



# **STANDING COMMITTEE ON THE ECONOMY**

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## **STANDING COMMITTEE ON THE ECONOMY**

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Mr. Delbert Kirsch  
Batoche

Mr. Greg Lawrence  
Moose Jaw Wakamow

[The committee met at 15:02.]

**The Chair:** — All right, we'll get started. Welcome, members and the public, to the Standing Committee on the Economy. I am David Buckingham, the Chair of the Economy Committee. Ms. Sproule is the critic for the opposition. We have members Eric Olauson who is chitting in for Greg Lawrence; we have Warren Kaeding; we have Terry Dennis; we have Lori Carr who is chitting in for the Hon. Greg Brkich, and we have Delbert Kirsch.

Today will be a two-hour meeting, so ending at 5 p.m. We have one document to table and that document is ECO 8-28, Ministry of Agriculture: Responses to questions raised at the April 24th, 2017 meeting.

Moving along to the annual report, we now begin our consideration of the 2016-17 Global Transportation Hub annual report. Minister Duncan, if you would please introduce your officials and make any opening comments.

**Hon. Mr. Duncan:** — Thank you, Mr. Chair, and good afternoon to members of the committee. I'd like to begin by introducing the officials that are here with me today. To my right is Bryan Richards, the president and CEO [chief executive officer] of the Global Transportation Hub. Seated behind us is Matt Schroeder, vice-president of finance; Rhonda Ekstrom, vice-president of business development; and Kelly Brossart, director of communications and marketing for the Global Transportation Hub.

I know our time is limited today, so I'll just make a few opening remarks and then would ask Bryan to make remarks, following me, related to the annual report. And following our statements, we'd be happy to take questions from committee members relating to the authority's 2016-17 annual report.

Despite a turndown in the economy, the Global Transportation Hub has made a positive impact on the economy. Private sector investment in the Global Transportation Hub has topped \$485 million. Employment during construction has created over 1,800 jobs while approximately 860 full-time jobs currently exist on site. That employment results in \$15.2 million in provincial personal income tax every year. The inland port also sees approximately 4,800 weekly truck movements in and out of its footprint. That activity generates \$17 million in incremental diesel fuel tax annually.

There are 12 clients signed on, helping to create jobs and new types of business opportunities for the province. We appreciate these sorts of investments designed to increase trade and economic opportunities for our province.

There are other positive new business activities taking place at the Global Transportation Hub. Future Transfer, a third party logistics, warehousing, and distribution services company, began operating at Morguard's Translink Logistics Centre last December. They said the multimodal infrastructure at the Global Transportation Hub was a key deciding factor for the company's decision to locate there.

Sterling Truck & Trailer Sales Ltd. completed construction of

their truck servicing centre at the Global Transportation Hub this past year. This business is part of a land purchase deal with a Regina businessman who has established two services at the Global Transportation Hub — a container handling service the previous fiscal year, and now a truck service centre.

These businesses are establishing at the Global Transportation Hub because they recognize the benefit of rail and road infrastructure access in one transportation hub — one trade hub, one logistics hub, one place to move goods efficiently, effectively in and out of Saskatchewan. These businesses foresee an exciting future at the Global Transportation Hub.

The hub is an important contributor to the Saskatchewan plan for growth. It is the desire to expand Saskatchewan's economy that inspired our commitment to major infrastructure projects like the Regina bypass and the Global Transportation Hub. These are significant projects that require investment of time and capital. They are long-term initiatives that will provide long-term economic benefits to the province.

The decision to relocate a major distribution centre or transportation company comes along once in a generation. With the creation of the Global Transportation Hub, we have a ready-made Saskatchewan solution that puts our province in the discussion as those decisions are being made. The effectiveness and appeal of the Global Transportation Hub were proven when Loblaw built its 1 million square foot distribution centre at the Global Transportation Hub and Canadian Pacific Rail relocated its rail yard to the facility. Businesses like Emterra and transportation partners like Consolidated FastFrate and Slinkemo have followed.

The Global Transportation Hub is an important asset for the province, and it will take time for the full benefits to be achieved, just as it did when farmers first broke fields over a century ago, when potash mines were built in the 1960s, and when new technologies were first considered at research parks like Innovation Place in the 1980s.

The government is committed to the long-term economic health and growth of Saskatchewan, and we see a bright future ahead. With that, Mr. Chair, I'd like to ask the CEO, Bryan Richards, to offer a few comments to the committee as well.

**Mr. Richards:** — Thank you much, Minister Duncan. Thank you, Mr. Chair, committee members for allowing us the opportunity to reflect on the Global Transportation Hub annual report and, as the minister has just noted, the activities of the past fiscal year. I'm pleased to have Matt, Rhonda, and Kelly here today as they've played an integral role in preparing the annual report for our authority, not to mention the overall management of the hub.

We are a small group of professionals. There's 11 individuals who make up the Global Transportation Hub team. And I must assert that I could not be more proud of them. We follow the public performance reporting guidelines when reporting our results and are committed to effective public performance reporting, transparency, and accountability to the public.

At this time, I would like to briefly touch on some of the

specific achievements related to the activities of the 2016-17 fiscal year. As the minister has already detailed a little bit, addition of Future Transfer, a third party logistics warehousing packaging company, began operations in December. This Ontario-headquartered company is occupying 52,000 square feet of space at the Global Transportation Hub for its warehousing, packaging, distribution needs.

The Global Transportation Hub signed a co-operation agreement with the China Overseas Development Association, CODA. It's a key, powerful national organization devoted to promoting Chinese investment opportunities in the North American marketplace.

A co-operation agreement was signed with the port of Qingdao, the seventh-largest port on the globe, actively trading with more than 180 countries, regions.

As extension of our foreign trade zone designation, the Global Transportation Hub hosted quarterly meetings with a team of federal and provincial experts who can respond to the authority's designation as a foreign trade zone. The task force provides the Global Transportation Hub with guidance on FTZ [foreign trade zone] initiatives and updates on program changes. Included is Western Economic Diversification, Global Affairs Canada, Transport Canada, Canada Border Services Agency, Canada Revenue Agency, Canadian Food Inspection Agency. They are among the federal members of this group. And from Saskatchewan, both the Ministry of the Economy and Agriculture will participate.

The initiation of the GTEC [Global Trade and Exhibition Centre] project by Brightview, with the transfer of phase 1 lands comprising 10 acres. As part of our continued effort to maintain industry-leading infrastructure standards, Global Transportation Hub substantially completed 1.2 kilometres of four-lane roadway as well as 100 metres of two-lane roadway now known as Hitch Avenue within its future commercial services area, a critical service. In addition, ditch shaping, rough grading, and grading for planned future roadways was also undertaken.

Referring to the commercial services centre in the northeast corner of the footprint, we're progressing towards development with private sector partners. The commercial services centre will include — and I'm sure you're familiar with — a truck stop, food, fuelling, designated rest location for truck drivers and those working at the Global Transportation Hub, including the motoring public.

Also this past year the Global Transportation Hub was invited to participate and speak at the inaugural conference on the contributions of inland ports to the Canadian economy, hosted by the Van Horne Institute. Conference delegates from across the country were particularly interested in the Global Transportation Hub's unique autonomous model and its critical role in the supply chain network.

In June Global Transportation Hub was recognized as a safety leader, receiving a Safe Saskatchewan Mission: Zero award. Even though we're a relatively small organization with 11 staff members, the Global Transportation Hub signed on to the province's health and safety leadership charter to take a primary

role in supporting our clients and their efforts on health and safety. We take very seriously our involvement in an industry that shares the roadways every day with our children as they ride on school buses or carpool to hockey or dance.

The Global Transportation Hub recently hosted 40 enforcement officers from across the province to help research collision reconstruction. By studying brake times and skid results, RCMP [Royal Canadian Mounted Police] collision investigators, police forces, SGI [Saskatchewan Government Insurance], and Ministry of Highways officials are able to gain a better understanding of the moments prior to a traffic accident. According to SGI, commercial vehicles represent 3 per cent of vehicles on Saskatchewan roads but are involved in 15 per cent of fatal traffic accidents. We believe this is critical work.

In follow-up to the special report by the Provincial Auditor and the recommendations contained therein, the Global Transportation Hub implemented policies to ensure new significant initiatives and land purchases over \$25,000 are better documented, tracked, and approved.

Additionally the Global Transportation Hub announced the appointment of a new Chair of the board and four new board members to expand not only its global experience and industry expertise, but level of strategic governance level. Doug Moen, Q.C. [Queen's Counsel], now serves as chairperson while Dr. Sandip Lalli, David Sutherland, Brian Manning, and Zahra Al-Harazi joined as board members.

The Global Transportation Hub announced its partnership with the Canadian Mental Health Association to host an annual bicycling community event in the summer of 2017. This was the first time we were able to band with the community, with a community event within Regina, and host Regina and area residents at the Global Transportation Hub, and it was a wonderful event.

The Global Transportation Hub continues to have a strong balance sheet with an end-of-year equity position of \$22.8 million. At year-end, the Global Transportation Hub had debt outstanding of \$24 million related to its capital activities on its \$50 million debt facility.

Certainly in recognition of slower economic environment and fiscal opportunities, the Global Transportation Hub has undertaken several measures to reduce operating expenses. We have ceased further capital development unless specifically needed to accommodate a client that has already purchased land and has submitted a development permit, and we have looked at and reduced overall engineering, transit, and other costs.

As all present here are very aware, we are a province dependent on trade. The Global Transportation Hub was originally conceived as part of the discussions to relocate CP Rail [Canadian Pacific Railway] from downtown Regina congested areas, and was created by order in council in June 2009. It has been designed to be a generational project that supports Saskatchewan's participation in trade. In our landlocked geographic situation 1,000 miles from tidewater, over 75 per cent of what we produce still needs to go for export. Our primary mandate is to support the economic and social development of Saskatchewan by developing and managing a

transportation logistics hub to enhance our trade reliance challenges.

[15:15]

The Global Transportation Hub has the authority to purchase, lease, or otherwise acquire land for its operation but has been committed to operate on a commercial willing-seller, willing-buyer basis. By our legislation, the authority is the developer, maintainer, and regulator of the 1,800-acre footprint. Much like a municipality, the Global Transportation Hub is responsible for all aspects of the footprint, from community planning to enforcement. We operate as an inland port, a community that unites trade-related activities for customers, service providers, importers, and exporters in one location, specifically designed, as we mentioned, for organizations featuring warehouse, distribution, transportation, and logistics as well as light processing and manufacturing.

We offer a strategic location for these business operations. The most important aspect of this is that the critical co-location near this transportation infrastructure, everything from property design, roadways, zoning, and bylaws, has been crafted to help clients and their products reach domestic and international markets. The Global Transportation Hub has an opportunity to bring those transportation needs together, co-located with large distribution centres, large shippers, and transportation providers all in one key transportation link. We believe we have made tremendous progress to date, and now in our sixth year of operation, the Global Transportation Hub is attracting admiration from industry peers.

Tiffany Melvin, the president of NASCO, was in Regina just over a year ago. For your awareness, NASCO is a North American Strategy for Competitiveness, a Texas-based tri-national coalition focusing on trade, freight logistics, energy and the environment, and skilled workforce certification programs.

Ms. Melvin, an expert in her field, has worked with inland ports for 18 years and states emphatically her amazement at how thoughtful, progressive, and aligned the Global Transportation Hub is and the progress that has been made in such a short time. She stated to a Saskatchewan Chamber of Commerce luncheon last fall that the hub has the opportunity to be a major player in the continental freight movement network in North America and put Saskatchewan on the map.

This is an important time for Saskatchewan. To assist, the government has created the Global Transportation Hub to be unlike any other inland port in Canada. Unlike traditional land options, we are a greenfield environment that allows clients the flexibility to seek property solutions unique to their needs. We don't simply subdivide property like traditional municipalities. We work individually with each client to achieve their supply chain vision.

As Canada's only autonomous and self-governing authority, when clients come to us there is one team, one single point of contact for them to work with from concept to operations. We believe we can streamline processes and help clients move quickly through activities such as development, planning, and permitting.

Our logistically superior design includes extra-wide double-lane roadways, again allowing for the safe, efficient, and effective movement of goods by both rail and truck, and offers a safe and reliable environment that is easily accessible for even the longest combination vehicles. You will see predominantly turnpike doubles and triples starting to dominate the transportation environment.

Our business development efforts are ongoing and include active discussions with more than 40 prospective clients who are very interested in Saskatchewan and who meet our permitted land use requirements. Prospects include local, national, international companies across many industry segments.

I share all of this with you to provide context in terms of the commercial opportunities that exist for the Global Transportation Hub. We are very committed to our mandate and to assisting Saskatchewan producers in accessing supply chains for their products, helping drive economic development in this province, and providing world class infrastructure.

This concludes my opening remarks. Again, Mr. Chair, I would reiterate how sincerely proud I am of the Global Transportation Hub team in our efforts in a difficult fiscal environment and our overall accomplishments in a relatively short period of time. I would be happy to join the minister and answer any questions from the committee relating to the 2016-17 fiscal year reflected in the Global Transportation Hub annual report. Thank you.

**The Chair:** — Thank you, Mr. Richards and Mr. Minister, for your comments. I will now open it up for questions. I recognize Ms. Sproule.

**Ms. Sproule:** — Thanks very much, Mr. Chair. And for the record, I am chitting in for our existing committee member. It's now 3:20, so the first 20 minutes we've had commentary. So that has cut in a little bit on some of our time here today, but I guess I want to start off with asking the minister a question.

On August 24th, your predecessor was Jeremy Harrison, and he indicated that he would like to get rid of the Global Transportation Hub, and he thinks it's the right path forward and that your government should have never been in this business in the first place. I'm just wondering if that's the position that you hold, Mr. Minister, or is that something that you don't agree with?

**Hon. Mr. Duncan:** — Thank you, Ms. Sproule. So I think, as you know, I've been in this role for less than two weeks, so I'm in a number of roles that I haven't had in the past or haven't had in a number of years.

So I have been spending my time in the last couple of weeks getting up to speed on all the different files and meeting with officials and reading transition briefing documents, and so I have not put my mind towards former minister Harrison's comments. I haven't had a discussion with the board at this point yet or a thorough discussion with the CEO on this matter. So I'm not prepared to weigh in with respect to former minister Harrison's beliefs in terms of the future of the Global Transportation Hub.

My interest right now is (1) to get up to speed as quickly as I can and (2) to do what I can to ensure that the GTH, that the Global Transportation Hub is as successful as possible going into the future.

**Ms. Sproule:** — Thanks very much, and that's certainly understandable given the current workload that you have assigned to you, Mr. Minister. I know you have a lot of hats to wear, and certainly this is a complicated file, so I understand that. I'm wondering if you'd be willing to share with the committee once you have had an opportunity, put your mind to it what your position would be, once you are able to make that determination.

**Hon. Mr. Duncan:** — Yes, and I think that there will be opportunities in the future, as I get further into this role, to turn my attention towards that particular question or that issue. And so yes, I would be . . . When I have a chance to think about it and formulate some of my own ideas and meet the board and further the working relationship that I look forward to building with Mr. Richards and his team, that'll be something that I'll certainly put my mind towards.

**Ms. Sproule:** — I also note that you haven't got your deputy minister with you here today — Mr. Pushor. He's obviously had a lot of contact with the GTH and experience over the years, so perhaps you could just share with the committee why he's not present today.

**Hon. Mr. Duncan:** — Because my deputy minister is Lin Gallagher, the deputy minister for Environment. I'm the Minister of Environment now.

**Ms. Sproule:** — Oh, so you're just sitting in for the Minister of the Economy at this table today?

**Hon. Mr. Duncan:** — No, no. I have been assigned the responsibilities as Minister of Environment, also responsible for the Water Security Agency and SaskWater. As well, I've been assigned responsibility for SaskPower and the Global Transportation Hub. So I'm not connected to the Ministry of Economy anymore.

**Ms. Sproule:** — All right. So as you know, we have repeatedly wanted to ask questions of Mr. Pushor, who is the deputy minister most recently responsible for the GTH. Is there any way you could arrange to bring him forward to answer questions?

**Hon. Mr. Duncan:** — So just for clarification, so Mr. Pushor is the deputy minister for Economy. At the time, then minister Harrison was Minister Responsible for Economy and so his deputy minister would have been Laurie Pushor. As well, he was responsible for the Global Transportation Hub. So there is no current link between Mr. Pushor, as deputy of Economy, and the Global Transportation Hub.

So I'm the minister responsible. The CEO is with me today. The board chair is Doug Moen. It has its own autonomous board. And my deputy minister — the only deputy minister that I work with — is Lin Gallagher, who is the Environment deputy minister.

**Ms. Sproule:** — All right. That's very, very interesting. So can you tell us why Ms. Gallagher isn't with you here today then?

**Hon. Mr. Duncan:** — Because she's the deputy minister of Environment, and this pertains to the annual report of the Global Transportation Hub.

**Ms. Sproule:** — So at this point, as minister, you have no ministerial support on this file? It's just your direct relationship with Mr. Richards and his board?

**Hon. Mr. Duncan:** — My support as the Minister Responsible for the Global Transportation Hub would be with Mr. Richards and his executive, working in conjunction with his board of directors, no different than my relationship with Mr. Marsh as the president and CEO of SaskPower and his board.

So there would be no ministerial support from the Ministry of Environment with respect to my work with SaskPower. The same would be true with the Water Security Agency or with SaskWater. Those are agencies that are not attached to the ministry that I'm responsible for, which is now — in the last two weeks — Environment.

**Ms. Sproule:** — Understandable, except that Water Security Agency and SaskPower are directly linked to the work of Environment, whereas Economy has been the lead on the GTH from the beginning and all of a sudden . . . Do you understand why cabinet decided to make this rather severe departure from having the Economy responsible for the GTH?

**Hon. Mr. Duncan:** — Thank you for the question. Mr. Richards and the executive of the Global Transportation Hub and myself would be . . . would certainly be happy to assist in any way we can in terms of, particularly with the agenda item with respect to the Global Transportation Hub's annual report.

In terms of Mr. Pushor, I think the Premier had indicated last week that he's not ruling out, the government's not ruling out anything further in terms of the nature of the review of the matters that have been under question with respect to the Global Transportation Hub, which may include at some point Mr. Pushor's participation. But at this point it's the government's view, the Premier's view, that that would be decided once the ongoing RCMP investigation is concluded.

**Ms. Sproule:** — Unfortunately Mr. Pushor was the deputy minister responsible for the fiscal period that we are talking about here today. So I think I'll just have to move on here because clearly this is not . . . we're not going to have an opportunity to access his knowledge on the file.

Mr. Richards, we're looking at some of your budgeting over the last several years, when GTH has had a budget. And this is a cumulative question, but it will result in budgeting from last year. In 2010-11 you budgeted land sales at \$11 million. The actual was zero. In '11-12 you budgeted \$11.2 million in land sales. The actual was \$1.69 million. In '12-13 you budgeted \$12.7 million, so it went up again, and your actual was less than half of that: 6.196.

Then we get to an interesting anomaly in '13-14, was the year that SaskPower came forward. You budgeted less. You

budgeted \$8.9 million, and yet your actual sales that year were 36, almost \$37 million. And then in '14-15 it was the closest you came to proper budgeting, I would say, in that you budgeted 12.4 million and you actually were able to sell \$12.9 million of land.

Now in the last two fiscal years, there's been back to the original pattern of way overbudgeting, and your actuals are much lower. For example in '15-16, you budgeted \$15.6 million in land sales; you had \$3.7 million. And last year, the fiscal year in question, you once again budgeted \$12.5 million, so back to your usual estimates from the beginning of time, and your actual was \$2.5 million.

So that's my first concern, is how on earth can you be budgeting these extravagant land sales and never delivering on them, except for the one year where you were actually \$24 million short?

[15:30]

**Mr. Richards:** — Ms. Sproule, thank you for the question. One of the difficult aspects of assessing the budgets and preparing for land development from this perspective is the cyclical nature of trying to establish the timing. And as you can see, there is significant fluctuations.

I cannot speak to the budgets that were set prior to my arrival, but certainly in the last five years we have seen, you know, significant fluctuations: a total of almost 329 acres sold in the last five years, and from a low of 10 to a high of in the, you know, the 170 range. So it's a very difficult thing to establish the overall timing in terms of this, but the average has been approximately 65 acres over the past five years. And that's one of the elements we use as a guide when we're setting our budget, is historical. I think most people look at the history in terms of establishing a budget.

Certainly in these economic times of the past, you know, I would say, two years most specifically — the headwinds in the economy; a lot of uncertainty; the election cycles federally, provincially; the exchange rate change; significant changes in terms of our work with the US [United States]; and then followed up by the election cycle there and the concerns about NAFTA [North American Free Trade Agreement] — have really presented a number of conditions that are unfavourable to being able to take advantage. So it has been difficult, without question. And that has caused the fluctuation.

**Ms. Sproule:** — I think it's more than a fluctuation. Can you explain why you budgeted \$12 million last year, knowing everything that you just described to us?

**Mr. Richards:** — Again I'll reflect on partly my statement last time, is the average in the history that we had seen. And looking at the prospects that we had in our cycle, in our funnel, we were looking at the possibility of reaching that budgeted level. Unfortunately a number of things came together to delay those cycles. So it's something we have to reassess and reforecast on an ongoing basis. And the material changes and condition in the economic environment have been significant, you know, even half yearly or full years in this fiscal environment.

**Ms. Sproule:** — Can you share with the committee what you've budgeted for land sales for this fiscal year?

**Mr. Richards:** — I believe we have budgeted the equivalent of 40 acres. I can get the exact number here if you give me one second.

So in our budget we had extrapolated sales reflecting some of the current conditions of 40 acres, equating to roughly \$10 million in revenue from that source.

**Ms. Sproule:** — So you have budgeted \$10 million in land sales for this fiscal year.

**Mr. Richards:** — Correct.

**Ms. Sproule:** — Thank you. Back in 2013 your prior minister said that — and I'll quote him; this is Bill Boyd — he said, “. . . the sooner we have more private sector investment and clients and more private sector purchase, greater purchase of additional lands, the sooner we will see dollars flowing back to the treasury for the dollars that have been invested in the facility so far.”

So can you share with the committee how many dollars have flowed back to the treasury from the GTH?

**Mr. Richards:** — While we're taking a second here to . . . In general the repayment that flows back to the treasury at this point in time is to repay for the land that was purchased and the original assembly of the Global Transportation Hub. So we're trying to get that number to how much has been since 2013.

**Ms. Sproule:** — And just confirm for me, I believe the footprint, the actual footprint, was around \$13 million that Highways paid. And if you could point me to where in your annual report you show those repayments, I would appreciate that.

**Mr. Richards:** — In answer to part two of your question, on page 13 of the annual report you would find those numbers in the land and development costs. That would include the repayment to, through the Ministry of Highways because they were the original assembler of the land. And for reference, the total cost of the land that was paid, including all the settlements, etc., were \$24,569,969. To this point in time, we have repaid approximately 9.5 million of that figure.

**Ms. Sproule:** — Just go back. On page 13 you indicated there is a payment to the Highways ministry. Where is that again? Can you . . . I was looking for the page.

**Mr. Richards:** — That would be in the line item, land and development costs. That's where it would show up in the annual report. I think that was your second question.

**Ms. Sproule:** — So in 2017 you budgeted a payment of \$3.4 million. It was in actuality 433,000. Is that correct?

**Mr. Richards:** — Just for clarity, that isn't the only cost that would be in that line item, but the reason it would be substantially less than it was budgeted was the lower sales of land, so lower revenue but also lower cost expended.

**Ms. Sproule:** — I guess that that explains why in 2016 you had budgeted \$2.4 million for land and development costs, but actually it was only 982. So same reason, okay. Your officials are nodding.

**Mr. Richards:** — Correct.

**Ms. Sproule:** — Now you said the total cost of land is 24.569 million, but I'm looking at what Highways has paid for. Is that what Highways paid for in total, or does that include the east parcels that the GTH actually purchased directly?

**Mr. Richards:** — I'll get clarity on that. So the \$24.569 million figure is what Highways paid for the assembly of their portion of the land. And in terms of this annual report that we're speaking of, in twenty-six, seventeen, you'll see that noted in the line items related to the purchase and the repayment of Highways in this particular year.

**Ms. Sproule:** — So in 2013 your predecessor, Mr. Dekker, said that the Highways investment was 13.1 million. So it's been, since 2013 Highways has paid \$11 million more for land. Could you share with the committee what purchases those relate to?

**Mr. Richards:** — I think those are unrelated numbers, so I'll get clarity from my officials, if you don't mind.

In terms of clarity in terms of the timing of that comment by my predecessor, Mr. Dekker, the 13.1 would have been what would have been paid by Highways to that point in time. Since then there has been confidential agreements reached in a number of settlements on that particular land. I have no knowledge of those because they are confidential and that was all completed by the Ministry of Highways. I do know that's the difference between the 24 million and the 13.1 million at that point in time. So we're talking about a timing difference in terms of those comments.

**Ms. Sproule:** — So basically you're saying that there's been \$11 million paid out in confidential settlements of lawsuits on the original footprint of the GTH since 2013?

**Mr. Richards:** — Just to make sure I answer correctly on this, excuse me one second. Yes.

**Ms. Sproule:** — That's incredible. That's a lot of money. It's twice what Highways originally paid. So will GTH be refunding in the provincial treasury that money then? That's what you're saying, is GTH will ultimately pay those settlement costs?

**Mr. Richards:** — The process is that as we sell an acre of land, as an example, we reimburse Highways for their cost. That cost is now the differential, escalated cost of the settlement amount, and we have caught Highways up for all previously sold land. So at this point in time we are, what I would say, square with the Ministry of Highways in terms of all previously sold land, and in the future we would be paying the elevated per acre cost as settlement. Yes.

**Ms. Sproule:** — Could you provide the committee with a detailed list of those payments? You're saying that in the land and development costs portion of your budget and your

financial statements, there are other things included in there. So could you provide the committee with the detailed dollar amount that has been paid to Highways, particularly for the original footprint lands, both in this fiscal year and in previous fiscal years, so we could get to that \$9.5 million figure?

**Mr. Richards:** — Can I put forward that we would definitely consult, because that information would reside with the Ministry of Highways.

**Ms. Sproule:** — If you're paying it to them, it's coming out of your annual statement, so I'm talking about your annual reports. Which elements of those are paid directly to Highways for land acquisition costs?

[15:45]

**Hon. Mr. Duncan:** — Thank you, Mr. Chair, Ms. Sproule. So the 2017 land and development costs on page 13, so the portion of that 433,000 that is paid to Ministry of Highways, I would refer you to page 18 of the annual report. And in 2017, for the fiscal year ending March 31st, 2017, it'd be \$268,000. And it would be set out in the previous annual report similar. So whatever the number would be on, say, the previous annual report in terms of the equivalent of whatever page 13 would be in that annual report, you'd be able to find it in the related party section in terms of the breakdown of what would have been paid to Highways.

**Ms. Sproule:** — And you're telling us that that \$268,000 was for land acquisition repayment?

**Hon. Mr. Duncan:** — That's correct.

**Ms. Sproule:** — And then the amount of \$1.9 million paid to Highways as suppliers and other payments, is that for something entirely else, on page 25?

**Hon. Mr. Duncan:** — So the payment, Ms. Sproule, that you're referencing in terms of Ministry of Highways, and that was on — sorry — on suppliers and other payments, that was the number you're referring to?

**Ms. Sproule:** — Yes.

**Hon. Mr. Duncan:** — So because of the small nature of the Global Transportation Hub in terms of employees, the functions such as payroll are administered by the Ministry of Highways, and so funds would be transferred from the Global Transportation Hub to Highways to essentially cover things like payroll.

**Ms. Sproule:** — \$1.9 million for payroll?

**Hon. Mr. Duncan:** — Because supplier and other payments includes all payments, it would include the portion that you asked earlier about, the 268. It would include that. It would include all the payroll costs, all the benefits, etc., associated with the employees that are employed by the Global Transportation Hub. Because activities such as payroll, rather than having the Global Transportation Hub administer that for a small number of employees, Highways does that. And so that supplier and other payments includes all payments that are



made through Highways, including the administration of paying the employees of the Global Transportation Hub.

**Ms. Sproule:** — Thank you. Just going back to Mr. Dekker's comments in 2013. So we have 13.1 million that's now up to 24 million. He also said, on page 301 he said, "We're working on some other data, but that largely completes both GTH and the regional footprint, a total of 121.8 million . . ."

So that was including the west bypass costs as well. But prior to that, he said, "Within the footprint itself, there's about 55 million of provincial investment, of which 48 million ultimately will be incurred directly by the GTH." So that 55.7 million then, of which then 48 million would be incurred, can you update the committee on what that figure is now?

**Mr. Richards:** — Ms. Sproule, in terms of the numbers that you related, the seed money, if you will, from the government was about \$700,000. There was a total of about \$7 million expended by Highways, which would be the difference between the 55 million and the 48, and that was the completion of Fleming Road, as an example, which is the main road that was built to service CP [Canadian Pacific Railway], which was the original starting point, and the other services related to that. The remainder has been funded by internal resources within the GTH.

**Ms. Sproule:** — So you have sold \$48 million worth of land, or will? I'm sorry. This is . . . I would prefer for . . . I'm confused. Because let's go back to 2015, March 31st, Mr. Minister. On page 21 in the annual report, it shows that in 2014, under related parties, Highways got 7.8 million. In 2015, under related parties, Highways got 4.4 million, which adds up to over \$12 million. And yet you told me just a while ago that you've only paid back 9 and that is shown in the related parties line in the annual statement. So something's not adding up and I think it would be preferable if perhaps you could just go back, give us those amounts for each year in terms of what Highways has been repaid by the GTH for the land acquisition. I think that'd be simpler.

**Hon. Mr. Duncan:** — Ms. Sproule, we commit to providing the information to the committee. We'll have to go back and obviously compile all that information from previous years and previous annual reports, but we'll certainly commit to providing that information.

**Ms. Sproule:** — Thank you, Mr. Minister. Switching gears, I'd like to talk a little bit now about parcel Z, which is the site in the commercial centre that's being developed, that you mentioned in your opening comments. On page 7 of the 2013-14 report, there's a description there. It says:

The GTH has begun preliminary planning for the development of a commercial services centre at the northeast corner of the footprint. Phase 1 would consist of approximately 15 acres of land. The GTH has selected private-sector partners through an open expression of interest process.

Now I see that the land was sold to a numbered company, I believe in November of 2015, for \$2.5 million. So this is the new commercial centre, I believe, that you referred to where

you said a truck wash and a resting place. I thought you said wrestling at first, but it's actually a resting place. So that's good.

So \$2.5 million went into that quarter. Now when I look at the company that purchased it, it's a numbered company, 427703 B.C. Ltd. Based on the limited information I can find on the Internet that that is actually . . . There's a gentleman from British Columbia called King Hong Leung, I believe is his name And I'd just like you to explain for the committee how you selected that private sector partner, as you indicated, in 2013, and what the . . . any current developments. I drove by at the end of June and there's still nothing there. So what is the plan for that property, and how did the GTH choose Mr. King Hong Leung as the selected private sector partner?

**Mr. Richards:** — Excuse me for a second.

**Hon. Mr. Duncan:** — Thank you, Ms. Sproule. The company was chosen through an expression of interest. With respect to the fiscal year that this annual report is covering, that company still is undergoing the development of their plans. Once they finalize those, they'll be moving forward with the authority to obtain all the necessary permits and licences to move forward with their development.

[16:00]

**Ms. Sproule:** — Mr. Richards, have you ever had meetings in the last fiscal year with these individuals that own this company?

**Mr. Richards:** — Ms. Sproule, for clarity, the owner of that parcel of land and our development partner is Emterra. Emterra is a partner on the footprint. They have the curbside recycling contract with the city of Regina, and they established that facility in 2013. They responded to the expression of interest for this particular commercial services opportunity.

I am not sure on the numbered company background or how they deleted that, but from our involvement with Emmie and Paulina Leung, who I have met with probably 10 times in the last two months on this particular development, and working with fuel partners and etc., we are very active in terms of pursuing that. So they are a very well-known early adopter of the GTH from the early days in 2013, and we continue to work with them.

**Ms. Sproule:** — So from recycling to gas stations, basically they're expanding their own business enterprises on the footprint.

**Mr. Richards:** — As an example, they have those types of facilities in the Toronto region today and they're expanding into the west.

**Ms. Sproule:** — Okay, let's move a little further west then. CACN Aquatic Food Development has a property that they purchased a few years ago. You seem to think that's funny. They also have . . . There's no development on the land at all. Is there any further ongoing developments that you anticipate on that property?

**Mr. Richards:** — Absolutely. We are in complete consultation with that particular group on an ongoing basis. They are completing their business plan. They are an ag food processor and they are seeking opportunities in Saskatchewan. And we work with them on a regular basis.

**Ms. Sproule:** — Now I note that in September of 2016 the Premier actually visited and supported . . . Well not visited them, but supported them at a lunch in China with . . . Let's see. It says:

The Premier supported CACN Aquatic Food Development at a lunch with its key Chinese buyer of northern Saskatchewan freshwater fish, Shanghai Heyu Trade Company, and encouraged Heyu to source additional products from Saskatchewan and to invest in the province's agri-food processing sector.

So I believe Ms. Ekstrom was at that meeting. And I'm just wondering were there any discussions about entrepreneurship under the immigrant nominee program at that meeting.

**Mr. Richards:** — Excuse me one second. In reviewing with my officials, there was no discussion of the entrepreneurial immigration program at that particular meeting because the proponents of this particular organization are Canadian residents.

**Ms. Sproule:** — Okay. Just the support of the Premier of this company in China led me to believe there were connections with China to this particular company. If you look at their website, it's clearly focussed . . . There's Chinese language on the website. All their videos on YouTube are in Chinese, so obviously there's a connection there. And I was exploring what possible connections there are.

**Hon. Mr. Duncan:** — Ms. Sproule, just for clarification, if you could provide the committee with the . . . just in terms of where you're quoting from.

**Ms. Sproule:** — It's something called out-of-province ministerial travel from the Executive Council on September 27th to the 28th. Oh and yes, Ms. Ekstrom isn't listed as one of the participants in that one, so I apologize for that. I had that incorrect. I know she's been there on other travels to China.

I just want to go back to the expression of interest process. How many other companies expressed interest in the commercial development centre?

**Hon. Mr. Duncan:** — With respect to the fiscal year under consideration in the annual report, none.

**Ms. Sproule:** — Thank you for that. I want to go north now to parcel Y, which is just north of Hitch Avenue, north of the proposed commercial development centre. As of maybe July 2017, that was shown as four parcels in parcel Y: 1, 2, 3, 4. Since then it's been rearranged into three parcels: 1A, 2A, and 3A.

Previously the title was in the name of the Ministry of Highways, and the total value of those four properties came out to \$250,000. So parcel Y, the four parcels, showed a value in

land titles at \$250,000. Now that it's been rearranged into three parcels, the value has increased to \$3 million, and I'm just wondering if you could share with the committee how the value of that land increased in August that much.

**Mr. Richards:** — Ms. Sproule, in the development of that commercial centre, those particular parcels of land, the 13 acres to the south you referred to and then the four parcels to the north . . . Originally in our design when we planned Hitch Avenue, we thought that it could be effectively worked with a development of four smaller parcels, but in our latest plans we reconstrue those to be more effective, in terms of access and egress, to be three parcels.

So what happened there is that within land titles, the original value was established related to what was purchased, by the land originally with Highways, but when we changed the subdivision of those, we had to reflect a commercial value more currently. So it changed from let's say approximately 10 acres at, you know, a representative amount that the land was purchased for to more reflect the current pricing policy of \$256,000 an acre.

**Ms. Sproule:** — Thank you. I'm just going back to the out-of-province ministerial travel from Executive Council I was referring to, and this only related to the activities of Executive Council, but Ms. Ekstrom was there, and there's photos on your web page of a signing ceremony on September 24th in Beijing. So I just wanted to make sure that was clear on the record, that the Executive Council wouldn't have reported on GTH expenses or individuals that were involved in that trade expedition. I just wanted to get that on the record.

Also clearly, Minister Duncan, although we are talking about the state of affairs at GTH today, much of these land acquisitions lead to the fiscal situation that GTH is in. So I think there's a direct connection to this fiscal report, and it behooves the GTH and the minister to make that information as fully available as possible. Obviously we can ask these questions through written questions as well, so it is information that is available. And you know, time is moving on, so we'll keep moving on with the questions as well. There is . . .

**Hon. Mr. Duncan:** — It is, it is . . . You're right. You're right, Ms. Sproule, and we will provide the information that we can. But I will say in the short amount of time I've been in this file, and certainly what the officials have been under the impression is, that this was consideration of the annual report for the fiscal year that ended March of 2017, and so we've tried to bring as much information that pertains to that report. If there's information that is requested that ties into the last fiscal year that may have been from preceding years, then we will endeavour to provide that information. We just might not have it at hand today, and I hope committee members would understand that.

**Ms. Sproule:** — Absolutely. There's a property just south of where the east parcels are. It was previously owned by Ian David Haynes, and it's been recently subdivided. Although at the time that Mr. Haynes owned it, Anthony Marquart's company had registered an offer to purchase on that land. Subsequent to that, Anthony Marquart has purchased the land through his numbered company, although 4 acres have been

carved out for Mr. Haynes in the southeast corner.

There was some correspondence through email that connected this property to, I believe, an email chain from Mr. Tappauf's officials to Mr. Marquart's officials to Mr. Pushor and then through to Cam Baker. I'm just wondering, is the GTH at all interested in this parcel? Is there any efforts being made to acquire it? Because I believe Mr. Marquart paid \$75,000 an acre for it. Although when Highways expropriated the portion of the bypass that went through there, they only paid \$5,000 an acre for the expropriation portion. So I'm just wondering whether GTH has further plans to expand the footprint into that quarter section on the NW 17-17-20 west to the second meridian.

**Hon. Mr. Duncan:** — The current footprint of the Global Transportation Hub is 1,871 acres, and there are no plans to expand that footprint.

**Ms. Sproule:** — Thank you. Do you have any knowledge of why then Mr. Marquart would forward that property, interest in that property to Mr. Pushor?

**Hon. Mr. Duncan:** — I have no idea.

**Ms. Sproule:** — Thank you. The GTH . . . There's a quote in your annual statement that says, "The GTH does has not . . ." I think it's a typo. But anyways, it's on page 4:

The GTH does . . . not receive funding from the province's General Revenue Fund, but rather generates revenue from its land sales and property taxes to maintain the infrastructure and contribute to the ongoing operating costs of the Authority.

So in that sense, if you don't have land sales, are the property taxes enough to maintain your staff? Like for example, if you don't sell any land for three years, how do you keep afloat considering you have a large operating line of credit and you also have a very large loan of \$24 million out there? How do you stay afloat?

**Mr. Richards:** — Yes, in terms of that, Ms. Sproule, if there was no land sales for, as an example, three years, the property tax revenues would not be sufficient to cover the current level of expenses to operate the authority. So we would either have to fund through debt financing, which we have the facility available, or reduce expenses.

**Ms. Sproule:** — I believe you currently have a loan with Royal Bank of \$24 million. Is that correct?

**Mr. Richards:** — We have a debt facility of 50 million, of which 24 million is outstanding.

**Ms. Sproule:** — And when's the last time you made a payment on that loan with the Royal Bank? It's described on page 18 of your annual report.

[16:15]

**Mr. Richards:** — In fiscal year 2016-17 there was no repayment of debt. The last repayment, I believe was your question, was in fiscal year '14-15.

**Ms. Sproule:** — On page 18 of your financial statement, it indicates that this loan of \$24 million was extended during the year. The loan is repayable in full on the earlier of the receipt of the net proceeds on sale of developed land or March 31, 2018. If you do not have proceeds of sale that meet that requirement, then will you be required to repay on March 31, 2018? If so, how? Or do you anticipate that you would just continue extending the loan?

**Mr. Richards:** — So our banking relationship has always been established at a one-year term, so every year we negotiate with our lender in that regard, and we believe — and we're already in those negotiations — that we would continue to be able to take advantage of that banking relationship.

**Ms. Sproule:** — Where are the interest payments on your financial statement?

**Hon. Mr. Duncan:** — The bottom of page 15.

**Ms. Sproule:** — Interest paid. Thank you. So 635 this year, and 516. So that's almost \$1 million in interest a year. At what point do you . . . Is it entirely dependent on land sales, your ability to pay down this loan of \$24 million?

**Mr. Richards:** — At this stage of the development with the level that the property taxes are at, yes.

**Ms. Sproule:** — And when you say that, would you mean that at this level of property taxes, you anticipate you'll be raising the property taxes?

**Mr. Richards:** — As the development expands and the further developments, and the assessed value of those particular pieces of land, we would collect taxes at a higher level. But, you know, we've invested millions of dollars in terms of infrastructure and asset that we have, and that has been covered through sale of land and debt financing. So to repay that, yes, we would have to sell additional land which is expected in the future.

**Ms. Sproule:** — So for example, last year you paid 18 . . . or you collected \$1.89 million in property taxes. How much do you pay the city of Regina for grants-in-lieu, and where is that located in your financial statement?

**Mr. Richards:** — Excuse us.

**Hon. Mr. Duncan:** — Grants-in-lieu are not paid to the city of Regina by the Global Transportation Hub. The city of Regina does collect the property tax on behalf of the Global Transportation Hub, and so there is that relationship. Any services that are provided by the city of Regina, such as fire services, are provided at cost to the authority.

**Ms. Sproule:** — So who does the GTH pay grants-in-lieu to?

**Hon. Mr. Duncan:** — There are no grants-in-lieu paid by the authority.

**Ms. Sproule:** — So the arrangement with the city then, they collect your property tax on your behalf and just bill you for the services provided, basically?

**Mr. Richards:** — Yes.

**Ms. Sproule:** — Okay. And then other services . . . Okay, that's good.

Just going back to the footprint again, I've noted which properties the GTH has actually taken title to. There is a number of . . . I think one, two, three, four, five, six, seven, eight, nine, ten, maybe 14 titles that are still in the name of Highways. GTH has taken title to the property directly west of Loblaws on Fleming Road, across the street. And they also have taken title to a small property just north of Sterling Truck & Trailer touching Loblaws. Can you share with . . . And then there's a couple of really tiny ones where the sign is on the corner when you drive in. So can you share with the committee why GTH took title to those two properties?

**Mr. Richards:** — Ms. Sproule, this happened, as you are aware, well before this fiscal year. However in those two instances, we had worked with individual clients in each circumstance about potential development. So they had taken title to the land, and due to economic conditions primarily, they were unable to proceed. So part of our agreement is that they have to work with us in terms of returning that land to us if they are unable to develop. And that's what happened in each one of these cases. So the title did not go back into the Ministry of Highways. It came to the GTH as we worked with them.

**Ms. Sproule:** — And then that would . . . The payment to Highways would occur in that fiscal year, then, for you taking title? Is that when you pay Highways back?

**Mr. Richards:** — The payment to Highways would have happened when the original title was transferred to those particular clients. There would have been no additional payment as we worked with them to retrieve it.

**Ms. Sproule:** — And obviously I can certainly search the title for who those clients were, but it is that something you can share with us now so I don't have to spend the \$10?

**Mr. Richards:** — I don't think it's a problem. I think we've spoken about this before. As a matter of fact, my previous employer was one. So the Yanke Group of Companies was the 40-acre parcel directly to the west, and the other one I would gladly share with the committee. I don't think we've really shared that outside of the committee, so I would like to retain that for the purposes of them to be confidential at this point in time, but I would gladly share it at a later date.

**Ms. Sproule:** — All right. Sorry, could you explain why not now?

**Mr. Richards:** — Because part of that agreement is we had a confidentiality agreement with them that we would not divulge that particular transaction. So I think it's appropriate to respect that. I would gladly share it with the committee but at a later time.

**Ms. Sproule:** — Do you know when?

**Mr. Richards:** — Certainly after . . . It's either two things. I either discuss this with the client and get their agreement or,

you know, we can take it off-line and . . .

**Ms. Sproule:** — I see. Okay, thank you. I understand. Also the property directly east of the intermodal facility for CP, I believe they have title to their property, but directly east you bought that property as well recently. What are the plans for development on that particular piece?

**Mr. Richards:** — The current plan for development on that particular property is the subject of much discussion right now in a tri-party agreement with CP Rail, ourselves, and again a confidentiality agreement with a potential client. And that would be one of the opportunities for us to be able to provide bulk access directly off the CP main line, hence the attraction of that particular facility.

**Ms. Sproule:** — And do you have any intention of purchasing the one just east of that that was titled to Ian David Haynes on the northeast of 17?

**Mr. Richards:** — I believe the minister has already indicated we have no plans to expand the footprint in any way. That is currently in the title of CP Rail.

**Ms. Sproule:** — Oh that portion is. Okay, thank you.

On page 8 there is a quote:

The GTH signed a cooperation agreement with the China Overseas Development Association (CODA) [which you mentioned in your opening remarks, Mr. Richards] a key national organization devoted to promoting Chinese investment opportunities in the North American marketplace. A cooperation agreement was also signed with the Port of Qingdao, the seventh largest port on the globe . . .

Can you first of all share with us who developed those relationships and how they were developed?

**Mr. Richards:** — Excuse us one second.

Several years ago, the Asian advisory committee was established and there was extensive work that was done within government to anticipate what should be and could be done in the Asian economy. And we were following up as the Global Transportation Hub in terms of that which advocated for expanded development opportunities, most specifically with China.

So the Intergovernmental Affairs office in Shanghai has been very, very helpful in facilitating exposure to different organizations within China and we have worked with them extensively. And it's been quite successful to establish different relationships, MOUs [memorandum of understanding] with ports and different organizations that are very much interested in the North American marketplace and Saskatchewan.

**Ms. Sproule:** — You just referred to MOUs. Is that the same as a co-operation agreement? Do you use those interchangeably?

**Mr. Richards:** — I think that would be fair to say, that the co-operation agreement or an MOU would be interchanged.

Sometimes it's just terminology.

**Ms. Sproule:** — Can you provide to the committee a list of all the co-operation agreements that you have signed and provide copies of them?

[16:30]

**Mr. Richards:** — For clarity, Ms. Sproule, if you wouldn't mind, just in consulting with my staff, we use a memorandum of understanding if we are trying to address a specific business opportunity. A co-operation agreement is more in general in terms of how would we work together and the intent to work together. So there is a difference from that perspective.

We could certainly provide you a list of those we've signed with ... The actual agreements each have an individual confidentiality clause so I would like to withhold the actual agreement, but we certainly could give you a list of who we've interacted with.

**Ms. Sproule:** — So I guess that's good clarity then. Could you provide then a list of the co-operation agreements and also a list of any MOUs? So that's a total.

**Mr. Richards:** — Certainly, respecting confidentiality. I believe we can do that. Absolutely.

**Ms. Sproule:** — I think Ms. Ekstrom said as long as they don't breach. Could you indicate how many then, when you provide the list, that you could not release — at least a number of how many you can't release because of confidentiality? Just so that we know how many are out there.

**Mr. Richards:** — Not knowing, off the top of our head, I believe we could provide you a list of who we signed with. The actual agreements each have an individual difference, but if there is any, you know, we'll certainly try to respect that confidentiality. But at this point I would say the bulk of them for sure, but we'll have to consult.

**Ms. Sproule:** — Okay. I'll look forward to receiving that. Now just talking for a moment about Brightenvue, who I believe paid for a 10-acre parcel in the last fiscal year, I don't know when you received the monies, if it was in April or March. So maybe you can just clarify that. Are any of these land sales in the '16-17 annual report part of the Brightenvue arrangement?

**Mr. Richards:** — Yes, the one land sale for 10 acres was in the '16-17 fiscal year we referenced. Yes.

**Ms. Sproule:** — Under land sales. Is that, the \$2.555 million, is that entirely represented by Brightenvue's purchase?

**Mr. Richards:** — Yes, the two five million was related to the 10 acres. I think that was early February was the ...

**Ms. Sproule:** — And then in terms of your forecast for this year of \$10 million in land sales, how much of that are you anticipating will be through the Brightenvue arrangement? I believe that's a co-operation agreement too. I can't ...

**Mr. Richards:** — There is a land sale agreement and a

co-operation agreement with Brightenvue, so two separate documents if you will, related. We are expecting a completion of their agreement, which is an additional 20 acres of land.

**Ms. Sproule:** — So if 10 acres is 2.5 then the 20 acres would be around 5 million. Is that the arrangement, basically?

**Mr. Richards:** — Correct.

**Ms. Sproule:** — So that's half of the 10 million you're hoping to get in this fiscal year. Now as you know, Brightenvue's been in the news, some concerns about falsely marketing fast-tracking of immigration. Just wondering how GTH is responding to those allegations and what sort of concerns you may have about GTEC representation at GTH.

**Mr. Richards:** — In terms of our involvement with Brightenvue and their GTEC project, we have been involved with Brightenvue for several years. It has been an ongoing relationship as they've worked to understand Saskatchewan and understand, you know, where their business case would take them, and on the reverse side for us to understand, you know, the breadth of their particular project.

The indications that have been in the media, we were certainly aware of each one of those instances and worked with Brightenvue, worked with the Ministry of the Economy and the immigration people, investigated each one. And Brightenvue has been very upfront and very clear in terms of, you know, their involvement with many partners that seek to assist in that particular project, but also take advantage of that project in terms of immigration opportunities for whatever country they're coming from.

In terms of that, I must point out that, you know, the SINP [Saskatchewan immigrant nominee program] program, you know, managed by the province, and the federal program, relative to the entrepreneurial class, has no involvement at all with the Global Transportation Hub or Brightenvue. Each applicant needs to make their own application within that process and each application is assessed based on a scoring system and their own strength of their application. It then is approved within that process by the province and submitted to the federal government who again does their own review. So from that perspective, there is zero chance of influence or direction from either party. And from that perspective, we're very comfortable in the interactions we've had with Brightenvue and the support that they've given back in terms of investigating each one of these situations.

So you know, at this point in time, we know and are aware of all of the interactions that have been reported and have worked with not only the regulatory authorities in terms of that but also the client.

**Ms. Sproule:** — In terms of their construction at the GTEC at GTH, they've indicated ... Do you have project deadlines where ... certain completion deadlines where they need to have completed their construction on the 10 acres that they've currently bought and on the 20 further acres?

**Mr. Richards:** — So in terms of our process, they have to submit a development plan to us, which they did. We assess,

and out of that we will issue a development permit. We are fully aware of their project plan with their contractors. We have weekly — if not bi-weekly — meetings with them in terms of that progress. So yes, we understand completely what the target dates for the project completion are, and at this point in time they are on target from everything we can see. Obviously the weather has co-operated in many areas for construction. So yes, we're fully aware and fully conversant with their plan.

**Ms. Sproule:** — And do you know if they have tenants lined up for the first phase?

**Mr. Richards:** — Let me consult on that.

Ms. Sproule, in answer to the question, I believe if I can characterize it was, are we aware of how many clients that Brightenview would be involved with? I, you know, consulted with my officials. We just do not have that information. That is a private company's private information and they have not shared that with us to this point.

**Ms. Sproule:** — I guess . . .

**Hon. Mr. Duncan:** — Sorry, Ms. Sproule, if I could just jump in as well. I just want to clarify with the committee as well, we will endeavour to provide the committee with the companies in which we have MOUs or co-operation agreements that have been made public. The ones that have not been made public at this point due to commercially sensitive reasons, we won't be publicizing those.

I think, I hope the committee can understand that obviously we would not want to be publishing a list of companies that we're working to further those relationships and provide that list to our competitors, to the Global Transportation Hub competitors, other logistic sectors that would then know who we're dealing with. So I just wanted to clarify that we'll provide the information, as much as we can, to the committee.

**Ms. Sproule:** — Thank you, Mr. Minister, and that's certainly understandable. So we look forward to news about these ongoing developments.

In terms of the development plan though for Brightenview, I have information here that indicates that in February your director of communications and marketing, Kelly Brossart, told Postmedia that Brightenview wasn't prepared to give GTH a development plan. Is that correct? Or did that change?

**Hon. Mr. Duncan:** — Ms. Sproule, could you just clarify you're asking with respect to a development plan or a development permit that Global Transportation Hub would issue?

**Ms. Sproule:** — As far as I understand — and I don't have the article in front of me, but it was an interview with Postmedia in February of 2017 — I think the statement that was made was that Brightenview wasn't prepared to give the GTH a development plan. Perhaps the media got that wrong then, is that what you're indicating? Yes. Okay.

**Mr. Richards:** — I would never make those aspersions about the media. However, from the perspective of the way that was

characterized, the request was for us to provide information about the GTEC development plan. Of course, Brightenview has shared that over time with us. What we were saying is we were not in a position to publicly discuss Brightenview's plan for their GTEC program. That should be up to that particular client.

**Ms. Sproule:** — Thank you for that clarification. I want to move back now to your line of credit. We see that the balance of the line of credit has doubled in one year. It was 2.9 million in 2016. It's now \$7 million in 2017. Can you explain for the committee why that's gone up so much, in light of the fact that you haven't retired any of your other debt with the Royal Bank, the 24 million?

**Mr. Richards:** — So the escalation, that would be a combination of the shortfall in terms of acres sold. We discussed that previously. You'd have to draw upon your debt financing.

Secondly, we did invest in additional capital that we felt was very prudent, most specifically to advance the commercial service area. So that was some roadways, paving, and underground work that had to be completed to allow clients who had purchased land to continue their development and provide them access. So it was a combination of those two factors that moved that ahead.

**Ms. Sproule:** — Yes, I've driven on those highways. They're pretty much complete now, right, for the commercial development area? I believe . . . Hitch Avenue, is that complete in terms of the development?

**Mr. Richards:** — A portion of it, to provide the necessary access, you know. As those additional land parcels are sold, we would complete it. Again, as I think I said in my opening comments, we've certainly curtailed our capital plans only related to land that has been sold and a development permit issued, in light of current economic conditions.

**Ms. Sproule:** — Okay. On your map in May of 2017, you indicate that the commercial service centre isn't just the Emterra property, which was parcel Z, I believe, but also parcel Y is indicated to be commercial service centre, and you've now subdivided it into three lots instead of the previous four. What intentions do you have for those three lots?

[16:45]

**Mr. Richards:** — Our intent would be to market those to co-located businesses that would support a facility along the lines of truck services, services to the transportation public, i.e. let's say a car/truck wash, truck service centre, and other facilities that may be related along that line, in addition to the 13-acre parcel.

**Ms. Sproule:** — And what was the intent for the 13-acre parcel? Is it just a gas station then or are they doing all those services on that parcel?

**Mr. Richards:** — Initiation would be fuel for sure, diesel and regular fuel. Probably a C-store [convenience store], probably a quick-service restaurant initially, and then beyond that, plans

for other services in a strip mall. You know, we've had asks for, you know, a dry cleaner as an example, or other services for the thousand people that work there and certainly the expected growth that we anticipate over time.

**Ms. Sproule:** — All right. Thank you. Page 12, there is something called deferred revenue, 3.1 million. I believe that's in relation to borrow lands. There's note 2, talks about the borrow lands. And it says they:

... will be recognized into revenue on a percentage of completion basis as the West Regina Bypass is completed or refunded to the Ministry of Highways as appropriate. Deferred revenue relating to building and development ... [purposes] is billed at the outset of construction and is recognized into revenue as the permitting process occurs throughout construction.

So can you break down for us what that deferred revenue is in this particular year? I know it was budgeted for 2.8 ... No, I don't have a budget for that. Sorry. It was \$3.124 million.

**Mr. Richards:** — Sorry, Ms. Sproule. We're just doing that now.

Excuse us. We were just trying to make sure we have the proper references. On page 19 of the report, you'll specifically see deferred revenue in the Ministry of Highways of 2.86. That's the large majority of that particular number.

The other elements of that deferred revenue would be a deposit from a client on land and deferred rent for some of those smaller parcels that you referred to earlier that we have with clients. So there's about 3,000 in permitting, 3,000 in deferred rent, 256,000 in deposit, and the 2.86 for Highways.

**The Chair:** — If I could interject here. We're near our hour of completion, and so I'd just advise that we're probably down to our last question.

**Ms. Sproule:** — Mr. Chair, we still have at least eight minutes, so I think I can get a few in.

**The Chair:** — Yes, we agreed for two hours. So with closing comments from both sides, I would assume that we'll be right around that two hours when we're done.

**Ms. Sproule:** — And I'll remind you we didn't start right at 3 o'clock either.

**The Chair:** — Yes, I'm aware of that.

**Ms. Sproule:** — I'm anticipating you'll have short closing comments. This makes me go quickly through the list here. Okay, back to the deferred revenue then. Just to finalize that, these are borrow lands that Highways is purchasing from the GTH on the east parcels. Correct?

**Mr. Richards:** — That is in relation to the agreement that we had with Highways in terms of purchase of the land and borrow land, yes.

**Ms. Sproule:** — And what stage is that development at? Is

Highways actually using the land? I think they had to make a determination on whether it was appropriate or not for borrow material.

**Mr. Richards:** — At this point in time, the determination has been made by the Bypass Partners because they're the ones — that's part of their agreement — that actually have received that land. And there is not ... That's why it's in deferred revenue. There is not a confirmation, and probably won't be until the completion of the bypass, how that is all going to resolve itself. So that's why our auditors have worked with us to position it with that particular note.

**Ms. Sproule:** — Do you know if any soil has been used for the bypass to date from those properties? It's almost complete; well, from a layperson's view.

**Mr. Richards:** — In fiscal year 2016-17, there was no soil or dirt removed from those particular borrow lands.

**Ms. Sproule:** — Has a determination made whether the soil is adequate, or are you still waiting to find out?

**Mr. Richards:** — According to my officials, we have not received a final determination from Highways as to their decision as to the viability of that land for borrow.

**Ms. Sproule:** — When do you expect that determination?

**Mr. Richards:** — I'm not sure. I would have to consult with ...

**Ms. Sproule:** — I'm going to continue asking until you indicate you need time to do your closing agreements. I am assuming they'll be short.

Cathy Sweet was hired as an HR [human resources], I don't know, expert I guess, on a contract for \$103,000 last year. Is she still on contract with GTH?

**Mr. Richards:** — No. That was a maternity leave term.

**The Chair:** — All right. I think I'll interject here, and ask what is the committee's wish in regards to the 2016-17 Global Transportation Hub annual report. I recognize Mr. Kaeding.

**Mr. Kaeding:** — I make a motion:

That the Standing Committee on the Economy conclude consideration of the 2016-17 Global Transportation Hub annual report.

**Ms. Sproule:** — Mr. Chair.

**The Chair:** — It's a debatable item. Mr. Kaeding has made the motion:

That the Standing Committee on the Economy conclude consideration of the 2016-17 Global Transportation Hub annual report.

That is a debatable item. I'll open it up for comments. Ms. Sproule.

**Ms. Sproule:** — Thank you, Mr. Chair. As you're aware, in committee we usually are able to use the full time allotted to us for questions. There's still five minutes on the clock and, as I indicated at the outset, the minister and his officials took 20 minutes to provide opening comments that related to much that has been said already in the public. So I do have a number of questions that are not yet answered and want to leave that on the record for the minister to consider. There's still a number of questions, and I feel like an additional 20 minutes would be in order.

**The Chair:** — All right, comments in. Are there any other comments? All right. Mr. Kaeding has made a motion:

That the Standing Committee on the Economy conclude consideration of the 2016-17 Global Transportation Hub annual report.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. That will close comments for the annual report. I will now ask for closing comments by the minister or his staff.

**Hon. Mr. Duncan:** — Thank you very much, Mr. Chair. To you and to the committee members and to Ms. Sproule, we appreciate the opportunity to appear before the Committee on the Economy. I want to first state that I appreciate the questions that we had from Ms. Sproule.

We didn't take the opportunity to talk about the successes of the Global Transportation Hub in 2016-17, and I think members can appreciate that we wanted to take the opportunity to talk about those successes. This is an important asset for the province of Saskatchewan, and I think it's important to get on the record the good work that's being done by a pretty small team at the Global Transportation Hub. There's four here that have joined me here; that's almost half the team. And so with a small number of members, Mr. Richards and his team I think are doing very good work for the province of Saskatchewan and moving forward this important asset for our landlocked trading province of Saskatchewan.

I also want to thank the board of directors, particularly the new ones that have joined the board. I look forward to working with them in my time as Minister Responsible for the Global Transportation Hub. And I want to express my appreciation to Mr. Richards and to his staff, the ones that you see here today as well as the ones that are back at their offices doing the good work that they do. It's an honour to serve in this role. I look forward to serving in the role and being Minister Responsible for the Global Transportation Hub over the coming months, and then whatever happens after that. So with that, thank you to the committee for their time today.

**The Chair:** — Thank you. Ms. Sproule, do you have any closing comments?

**Ms. Sproule:** — Not much more than what I've already put on the record, but I will remind the minister that he has undertaken to decide whether his predecessor's comments, whether he

agrees with them or not, who indicated that he would sell off the GTH and that the government has no business in the GTH. And if that is the case, then a clear record of what taxpayers' dollars have been initiated in this project and how taxpayers will get that returned.

**The Chair:** — Thank you, Ms. Sproule. That concludes our business for today. I will ask a member to move a motion of adjournment.

**Mr. Dennis:** — I so move.

**The Chair:** — Mr. Dennis has moved a motion of adjournment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 17:00.]