year when we set premium rates we look at, you know, the annual experience that the

corporation has had. We take into account, you know, the size of our surplus, if we haven't. And then that's what is used to, how we determine the premium rates for the upcoming year.

Ms. Sproule: — I do have to tease you a little bit. You're sounding like a lawyer where the answer is, it depends, right? All right. I appreciate that.

In your financial assets, you have a note that there's monies due from the Agriculture Financial Services Corporation. And if you could just explain to me what that corporation's relationship is with crop insurance. It's on page 18 of your '14-15 report. I realize this is a couple years old.

Mr. Jaques: — That is because of the western livestock price insurance program, the pilot program between Manitoba, Saskatchewan, Alberta, and British Columbia. Alberta is the delivery agent for that program, so they hold the premiums that are collected that are allocated from Saskatchewan producers, as well as the interest on the premium. So that's what that 3.8 million would represent.

Ms. Sproule: — So if I understand correctly, that corporation is an Alberta-based corporation?

Mr. Jaques: — It's the Alberta . . . That's the equivalent of Saskatchewan Crop Insurance Corporation.

Ms. Sproule: — I know it's showed up in some other things I was looking at, but I'm not sure we'll get to that before we're done here.

I guess while I have you, as well, in that financial year we have the supplier payments. They're the over \$50,000 payments. Just a couple of questions in there I think just to keep this moving. First of all, MacDermid Lamarsh, a law firm, received a payment of \$406,000. I'm just wondering if you can indicate to the committee what that is for.

Mr. Jaques: — MacDermid Lamarsh is a law firm retained by the corporation, and so that would represent fees. You know, sometimes we have accounts, you know, where producers don't pay the corporation, pay their premium. So we have to collect that money. As a corporation, sometimes we need advice on certain matters, and so that's what that would represent. And then there are some instances where, you know, where we may be in court and the lawyer is there to represent us.

Ms. Sproule: — Do you recall in that particular year if this was more than collections and retainer fees? Were there actual lawsuits that the . . . Or do you deal with lawsuits every year?

Mr. Jaques: — Yes, we would have a few lawsuits every year, both, you know, ones that we may initiate and some that are initiated against the corporation.

Ms. Sproule: — Let me see. I did find agriculture, the Alberta equivalent there. Agriculture Financial Services Corporation received \$993,000. That was one of my questions. So that's just your counterpart in Alberta that provides that service.

Mr. Jaques: — So as I said, and mentioned earlier, that Alberta Financial Services Corp. administers the program for the four

Western provinces. So that is our share of the administration.

Ms. Sproule: — Thank you. Carrying on with I guess some of the concerns from APAS, I'd like to find out where you are right now with the surface rights legislation. I know that the Ministry of the Economy is basically the lead. I know it was the minister that was going to . . . well actually tabled the draft legislation almost two years ago. What is going on? And what is it the Ministry of Agriculture is able to do to . . . I know producers are facing a number of issues including . . . There was an article recently in April in the *Leader-Post* regarding nonpayments from energy companies given the downturn in the sectors. So obviously producers are at risk here, and I'm just wondering what your ministry is doing in relation to the concerns the producers are raising.

Hon. Mr. Stewart: — Well like you observed, that Act is not under our jurisdiction or responsibility. We'll certainly . . . If the appropriate minister brings it back, we certainly want to have input into any changes that might be considered and we might have some advice along those lines. But it's, you know, it's not our Act.

Ms. Sproule: — No, but it does affect producers more than anyone. So are you engaged in active conversations with the Minister of the Economy or is this . . . You know, what sort of prodding can you do to support these producers in a fairly difficult situation, particularly with the downturn and the impact it's having on surface leases?

Hon. Mr. Stewart: — Probably the issue of nonpayment is a relatively new one because of the downturn. That's correct. That adds additional pressure. But you know, we did have input into the Act when the minister was reviewing it a couple of years ago, I think. We expect that it'll come back, obviously not in this legislative session, or not likely, but in one very soon.

Ms. Sproule: — All right, we'll look for that. One of the things that the farmers are talking about in terms of assistance with surface rights is a farmers' advocate office. Now I know Alberta has one, and it helps farmers navigate surface rights processes and advocates for producers. This is something that certainly would fit squarely within the bailiwick of the Ministry of Agriculture. Is this something that you've ever discussed, or feel that there's a role for a farmers' advocate office much like Alberta has?

Hon. Mr. Stewart: — You know, we have not considered that, but I've been the minister now for over four years, and I haven't had a complaint regarding surface issues. So we don't see it as a burning issue out there and accordingly we're certainly not considering that.

[22:00]

Now it might be desirable to take a look at that Act, as you suggest, before it does get to be an issue. But at this point I don't think our office has had any correspondence on surface . . . [inaudible interjection] . . . Well Ashley's only been there half as long as I have but she says not during her time.

Ms. Sproule: — Yes, it may very well may be these complaints are being directed elsewhere. So I'm not sure where they would

be collected by the government. But if we sort of broadcast this, maybe they will start coming your way. I'm not sure.

I think we are pretty much out of time, and as always I have not quite finished — because as I said in the outset, this in an incredibly diverse and wide-ranging ministry. So just in general I'd like to thank the minister and the officials for your forthright and helpful responses to my questions tonight. And thank you for taking the time to make that happen.

Hon. Mr. Stewart: — Thank you as well, Ms. Sproule. I always appreciate the cordial way that we can conduct this business. I think you probably get better information and it's more pleasant for all of us. And I want to thank the officials from the ministry and my office, Ashley Anderson, chief of staff, for the great effort and the great help that you have given us tonight. And thanks to the committee and you, Mr. Chair.

The Chair: — Thank you very much, witnesses and committee members, for your efforts tonight, especially the public servants who stay at a late hour to accommodate the committee's examination — although being the ag sector maybe this is common, working late at night this time of year. So thank you for your time once again. And I would ask, since it is 10:02, just a couple of minutes overtime, ask a member to move a motion of adjournment.

Mr. Steele has so moved. Are we all agreed on that motion?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned until Thursday, June 23, 2016 at 1:30 p.m. Thank you, all.

[The committee adjourned at 22:02.]