



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Ms. Colleen Young, Chair
Lloydminster

Ms. Vicki Mowat, Deputy Chair
Saskatoon Fairview

Mr. David Buckingham
Saskatoon Westview

Mr. Terry Dennis
Canora-Pelly

Mr. Delbert Kirsch
Batoche

Mr. Warren Michelson
Moose Jaw North

Mr. Doug Steele
Cypress Hills

[The committee met at 08:00.]

The Chair: — Good morning and welcome, members and anyone in the room today, to the Standing Committee on the Economy. I'm Colleen Young, Chair of the Standing Committee on the Economy. Members that are joining us here today are David Buckingham, Terry Dennis, Delbert Kirsch, Warren Michelson, Doug Steele, and sitting in for Vicki Mowat is Cathy Sproule.

We have three documents to table this morning: ECO 15-28, Ministry of Energy and Resources: Responses to questions raised at the April 30th, 2018 meeting, dated May 29th, 2018; ECO 16-28, SaskBuilds: Responses to questions raised at the May 23rd, 2018 meeting; ECO 17-28, Ministry of Energy and Resources: Responses to questions raised at the May 22nd, 2018 meeting, dated July 27th, 2018.

Today we will begin our consideration of the 2017-18 Global Transportation Hub annual report. Minister Morgan, please introduce officials that are here with you this morning and make any opening remarks you wish.

Global Transportation Hub Annual Report

Hon. Mr. Morgan: — Thank you, Madam Chair, and good morning to members of the committee. I want to introduce the officials that are here today. I'm joined by Bryan Richards, the president and CEO [chief executive officer] of the Global Transportation Hub; Matt Schroeder, vice-president of finance for the Global Transportation Hub; Kelly Brossart, director of communications and marketing for the Global Transportation Hub; and Clint Fox, my chief of staff.

I know that our time is limited, so I'll make a brief opening statement. Then I will ask Bryan Richards to make a few remarks directly relating to the annual report. Following those brief statements, we'll be happy to take any questions from the committee members that they may have relating to the authority's 2017-18 annual report.

Let me start by saying a few general remarks about the Global Transportation Hub. From the moment of its inception, the Global Transportation Hub was designed to be an evolutionary project. It was an innovative concept with a long-term objective of supporting Saskatchewan's economic growth. Almost 10 years later, that vision remains, and we acknowledge its successes.

The relocation and expansion of the CP [Canadian Pacific Railway] intermodal facility was important to improving the movement of goods to and from Saskatchewan as well as the redevelopment of Regina's core.

The creation of the 1 million square foot Loblaw distribution centre generated hundreds of jobs and made Regina a hub for food distribution across Western Canada. I was able to tour that complex this past spring as well as a number of legislative colleagues. This reinforced to all of us the importance of having infrastructure in place to drive economic opportunity for our province. The attraction of transportation companies and trade-oriented businesses like Loblaw has laid the groundwork

for future growth and expansion.

We know that comparable inland ports in other areas of North America take about a 25-year time horizon to reach maturity. We know that development is a slow process and corporate relocation decisions usually happen once in a generation. The key for the Global Transportation Hub has been to be ready when opportunity arises. To be successful with this type of facility demands a commitment to long-term development over short-term thinking. It requires being adaptable to changing market conditions. It means always being willing and open to explore new ideas and approaches. It's why all that were involved with the Global Transportation Hub, from government to the board of directors to management, continue to assess the best ways to use this valuable asset to capture economic growth for the province.

Much has changed in Saskatchewan since the Global Transportation Hub Act was signed five and a half years ago. The nature of industry and trade has evolved. The \$1.8 billion Regina bypass was approved, is now nearing completion. Global interest in products from Saskatchewan, specifically food-related commodities, has grown. Our goal is to ensure the Global Transportation Hub is operated efficiently and effectively to serve our objective of growing Saskatchewan's economy today and in the future.

It is important to note the positive impact on the economy the Global Transportation Hub has had to date. Private sector in the Global Transportation Hub has topped \$485 million. Employment during construction has created over 1,800 jobs. Approximately 860 full-time jobs remain on site. The employment results in \$15.2 million in provincial personal income tax every year. The inland port sees about 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 create jobs and new types of business opportunities for our province.

We appreciate these sorts of investments that are designed to increase trade and economic opportunities for our province. The businesses that are establishing at the GTH [Global Transportation Hub], they are there 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 and effectively in and out of Saskatchewan. These businesses foresee an exciting future at the GTH. So do we.

The GTH is an important asset of our province. We acknowledge that it will take time for the full benefits to be achieved. We also acknowledge it is time to explore opportunities for the possible divestiture of the management and asset. As I said this past summer, we will move forward in a way that is responsible, that protects the jobs and tenants of the Global Transportation Hub, and that maximizes the value of the asset on behalf of the people of Saskatchewan.

That concludes my remarks, Mr. Chair. I will now turn it over to Mr. Richards to offer his comments to the committee.

Mr. Richards: — Thank you, Minister Morgan. Madam Chair, committee members, thank you for the opportunity to reflect on

the annual report and some of the activities for the past fiscal year. May I begin by saying the role of inland ports and seaports in supporting Canada's trade and export activities cannot be overestimated. The minister has highlighted many of the features that initiated the GTH, but clearly our provincial growth and success requires infrastructure that meets the needs of modern transportation and rail systems.

With the footprint really initiating with the transfer of the landlocked, congested downtown CP Rail facility to our footprint, and now with the imminent completion of the infrastructure related to the bypass, we believe this is going to be a complete game changer for Regina and its region, similar to what has occurred in Edmonton with the Henday expressway and in Calgary with Stoney Trail.

In Saskatchewan, everyone in this room knows 75 per cent of what we produce needs to reach export markets. With us being 1,000 miles from tidewater, it demands an ability to provide resources, less congestion, and less expensive operation to be efficient.

Our authority was mandated to work with CP Rail to develop and facilitate their operations and also to attract collaborative, co-located investments by offering land for sale or lease to businesses in the segments of transportation, logistics, warehousing, and distribution, as well as light processing and manufacturing.

Certainly we are not exempt from facing the strong headwinds of the past couple of fiscal years. Global economic challenges relative to NAFTA [North American Free Trade Agreement] renegotiations and world oil pricing overflowed to our local and regional economy as commodity pricing has stayed low: oil and gas degraded, uranium and potash under pressure. Sluggish industrial development has impacted sales, delayed projects, and in one circumstance prompted a client to reverse a business decision and to lease land rather than purchase. All of this has led to us not meeting budgeted revenue targets.

It is also clear that absorption rates of industrial land in all sectors is a long-term recovery. Thereby over the past year, we have refocused our energy on exploring opportunities in Saskatchewan's key areas of strength: agri-food, value-added agriculture, supporting the Saskatchewan development of the PIC [Protein Industries Canada] supercluster. We have a rich storehouse of natural resources, a strong record of innovation, a competitive business environment. Saskatchewan often punches above its weight when it comes to international trade, and we are committed to supporting that.

As Canada's most trade-reliant province, infrastructure is critical, and we continue to try to drive economic growth by adhering to that fundamental principle. While economic growth remains our destination, the road we travel requires us to be innovative and agile as we address the needs of the economy and our tenants. However the GTH management board are confident lasting and long-term results will be realized in tandem with the recovery, but we need to commit to the plan and have patient development. Focus on the agri-food sector culminated in the last year with us rethinking our vision, relooking at our operations, and a lot of that resulted from ensuring that we had the infrastructure related to water, waste water, which are going to

be critical elements to the advance of that particular industry.

During the last fiscal year, we connected with nearly 70 perspective clients, representing companies from Canada and around the world in this agri-food and value-added agriculture area, as well as our other sectors, companies from China, Turkey, Singapore, India, Brazil and, of course, our own domestic situation.

Some of the features of what occurred in the last year I'd like to articulate quickly. Sterling Truck & Trailer Sales opened their new service offering at the GTH, a family-owned business that had been a Saskatchewan economic story for over 45 years in Regina, Saskatoon, and Lloydminster. They also have an additional six acres at GTH which they lease to Slinkemo, a container dray handling company that supports CP Rail. We also welcomed Future Transfer, part of Univar Canada Ltd. This Ontario-headquartered company is active in third party logistics warehousing for the ag chemical industry. They lease 52,000 square feet of the Translink Logistics Centre; that's Morguard developments ready-to-lease warehouses.

We also welcomed Brightview with an 80,000 square-foot GTEC, Global Trade and Exhibition Centre, facility which is designed to host international small to medium enterprises looking to market their products to North American retailers. We are advised that all of the 120 initial units in this 80,000 square foot phase have been pre-committed. In the same way Saskatchewan provided opportunity to newcomers a century ago, GTEC will open doors for businesses and entrepreneurs who will support growth in Saskatchewan.

As we continue to try to recruit new tenants to the Global Transportation Hub, we remain vigilant in meeting the needs and expectations of those current tenants who have supported the GTH and now comprise the 860 full-time jobs. CP Rail just celebrated their fifth year of operation. We support Loblaw as they continue to expand and are looking to add another 100 jobs to their particular facility, and we welcome all of that development. As we mentioned, trying to support one of the five superclusters that was initiated by the federal government and PIC, Protein Industries Canada, and their intents to develop available land proximity to large acreages of high-quality crops, access to the high-quality services and water that we have, but also the relationships with leading research facilities and efficient transportation to markets around the world.

Safe, reliable water supply for current clients and future prospects was one of the key elements of the negotiations with the city of Regina in the past year to reach an agreement on infrastructure along that line — an important milestone in terms of the development of the GTH.

In 2019, as the bypass completes, manufacturers and transportation companies will be able to move goods across Saskatchewan without delay of travelling through the city of Regina, another important advancement in our infrastructure.

At the GTH in the past year we have certainly represented Saskatchewan at numerous industry events including the Canadian Transportation Research Forum, Cargo Logistics freight conferences, and the 2017 Inland Ports Conference.

We also recognize our responsibility in the community. The 4,800 trucks that the minister has referred to moving in and out of our port creates definitely a safety concern. We are definitely focused on that within the province of Saskatchewan, given current events of the past year, and we also support the province's commercial vehicle enforcement branch. They spend time at the GTH working on everything from radar speed enforcement, weight regulations, and cargo securement, commercial driver books, and the like.

In addition, the RCMP [Royal Canadian Mounted Police] and SGI [Saskatchewan Government Insurance] spent a week at the GTH undertaking skid-testing research on commercial vehicles, and we continue to work with the RCMP who works out of our office as an additional detachment.

[08:15]

Today and into the future, the GTH will play a role in the development of Saskatchewan and the provincial economy. The journey will take time but we continue to make progress, and we are on a path that we believe will deliver results. I share all of this with you to provide context in terms of the commercial opportunities that exist. We are committed to our mandate to assist Saskatchewan producers in accessing supply chains for their products, helping drive economic development in this province, and provide world-class infrastructure.

Thank you for the opportunity to provide opening remarks, and I'll work with the minister to answer all the questions you may have related to the 2017-18 fiscal year and the annual report of the GTH. Thank you.

The Chair: — Thank you, Minister, and thank you, Mr. Richards. I'll now open the floor to questions from committee members. Ms. Sproule.

Ms. Sproule: — Thank you very much, Madam Chair. I'm glad you could make it this morning, and welcome to the minister and officials for this important review of the annual report of the Global Transportation Hub Authority.

I'm just going to start right away on the report itself and look at a statement you made on page 5. At the bottom of the page you said, "Over the past year, the GTH has refocused its energy on exploring growth opportunities in agri-food and value-add agriculture, in addition to the above segments." Can you just talk a little bit about how that refocusing is going, or give us some direction on what that has resulted in?

Mr. Richards: — Certainly. We engaged with an international consulting firm as well as with the Ministry of Agriculture, Trade and Export Development, and other stakeholders including Economic Development Regina to look at what the strengths of the province are. And I think we've already articulated that, that one of the clear strengths is this evolution of proteins and the agri-food processing opportunity.

I think we are making quite good headway. We have spent an amount of time. The 70 related reference points that I talked about with clients has now expanded significantly into this fiscal year, and we have identified several prospects that we think can and should be in proximity to, you know, the strength of our

province which is the crop that they are looking for, peas as an example, canola. And it is a long-term process, Ms. Sproule.

There's no question that the development of this, as the minister has indicated, these are, you know, probably generational projects. And it's been many, many years since, as an example, a canola crush facility has been built. But you know, there is serious discussion amongst the players in that area that Regina is going to be home to a canola crush facility in the next little while. So we certainly would welcome that in the Regina region and hopefully the GTH can position itself. So that's just one example of many of the forays we've made, and I think it has the opportunity to pay quite large dividends in the near future.

Ms. Sproule: — I guess unfortunately those dividends haven't proven themselves yet and I'm just wondering . . . At one point AGT Foods was announced to be locating at the GTH, but they pulled out and they are now relocated on the CN line as you know and are developing their own sort of transportation hub. Is there any concern that this canola crush facility may locate on the east side of the city on Tower Road? Or are you confident that you are in the running for that facility?

Hon. Mr. Morgan: — I don't think we want to comment on specific clients that may or may not come in or what the negotiations are. I think we're at a time with some of those discussions that they would be regarded as somewhat commercially sensitive. But to your point about the possibility of people going to another transportation hub or elsewhere, I think that's the competitive issue that the Global Transportation Hub has to deal with going forward, is whether somebody wants to relocate elsewhere in Saskatchewan or elsewhere in Western Canada. And being competitive and being aggressive in marketing, getting out there has to be front and centre for the staff at the GTH.

I'll let Bryan sort of follow up a bit as to what they do in a general sense, but I don't think we want to get into a discussion about whether this particular tenant . . . [inaudible] . . . although I'm not wanting to make light of it at all. If you hear of somebody that you think may be a potential client, I'd be glad to set politics aside and have that discussion with you or with anyone else at any time.

Mr. Richards: — If I can expand quickly. We have found that most of the international and domestic organizations we're talking to complete a pretty complete due diligence process and look at all sites available within Western Canada, within Saskatchewan. So absolutely I would think they're considering all opportunities and what will make sense. Thereby we have spent a lot of time in the last year making sure that we had the elements of infrastructure. If there is a checklist that they would consider in looking at a particular site, we wanted to make sure that we could tick as many boxes on that checklist as possible and that includes obviously land, transportation infrastructure, but now water, waste water, and other elements, foreign trade zone.

And I think we have presented an opportunity where a lot of those check marks can be made on that checklist, but there will be other reasons that they would consider other locations for certain.

Ms. Sproule: — Of the 70 targets — or I forget how you referred

to them — that you have identified, how many of those have approached the GTH, and how many have the GTH approached? I guess who made the first move?

Mr. Richards: — I don't have those specific stats. In general, being involved in that throughout the last year, I would say the majority would be us reaching out, seeking opportunities for the province of Saskatchewan and investment attraction. There is definitely parties that are approaching us, and through commercial brokers, that are interested in accessing what Saskatchewan has. But I think our success is going to lie in us being very aggressive and proactive in reaching out.

Ms. Sproule: — You spent a considerable amount of discussion in your opening comments regarding the importance of waste water and water in terms of . . . I believe that's all delivered by the city of Regina. Can you tell me what changes have happened in the last year, in this fiscal year, in terms of delivery of those products and why that's so important for the GTH?

Mr. Richards: — We had an example a couple years ago when a large international company approached the province to potentially locate. And what I think we discovered in that interaction is that we were probably not prepared on a broad scale to be able to answer several of the questions of . . . For a high-water user that is looking to access, you know, probably a megalitre of water usage a day, and then of course would produce waste water related to that same amount, that how was our infrastructure going to be able to handle that? Secondly is, what's the impact to the region and the city of Regina and/or other options in terms of that pressure?

So there's pressure zones to be considered, and it prompted a lot of discussion amongst those infrastructure participants — the city, the GTH, and Buffalo Pound as an example. So we think it's critical that we've done that work in terms of negotiating with the city of Regina for, as an example, the ability to access one megalitre of water a day and how do we deal with the . . . and what levels of effluent discharge are we able to adhere to in terms of the new water treatment plant.

Those were all key elements to make sure that everyone understood how that was going to work and how that would be potentially positioned to a new client. And then what is the cost related to that? Because they definitely are going to be using well above the typical user and we need to be able to quote a price to them to say, this would be the impact on our system, on the city of Regina's system. All of that work was pretty critical, and we did spend a lot of time on it because we have to be in a position to be able to provide that answer, you know, next time a client seriously wants to access that particular infrastructure.

Ms. Sproule: — It's a lot of water. Based on what you've told us, that would sound like a fairly major industrial development. So why would they want to locate in an intermodal facility? I mean your business is logistics, right? I mean that's what you were set up to do. So when you're attracting serious industrial users that are using this volume of water and producing that kind of waste water, is that changing the nature of your business, in a sense? I mean turning into an industrial park, for example, rather than an intermodal logistics facility?

Mr. Richards: — We have looked at the strategic vision of the

GTH, and I don't think it's varied in the past 10 years. The logistics element of working with infrastructure of CP Rail and the highway network of Canada through the No. 1 and No. 11 to the north stays very consistent.

However, the export component of the province and the need to access that infrastructure means that co-location of those is really critical. Anything that we're talking about in terms of a pea fractionation plant or a canola crush facility, what is really critical is proximity to the rail, proximity to the road, to be effective and efficient.

So I think it's actually beneficial that we're looking at it from a Global Transportation Hub, logistics hub, supply chain perspective in terms of co-location rather than thinking that there are two separate entities from that perspective.

Ms. Sproule: — It appears you may think that, but you haven't succeeded. You haven't attracted any of those clients and I guess that's why your finances look the way they look. So I think this is an authority that's in deep fiscal trouble, and as much as you might like to attract some of those 70 clients, the track record simply isn't there.

So my first question in terms of your financial statement and then terms of the numbers is, how far in debt can you go before you have to declare bankruptcy? Like what's the bottom of the pit?

Hon. Mr. Morgan: — I don't think we're going to speculate on where debt or where operations might go. We have clients that are using the facilities now. We have the potential for more clients to come to it. We have nearly 1,000 people go there every day to work.

Our ongoing costs are the operating costs of the facility, and part of those costs are the costs of aggressive marketing and trying to attract more clients to the facility, and we want to see that activity continue to take place. But we're not going to engage in speculation that the facility is in any way not being supported by government, won't be supported, or that there would be caps or limits. Our goal is to try and make sure that we support the people that are there, the nearly 1,000 people that work there every day, the businesses that are there — their expansions — and also to aggressively seek other people that will come there.

Ms. Sproule: — What guarantee do you have regarding the Loblaw jobs, that they won't be automated?

Hon. Mr. Morgan: — That would be a question you would have to put to Loblaw. We have had no discussion with them that I'm aware of. I've gone through the facility. I think you have as well. It's a warehouse facility. The trucks come and go. The trucks have to be unloaded. The product has to be moved into . . . The orders have to be picked, sorted, repacked, and placed on outgoing trucks. I'm glad that there's that many people that are working there and I would certainly hope that there would be more people coming and that there would continue to be expansion and growth.

Ms. Sproule: — Mr. Richards might be more familiar with developments in the global trucking industry where you see an increasing rate of automation in terms of all these jobs. Trucks themselves are becoming driverless, and a lot of the work that I

saw at the facility is work that could be replaced by automation. So I know, Mr. Morgan, you talk a lot about those jobs and how important they are, and I certainly agree. I just wonder how precarious they are and what steps the GTH would take to ensure that those jobs remain in human form.

Hon. Mr. Morgan: — We're not having those discussions that we're putting caps on people or telling people that a job has to be done in a particular way. Those are discussions that the clients would have internally. And we look forward to having them use technology or best practices for how they deliver their services, but we're certainly not having any discussion with anybody that they have to guarantee certain numbers of jobs. We want the clients to come; we want the clients to build facilities, and we want the clients to employ people. But we don't place caps or limits on.

Ms. Sproule: — Thank you very much, Mr. Minister. How many offers of land have you received in '17-18 fiscal year and how many have you received in the current fiscal year?

Mr. Richards: — Sorry. To make sure I understood it, was it offers?

Ms. Sproule: — Offers to purchase or offers to lease.

[08:30]

Mr. Richards: — In 2017-2018, we had three offers to purchase. One was taken off the table, one was turned into a land lease, and the other has been delayed and is still pending. In this current year, I'm currently working on five offers to purchase. That's outside of the 2017-18 fiscal year.

Ms. Sproule: — And that lease was with Brightenview, I understand, 10 acres?

Mr. Richards: — Correct.

Ms. Sproule: — Okay. We'll get into that in a bit. Page 8 of the annual report, you indicated that because there's a sluggish industrial development market, it's impacted your sales activity, delaying projects, and in one circumstance prompted a client to make a business decision to lease land rather than purchase. Obviously that's Brightenview. Did Brightenview make a deposit on the land they . . . on the offer to purchase? And what happened to that deposit? When they originally made the offer, it was an offer to purchase. Was that refunded to them or did it turn into the lease payment?

Mr. Richards: — I believe I have the answer to that, but may I consult quickly? The original deposit that was received from Brightenview was transferred to their lease obligations.

Ms. Sproule: — Thank you. You go on to say that your board and management undertook a comprehensive review in that year and you identified strengths and shortcomings and strengthened your business plan. Could you tell us a little bit about the comprehensive review, how it was conducted and by whom, and how much it cost?

Mr. Richards: — The review was done through an RFP [request for proposal] process. The winning proponent in that was CPCS

logistics, who we felt had all of the elements to be able to assist us in not only logistics but assessing Western Canada and Canadian-wide inland port situation. I believe the engagement on that was for \$175,000 to complete the work that they undertook with us over an approximately eight- or nine-month period. Sorry, was there a third part of that question?

Ms. Sproule: — No, you've answered all of my questions so far. I'm just going to ask you now if there is a report, and is it available to the public and to the members of the committee?

Mr. Richards: — We certainly received a report from them that we entertained. I would like to consult, in terms of the information within that, in terms of tabling it with this committee, from that perspective. So I can look into that, if you wouldn't mind.

Ms. Sproule: — You're undertaking to table it with the committee if it's felt that's something that can be released?

Mr. Richards: — I'd like to assess it from a commercial sensitivity point of view because we covered a number of areas within that, yes.

Ms. Sproule: — Certainly redaction would be okay as well, so if you could just redact those portions that are commercially sensitive and release the rest, that would be helpful.

Hon. Mr. Morgan: — Madam Chair, we'll undertake to review the document and make a determination whether some or all of it can be released.

Ms. Sproule: — I guess the next question is, you're paying \$175,000 from out of house to do this review, and I'm just wondering why you have to outsource that. Why don't you have the capacity to do that within your own organization? It's a lot of money.

Mr. Richards: — This was a decision made by the board of directors of the GTH to engage an expert outside firm to support the review of the vision and a strategic direction change to assess the agri-value-add strength. Have a team of eight internally, you know, completely focused on the operations and the, you know, sales and etc. of the GTH as it currently sits. It was felt that some additional horsepower, if you will, would be really beneficial to all of us, but also the intelligence that they would be able to gather on a country-wide basis.

Ms. Sproule: — You indicated that the comprehensive review led to a business plan strengthening. Is your business plan available for the committee to review? I see your staff shaking her head no.

Mr. Richards: — I would again respond the same as we just did in terms of the CPCS report. We'd certainly look at it and determine if all or in part we would be able to table with this committee.

Ms. Sproule: — I just, you know, when it comes to engaging external consultants and the board of directors feeling that's appropriate, I would appreciate perhaps if you could remind them that these are not their dollars that are being spent but they're taxpayers' dollars that are being spent. And given the current

fiscal situation and the trouble that the GTH is in fiscally, I just wonder if that couldn't be a reminder to the board of directors from time to time when these kinds of expenditures are undertaken.

We talked about the 70 clients already. Page 9 about, in reference to Brightenvue and the Global Trade and Exhibition Centre, in your opening comments you said the 120 condo units have been spoken for. In your annual report, it says they've been sold. Now last check that I could see, only eight titles have transferred of those 120 units. So can you explain why the other 112 sales have not yet been converted to ownership by way of condo title?

Mr. Richards: — We continue to work with GTEC, the Global Trade and Exhibition Centre, and Brightenvue on an ongoing basis. Their business model that they are pursuing is working with these applicants through the temporary worker permit entrepreneur process, and I am not totally familiar at what stage they are in terms of accessing all 120 through that particular process. The latest information I had as of yesterday is that 19 of those businesses are currently in Regina and are now actively pursuing tenant improvements and etc. for their condo outfitting. But I am not up to speed on how many titles have transferred in that regard.

They definitely were pre-committed, is what we were advised. If we used the term "sold," it was probably the term that was detailed to us from Brightenvue, but I think pre-committed would be a better definition.

Ms. Sproule: — So Brightenvue told you they were all sold and now you understand that's more something called pre-committed? What does pre-committed mean?

Mr. Richards: — I think the definition . . . You know, we're talking about definitions here. From a sale perspective I would say you would look at it from transfer of title, and that obviously hasn't occurred at a level of 120. So I'm just trying to indicate to you the difference between that use of the term "sold" from their perspective.

Ms. Sproule: — I know there was some talk of it being open for business in spring of 2018. I drove by yesterday and saw some activity there, but I don't think the front doors are actually open yet. Can you confirm with the committee what information you may have about when the front doors to that building will be open to the public?

Mr. Richards: — Excuse me one sec.

The best information I have on that is that there was some indications that they would be completing construction in the spring. I know that they were delayed for approximately eight weeks in terms of some of the construction components and, later on, the initiation of the first title transfers. We certainly reported on that in our internal newsletter as an example. But I don't believe at any point in time have we or Brightenvue given an indication of when the doors of the facility would be actually open for business.

Ms. Sproule: — Okay, then perhaps you could share with us now. Do you have any expectations when they'll be open for business?

Mr. Richards: — I do not have a date or not one has been communicated to me, no.

Ms. Sproule: — One of the things that's really confusing about Brightenvue is what exactly will be happening there physically in the spaces. When I walked through, what I noted is that each one of these 120 condo units is basically a cement floor surrounded by three walls of plasterboard or, you know, walls, and maybe 20 by 20. So maybe 400 square feet or larger or smaller. And I'm trying to imagine what would happen there.

So would someone drive to the GTH, park in the front there, get out of their car, and go in and find a map of a particular business that they're looking for? Would that be public retail? Would it be a wholesaler? And you know, why would they drive to that space? Obviously the spaces aren't big enough to actually sell anything, so it looks like it's going to be a bunch of Sears Catalogue outlets, as far as I can tell, in terms of people. But they would have to physically drive to the GTH and walk in the door and do that order when, as we know in this modern age, that's basically done online. So what particular services will be available, if you have any knowledge of that?

Hon. Mr. Morgan: — I think it's a marketing office that they would have a showcase for the products they're intending to sell and that the products would be direct shipped to a consumer. I don't think their intention was initially that there would be a significant amount of product would actually be moved through there. I think Mr. Richards might know better than I. But I remember when they first made the announcement that they were coming, that there's similar facilities overseas and that those facilities operate on a showroom basis similar to a shopping mall but you don't actually go there and take the products with you. You go there. You look at them. You place your order and the products would be shipped from elsewhere.

Mr. Richards: — And I think the minister is correct. It is designed to be a wholesale environment with products displayed, so those 400- and 600-square-foot units are designed to be outfitted by the particular client. As an example, perhaps they're selling cellphone accessories or stainless steel products or plastic goods. They would exhibit their particular product, product line, and someone attending at that particular facility could see the products, make an order with them, and either have it direct shipped or shipped to that facility and they could pick up.

It's likely designed more for, you know, someone from London Drugs, as an example, as a buyer to be able to come and access a wide selection of potential products for their particular store and in one location, convenient, accessible, and see a wide range rather than having to trek a number of different places.

The minister's already indicated these type of exhibition centres are predominant in Asia and other parts of Europe and have been quite successful. And that's what they see this business model bringing to North America, and literally here in Regina would be the first wholesale-type entity like that.

Ms. Sproule: — It seems that the only advantage that GTEC would be offering to a purchaser, a wholesale purchaser in Regina, opposed to being online, is the physical space of this display, but given that most shopping . . . I mean you look at the success of Amazon and other online marketing. I fail to

understand what the advantage would be to the purchaser for London Drugs to get in his or her car, drive all the way out to the GTH to look at stuff that they could find online with a push of a button at their desk. So I mean, cellphone accessories, I don't think you need to drive to GTEC to find out what they are and what you might be interested in.

So in terms of the location itself, it seems that it's a disadvantage for a wholesaler to have to physically drive when all of that information is available on the internet. So I guess there's just a lot of questions out there about how this will work. And when you talk about it working in Asian markets, for example, I think the population alone suggests that that would maybe make it more competitive with the internet. But are you confident that this business model will succeed?

[08:45]

Hon. Mr. Morgan: — I don't think the issue is our level of confidence. Naturally we want all of the clients that choose to be there to be successful. But we don't do a screening and saying, we're not going to let you take space in there. It's up to the individual client to have done their research, and different business models work well in different places of the world.

We thought two or three years ago that we were seeing the end of bricks-and-mortar bookstores, and now we're seeing a resurgence of them again. Some people from another generation thought that vinyl records were dead, and we're now seeing a resurgence of vinyl records. So it's not for us to say what will or what will not work.

I think a lot of people like to physically look at — whether it's floor covering or cupboards — like to look at them, see what the feel of them is like. And whether it's a wholesaler, a builder, or an individual purchaser, I think the idea that somebody goes there actually can look at it, touch it, feel it, and it's there. There's certainly . . . I don't think building materials are all shifted away from the internet. We see the continuing success of Home Depot and other building supply stores there. They've got a different model. You usually take it home with you. But in a lot of cases you go to Home Depot and you would order floor coverings or appliances that would come to you some weeks later on after you looked at it in their warehouse space. So I don't think it's that much different than what's taking place at some of the other centres.

Ms. Sproule: — If this is about touching and feeling, why would a business locate at the GTH, so far away from the centre of the city where most of these buyers are? What would be any possible advantage of putting that kind of business where people could come and touch and feel which requires, you're implying, proximity? That seems to completely belie the location of the GTH being selected. So what would motivate them to locate there?

Hon. Mr. Morgan: — I think that's where you and I might have a fundamental difference. I think the GTH has got a great location. It's right along highway traffic one. It's immediately adjacent to the city of Regina. It has access to it off Dewdney. It has access to it off of the highway. It will have rail access coming into it. It is an ideal location for somebody that wants to physically go there. It's not like travelling far out into the country

or something. It's a 5- or 10-minute drive from downtown Regina.

They're not focusing merely on Regina residents. I think their market was people that would be all across Western Canada would come there. And the issue that, you know, that I was saying about was whether it was hard to get to Regina or not, and I don't think it is. I think there's good transportation in and out of Regina, and I think people would come there and that would be a destination in and of itself.

I can't speak to the business decision they made to go there. I hope that for that business, and for every other business, that it's hugely successful, that people will go there, that people will make purchases. And whether the people are buying at a retail or a wholesale or distributor level, we're hoping that that works and we're hoping that people continue to have the food services go through Loblaw as they are now and we're hopeful that other businesses come there. And whether they're processing facilities or distribution facilities, we have road access in and out of there. We have got rail access up to it. You know, there's a possibility that we should extend a rail spur through and, you know, that would be dependent on what the various clients might want or need as they become involved in it. But that should be the long-term goal.

But I don't think I want to sit there and critique a particular client's business model and say, well why would you drive there? Why would you do this? Why would you do that? We're glad they've been there. We're glad that they've made a multi-million-dollar investment. Not all businesses are successful but we certainly hope that this one is, and we hope that everyone that goes there has got a good return on their investment and is able to employ people and pay taxes in our province.

The Chair: — I would just like to note for the record that we have Laura Ross in for Doug Steele at this point of the committee meeting.

Ms. Sproule: — Thank you, Madam Chair. At the bottom of page 9 you indicate that you signed on as one of the founding members of the Protein Industries Canada or the supercluster that's going to receive funding from the federal government. As I understand, there are actually no members of the PIC. It's not a membership-based group. So why would you state that you signed on as a member?

Mr. Richards: — That may be a determination . . . We wrote this a considerable length of time ago in terms of producing the information. We were certainly one of the early supporters in terms of PIC. So I apologize if we used the term "member." I think ultimately membership within PIC will become quite broad in terms of a number of private sector companies supporting PIC in the long run. But definitely an early founding supporter from our perspective.

Ms. Sproule: — I understand there are 120 organizations that have signed on as supporters, of which the GTH is one. So this was released in July, only a couple of short months ago. So would you undertake to correct that statement in your annual report? It's available online.

Mr. Richards: — Certainly we could look at that from that

perspective, make sure we have the proper definition.

Ms. Sproule: — Thank you. In February of 2018 it was announced that the industry's cluster, or Protein Industries Canada cluster would receive 950 million. I understand that really that portion is only 153 million, so is that another misstatement in the annual report?

Mr. Richards: — I think the statement is that PIC will share in \$950 million in federal funding. My understanding in what has been reported in the media — because I'm not on the inside of that negotiation — is that there was five superclusters approved for a share of 950 million. And yes, I think \$153 million was announced for PIC's share of that 950.

Ms. Sproule: — Again that might be something you might want to clarify in your annual report. It would provide more clarity.

Now this information of this 153 million, how specifically does that impact the GTH? Is there a demonstrable way that GTH will receive some of this 153 million? And you seem to be inferring that it will, but if you're not receiving funding, what is the GTH's actual fiscal involvement in the PIC?

Mr. Richards: — At this point in time I have no understanding nor do I think any of the other 120 members or supporters, as you've identified, have an understanding of where that funding support may go. As part of our support with them and working with them in terms of their application, we identified the elements of the . . . There was four silos. Logistics was one of the very key silos in terms of the evolution and the advancement of the superclusters, and we thought we could assist them in providing not only information, but also a very appropriate location with some of these elements of water, waste water infrastructure that we have already detailed to support PIC and their supercluster.

What happens in the future? We've identified where we think we can be supportive and what other infrastructure might be beneficial to us to help them move ahead. And if that makes sense to their board as they work through that, you know, perhaps there is some funding available. But at this point in time there is nothing concrete.

Ms. Sproule: — Okay. I'm just not sure why you would include that in your annual report if there is no actual concrete funding that's attached to it.

Hon. Mr. Morgan: — I think they would be remiss if they didn't support something that would have a positive benefit to it maybe through one of the participants in the supercluster or in some other manner. But I think that they should be in the annual report indicating the things that they're doing for part of marketing, for part of wanting to be an aggressive proponent of the Saskatchewan economy and supporting things that may take place here. Some of them would directly impact the GTH if it generates one, two, or more clients and otherwise just general support for something that benefits the province. And I think that's a right thing for them to do to be supportive of it, and to certainly highlight it in the annual report. I think any time there's an opportunity for them to gain some visibility through something like the annual report or anywhere else, that we let people on the world stage know that the facility is here and

people should come and look at it, and that it's a facility that's . . . that wants to have those type of businesses come to the province.

Ms. Sproule: — But to describe yourself as a founding member of a PIC in your annual report is misleading, is it not?

Hon. Mr. Morgan: — Well given that there's not memberships, I mean . . . Mr. Richards answered the question as to the terminology, and it's something they can look at in a subsequent report. I don't think that changes the issue that they've got underlying support for that. They were one of the first entities to become supporters of it, and we're glad that they did.

Ms. Sproule: — It's just that any potential client doing their due diligence would review the annual reports, and the implication here is that the GTH is a founding member of the cluster, which is not true, which may lead to false conclusions about your role in the future of this. Obviously GTH is clamouring to get into the cluster because of the attributes that the GTH feels they have to offer, but to describe yourself as a founding member in your annual report is quite simply misleading.

Hon. Mr. Morgan: — Given that there's no memberships per se, whether we change the term from founding member to founding supporter is something that they can look at as a matter of clarifying terminology.

Ms. Sproule: — I think you might want to take a look at the word "founding" as well, because I believe these came out of the technology sector, these clusters, so for a logistics facility and authority, that may not be an accurate term as well.

Page 10 we talk about the agreements with the city of Regina. You indicated you reached an agreement in principle on water and waste water servicing, and you've described that a little bit in your comments to date. But your statement at the end of that paragraph is that a final agreement is anticipated in 2018-19. I know the city of Regina has indicated they expect it to be signed in 2018. Can you provide the committee with information on the status of that agreement?

Mr. Richards: — Yes, internally management has presented it to our board of directors, and we expect them to, within the next week or two, provide their final comments, hopefully leading to them approving that, that we can then transfer it to the minister's office for further consideration.

Ms. Sproule: — So as far as you're concerned, the negotiations are complete and it's just the final approvals?

Mr. Richards: — From our perspective we, you know, worked at an extended negotiation, and I think we have landed on an agreement in principle for not only the capital but also the operations. And then we spent a fair bit of time on the wording and the legality of the agreement. So I think we are in good position having moved through all of those. So yes, I think pending approval is the state it's in now.

Ms. Sproule: — And when you say capital, what are you referring to there?

Mr. Richards: — There was three parts to it. There was the

capital infrastructure. You're talking about expansions or improvements to Buffalo Pound, expansions to roadways and etc. Those were all decided upon and agreed upon initially as to where the GTH would support and be impactful of those. And then it moved to from a day-to-day operations point of view, how do we share in, as an example, water testing and other requirements. And then say the third stage was then to put it in an agreement format and decide upon appropriate wording to support those other areas that we'd already agreed on.

Ms. Sproule: — In terms of waste water drainage, where we know currently there is no authority for the GTH to do the drainage that they're doing . . . There's no licence to do that. The previous minister was very clear that there was no licence to do that. I think there's been a disagreement with the city about who's responsible for that. The city signed off the responsibility in 2014 but the GTH has not assumed that responsibility. At what point will the GTH then be moving to bring within the boundaries of the law the drainage that's currently happening at the GTH?

Mr. Richards: — For a point of clarity, if I may: the water, waste water, and infrastructure agreement with the city relates to water connections by our clients and sewer and waste water connections by our clients into their system. So this agreement is completely separate and different than what I believe you are referring to, which is the overland drainage system in terms of being able to accommodate rainwater and etc., throughout the facilities. So that particular agreement doesn't cover that particular situation and the Regina drainage channel and the other references. So just as a point of clarity from that perspective.

[09:00]

I certainly can consult with my team here to see where we're at on the Watershed Authority and the overland drainage, if that's related to the question you have.

Ms. Sproule: — Yes, please do.

Hon. Mr. Morgan: — I can answer it this way: we had a lot of questions in question period regarding the overland drainage. They were answered by Minister Duncan in the House. There was discussion in the Chamber about forming an authority and different options that were available. The annual report doesn't, as far as I know, deal with that issue, so I don't think it's properly before us today.

Ms. Sproule: — The costs of water management are clearly costs that the authority is responsible for. There's a number of line items in the budget dealing with waste water management, and I think anything in terms of legality should be clearly canvassed in committee, Mr. Minister. If you don't want to talk about the illegalities happening out there, that's fine, but I think I'd like to know what progress the GTH is making to bring itself within the law.

Hon. Mr. Morgan: — I think I'm going to take some issue with the exception that we're offside on the law, that there's some kind of an ongoing violation or something. If you feel that there's been a breach of the law or something, you're welcome to take whatever steps you think are appropriate. You can report it. But, you know, the matter was dealt with extensively in the Chamber. Minister Duncan provided remedies, options, and a plan forward.

I will ask Mr. Richards if he can give us a brief update on what's taking place with that.

Ms. Sproule: — Just to clarify, Mr. Minister, questions were certainly raised in the Chamber, but I don't agree to your characterization of the responses that the minister gave. He did not provide the information to the Assembly at that time. That's why I'm raising it here in the committee. What is the go-forward plan in terms of regularizing, if you want to use that word instead, the ditch that's currently draining and flooding farmers to the west of the GTH?

Hon. Mr. Morgan: — The reality is I think the minister indicated at the time that it was a long-standing problem in that area, a drainage issue that was there long before the GTH was there. So the minister indicated what the options were for various landowners to be there. But I'm going to let Mr. Richards provide us with a very brief update on this.

Ms. Sproule: — Madam Chair, I just want to clarify again, that's not a true characterization, Mr. Minister, and perhaps you want to re-review the file.

The Chair: — Ms. Sproule, I would also like to bring you back though to the attention of the report that is before you, and as Mr. Richards has clarified, the report deals with the waste water treatment part of it. It's not part of the Watershed Authority, which is another ministry.

Ms. Sproule: — There are also, Madam Chair, specific negotiations between the city of Regina and the GTH regarding the drainage ditch. And that's what I'm asking about right now, is what is the status of those particular negotiations? What is being spent on it?

Hon. Mr. Morgan: — Madam Chair, for purposes of this question, it's not dealt with in the report. I can advise the members that it's ongoing.

Ms. Sproule: — Mr. Richards, can you confirm for the committee how many times your officials met with city of Regina officials, and provide us — I don't think you'll have this here today — but provide us with a list of the dates of those meetings and the locations of those meetings in the last fiscal year?

Hon. Mr. Morgan: — Meetings for a specific purpose or just in general or . . .

Ms. Sproule: — I would say all meetings with the city of Regina and the GTH in the last fiscal year '17-18, what dates they were held and where they were held. And I guess I'm just looking for you to confirm that you will provide the committee with that information and table it with the Clerk.

Hon. Mr. Morgan: — We'll certainly look at it and determine what information is available and what's appropriate.

Ms. Sproule: — Certainly. As you know, Mr. Minister, a lot of the questions coming from the public about this particular authority is the unavailability of information. And getting that is very important to preserve, I think, any sort of reputation that authority has. So whatever is available I would think would be all the meetings that this authority has had with the city of

Regina, unless there's something you want to hide.

The Chair: — I believe . . . Is the request for a meeting specifically towards the waste water treatment and the water?

Ms. Sproule: — It's for all meetings, Madam Chair.

The Chair: — But all meetings aren't necessarily part of the annual report.

Ms. Sproule: — That could very well be.

The Chair: — So I'm not sure that it's appropriate to request all meetings, but if there were meetings particularly dealing with the issues that are particularly around the waste water treatment facility with the city, then I would say that would be appropriate.

Ms. Sproule: — That's fine, Madam Chair, and I think it's up to the GTH then to decide how expansive they want to be and what kind of information they want to provide to the public.

Hon. Mr. Morgan: — Madam Chair, we certainly can undertake to look at the records of the GTH and determine what information is available and what information is appropriate to release.

Ms. Sproule: — And if possible, if you could let us know how many meetings that you decide are not appropriate to release, that would be helpful as well. That's clearly up to you, Mr. Minister, in terms of transparency and accountability. I understand it's beyond the scope of this particular annual report, but I think you know the trouble we've had getting information on the GTH. So I leave that in your court.

The reference . . . There was a CBC [Canadian Broadcasting Corporation] report that referred to a clause in the city of Regina agreement that the GTH has agreed to pay 3.3 million as part of the capital contribution agreement. Has that money been paid yet to the city of Regina?

Hon. Mr. Morgan: — It has not been paid.

Ms. Sproule: — And why is that?

Hon. Mr. Morgan: — When the other issues with the city of Regina in the agreement are resolved, at that point in time a payment time would be resolved at that time.

Ms. Sproule: — So you're saying that once the agreement is approved, then GTH will pay the city of Regina that amount?

Hon. Mr. Morgan: — There may or may not be a payment all at once, because some of the services that are to be provided over a period of time, so it's a discussion to have with the city of Regina. I haven't seen the agreement for approval yet and I don't think the board has seen it yet either.

Ms. Sproule: — So that 3.3 million is dealing with prospective costs?

Hon. Mr. Morgan: — There's some work that's already been done; there's some work left to be done. So it's part of the larger agreement between the GTH and the city of Regina.

Ms. Sproule: — Where is that 3.3 million recorded in the financial report for '17-18?

Mr. Richards: — As you can imagine, it is a very complicated agreement, but in general terms, the 3.3 million was related to the expected projects that the city would invest in over time to support water, waste water, and infrastructure, and the determination, working with our auditors, that approximately 1 million of that would be placed into this financial statement because it's a non-refundable portion of that 3.3.

The variances could be that a project is decided at some point in time that it isn't needed or it's deferred or changed. So there will be variations to that amount, maybe even refunded back to the GTH. So under land and development costs, that 1.207 on page 16, approximately a million of that would be related to a portion of that 3.3. And the 3.3 is really related to the services that have been received from the city by our clients since the time of their development. So that's why there's a planned payment for services received up to this point in time once the agreement is signed.

Ms. Sproule: — All right. I'll get back to that line item in a bit. I want to turn now to page 15 in your financial statement, your statement of financial position actually. You have a payable to the Ministry of Highways and Infrastructure that is . . . appeared to be shifted from deferred revenue, and there's an explanation in note 9 as to why that's taking place.

Now last year when we spoke, you indicated that Highways spent 24.5 million on the original footprint purchase and that you have paid them 9.5 million back today, based on land purchases and sales. So doing the math, that's around \$15 million that is still owed to the Ministry of Highways just for the purchase of the footprint. Here you show your payables as only 2.8 million, not the full 15 million. Can you explain to the committee why you don't use the full 15 million as payable? You're using the land to sell.

Mr. Richards: — Excuse me one sec. I know specifically that note 9 relates to the agreement with the Highways and the borrow land, but I will get an answer on the 14.7.

I don't recall the specific detail we went into last year, but I know we tried to explain this in similar fashion. The 14.7 is held in the title of the Ministry of Highways. It's not held in the title of the Global Transportation Hub, thereby it does not show up specifically in our financials.

Ms. Sproule: — In terms of inventory of land . . . sorry, tangible capital assets on the non-financial assets, I note that they increased in the last fiscal year, and I'm just wondering what role depreciation has in those tangible capital assets. When I look at them, it's mostly the infrastructure — the roads and the ditches and the sewage and things like that — so is there an amount that was factored in for depreciation? And if you could share with the committee how much that was.

Mr. Richards: — I believe you're correct. One moment. Specifically on page 24, note 11 references how much is amortization. In 2018, 790.

Ms. Sproule: — And that's another question I had then. Thank

you for pointing that out. But why would the amortization be lower than what was budgeted?

Mr. Richards: — I think I have the answer to that, but just let me verify that quickly.

Ms. Sproule: — Sure.

Mr. Richards: — In the original budget, there was an expectation that we were going to build additional capital projects, thereby we were budgeted for additional amortization. The decision was made by the board that we would not invest in any more capital until we had a related land sale that made sense from that perspective. So action was taken to manage the expenses of the authority related to that, hence the difference between the budget and the actual.

Ms. Sproule: — Thank you. On page 21 — I'm going to turn to that page — we talk about the bank indebtedness and term debt. It appears that you have extended your loan with the Royal Bank an additional \$4 million. Perhaps you could share with the committee . . . I'm worried about the repayment of that. So first of all, why is it being extended further? And how do you intend to turn that around in a different direction? I know obviously land sales would be helpful, but there haven't been land sales. So in the absence of land sales, what can the GTH do to ensure the taxpayers that this money is going to be paid off in due form?

[09:15]

I know that you say further in there that the loan was extended and repayable in full on the earlier . . . or receipt of the net proceeds on sale of developed land. And just before I get into that, Mr. Richards, so you're going to pay the loan on net proceeds of sale of developed land, but on page 23 you've indicated you're going to pay Highways the amount you owe them as designated parcels are sold. So if you're going to pay back Highways and then pay back your loan, how are you going to continue operations in the deficit that you are currently in?

Mr. Richards: — The ability of a development to, in its cyclical fashion, to work without a credit facility would be almost impossible; thereby we do rely upon this. For several years earlier we had significant revenues and significant surpluses. This happens to be a time of where we have had a negative variance. We have made arrangements with our financier that a portion of each future acre of sale will go to reduction of the debt, and similar as we have that arrangement with the Ministry of Highways to reimburse them for their portion of the land that was originally invested in. Over time, in terms of our structured plan and as we develop the facility, we will retire that debt based on each acre of land sale.

Ms. Sproule: — So who would get paid first — Highways or the Royal Bank — in the event of a land sale?

Mr. Richards: — By agreement and motion of the board and agreement with the two applicable parties, each acre would have a portion reimbursed to them, so it's simultaneous from that perspective for each.

Ms. Sproule: — I'm not sure I understand that. So you sell some of the land, 100 acres of land. The purchase price is \$246,000 an

acre. Highways would be paid at the very same time that RBC [Royal Bank of Canada] would be paid, even though RBC is only supposed to get the net proceeds? So how would that work?

Mr. Richards: — In my determination, the amount that is transferred back to Highways comes from that per acre, as you've indicated in your analogy, 256,000, so that's approximately \$23,000 an acre. And we've allocated a certain per-acre amount that would go to RBC out of that 256,000. So there's the ability to make those payments simultaneously. Unless I'm misunderstanding what you're asking.

Ms. Sproule: — Right. I think we're okay. So as far as you understand, RBC gets the entire net proceed once Highways is paid off. Everything else goes . . . It's basically a mortgage on the land.

Mr. Richards: — From each acre of land sale we've determined a predetermined amount out of that land sale that will go to RBC to retire debt.

Ms. Sproule: — It's not the total . . .

Mr. Richards: — It's not the total proceeds from that particular sale.

Ms. Sproule: — Is that agreement available for the committee and taxpayers to view?

Mr. Richards: — Again I would have to review with the minister's office and determine what we can table with this committee.

Ms. Sproule: — Thank you. If you just would undertake to table whatever you can, I would appreciate that . . . [inaudible interjection] . . . On the record, Mr. Richards.

Mr. Richards: — Sorry. Yes, I will explore that with the minister.

Ms. Sproule: — Thank you very much. Another thing I wanted to sort of maybe clarify on the record is you indicated that there was several years of surplus when in fact, for the eight available years of financial statements, only three have been in surplus and five have been in deficit. So I just want to put that on the record in terms of the track record for the authority.

Okay. Something you mentioned this morning, Mr. Minister, and I think your statement was that you're looking at a possible divestiture of management and assets. That's something you certainly indicated when the annual report came out in July. Can you share with the committee where those discussions are at?

In March you talked that perhaps the city of Regina might be a partner that you could look at, given the proximity. That was your indication at the time. Have you had any discussions with the city of Regina regarding the divestiture of the GTH?

Hon. Mr. Morgan: — No, we haven't had any discussions with the city of Regina at all, and I don't think we're at a point where we're ready to have a discussion with the city of Regina.

The divestiture is somewhat more complex than just saying we

have X number of acres of land for sale. You're actually, as you're aware, it's actually a community. There's the ability to levy taxes, the obligation to provide snow removal, garbage and water and sewage services. So all of those obligations are there as part of the entire GTH. So all of those things have to be dealt with as part of any kind of divestiture or change in management. So we've asked internally within government to assess and come up with some options that might be there.

I think what I had indicated in the summer was we're glad that the GTH is there and has done some of the things that it has done. It's certainly been highly successful in bringing jobs and some businesses to the province. But the economy has slowed down, and given the current market conditions, it is going to be a challenge for the foreseeable future to sell any significant land going forward. And so it's a matter of saying okay, what kind of a partnership can we go into? What kind of things can we do that will ensure that the existing clients are fully serviced and are looking at the expansions there?

Loblaw recently announced that they plan to do an expansion that will create likely several dozen additional jobs. So the users of the facility now are well pleased with the services that the current administration is providing, and we want to do nothing that would any way interfere with that or anything that would create problems for marketing of land.

So in simple terms, we're having discussion and we're working on it. But I don't have anything that I can share with you at this point as to where we might go on, other than indicating that's our general direction.

Ms. Sproule: — When you describe the community and the services that are provided, if I understand correctly, the city of Regina is doing the collection of taxes and the Ministry of Highways is doing the snow removal as contracted services. So those types of things aren't even really being looked after by the GTH. They're being contracted out because the GTH simply doesn't have the capacity to do that.

So I'm not sure what community you're referring to when you look at the role the GTH currently plays in terms of providing service. They don't have the capacity to do that. So when it comes to selling and divesting the value of the GTH, given that GTH cannot sell land right now — as you described, the market is quite slow — what is it exactly that would be sold or divested?

Hon. Mr. Morgan: — I think that's the issue that's there. What exists is an obligation to ensure that services continue to be provided, whether it's snow removal that are being done by the city of Regina and whether it's street lights, garbage pickup, a variety of other services by way of utilities that are there. We have an obligation to make sure that those things continue, and we want to make sure that as we go forward over the next while that the Regina bypass continues to get everything connected on that end. We want to have discussion and see what can and should be done with regard to the rail service in and out of the facility. And I don't want divestiture discussions to in any way limit the things that we need to do for those things going forward and for attracting other clients and fully servicing the ones that are in there now.

Ms. Sproule: — I mean currently when you look at the actual

assets, it's the east parcels that are the assets that the company holds. So we know how much we paid for those lands. Yes, I guess, Mr. Minister, you know obviously we'll be asking more questions than as this goes along. But it's basically, you're talking about dismantling a municipality because that's really what the GTH Authority is, with all the powers of a municipality. So that would require legislative changes. That's something you anticipate will be brought forward in this year?

Hon. Mr. Morgan: — Not in this year. I sort of want to take a little bit of exception to what you were saying. But the issue that you raise is the accurate issue that you're really dealing with a municipality. We don't want to do anything that would dismantle a municipality. So I sort of . . . That term, I don't want to use. I think we want to do something that would protect, enhance, and secure the future of that as a municipality. I use the word community and you're probably . . . a better term would be municipality.

Ms. Sproule: — Thank you. Just going to move on a little bit now. I wanted to talk about first — I have it here somewhere — First Canada transit service. On page 21, you indicate you've got a five-year contract with First Canada for the provision of transit service paid on a usage basis and expires next year, May 4th. You received, or you paid \$222,000 to First Canada but it looks like the transit revenue is only \$130,000. So I assume that's the usage of that service. So if I'm correct, you budgeted for 244,000 but you only received 130,000, so lost about \$90,000 on your bus service. Am I characterizing that correctly?

Mr. Richards: — Excuse me, one . . . You said page 21?

Ms. Sproule: — Twenty-one is a statement, a description of contract, and on page 16, I think we have the actual transit revenue budgeted and actuals.

Mr. Richards: — So the transit system was set up in the long term to be full cost recovery as the property is built out, so at this point in time equitably charging our clients for their usage. And we are subsidizing as the property is not completely filled out, as you had pointed out.

Ms. Sproule: — So the taxpayer essentially is subsidizing the bus service that the Loblaw employees are using currently?

Mr. Richards: — Fundamentally, yes.

Ms. Sproule: — Has there been any discussions with Loblaw to ask them at least to fully pay for the service that their employees are receiving?

Mr. Richards: — The service is spread not just to Loblaw. It's across several other clients.

Ms. Sproule: — Viterra, I assume, is the other larger employer.

Mr. Richards: — And we felt it was appropriate in terms of comparison to city transit rates what would be an appropriate charge for each individual to participate at. We have done many things with the transit service in terms of schedules, size of buses, etc., to try to manage within that. But at this point in time, no, we haven't sought full cost recovery.

Ms. Sproule: — It's interesting to see the dismantling of our public transportation company because it required some support as well. So you're willing to do that for your clients with the hope, I guess, of selling the land eventually, and having more people working out there.

Hon. Mr. Morgan: — Yes, the current users of the property are labour intensive. They're indicating they're bringing more workers there. The expectation I think was reasonable on their part, when they came in, that public transit would be available, and as more of them come, there's greater opportunities for cost recovery. But at the present time, maintaining those jobs, those individuals there, it's good value when you realize the amount of money we recover from those individuals in property tax. And I would not want to put any of those positions in jeopardy, or somebody thinking that they're not going to be able to get to work.

Ms. Sproule: — Seems that Loblaw has benefited a lot by what this government has done. Are you able to disclose yet what they actually paid for the land? Most people are paying \$265,000 an acre. What was the purchase price per acre for Loblaw? Is that something you can now share with the committee?

Hon. Mr. Morgan: — The contract is confidential for a variety of reasons, Loblaw as well.

Ms. Sproule: — That's too bad.

I want to move on to the borrow land on the east parcels and the arrangement that was made with the Ministry of Highways. The auditor described the components of that in her report, or special report on the GTH, and I just would like to go through that line by line. I don't know if you have it right in front of you so I can . . . It's definitely available online, but I'll read it out as I go.

So what she did is she set out the components and then the details, the selling price, and how much Highways paid the GTH for that. The right-of-way land we know was purchased, 58.1 acres were purchased at \$50,000 an acre, despite the fact that GTH paid over \$100,000 an acre for that. So you received \$2.9 million from Highways as of March 2016.

[09:30]

The second line I'm curious about, the use of land for borrow material, 55 acres at \$65,000 per acre. The selling price was 3.5 and Highways had paid 2.9. Now I believe, Mr. Richards, that's the land we talked about in note 9 of the financial statement. So at that point, that money is now due and owing back to the Ministry of Highways and is recorded as debt on your books, correct?

Mr. Richards: — Correct.

Ms. Sproule: — So we're good with that line. The next one is the stockpiling of borrow material. You received \$0.8 million, \$800,000, to stockpile 165 000 cubic metres. Did the GTH stockpile 165 000 cubic metres?

Mr. Richards: — Yes, all 165 000 of that reference was stockpiled.

Ms. Sproule: — So Highways stockpiled 165 000 cubic metres of borrow on the GTH land.

Mr. Richards: — We had previously stockpiled that from previous rough grading efforts. And they accessed it and removed it from our land for their usage in other locations.

Ms. Sproule: — So Highways used that 165 000 cubic metres of stockpile that the GTH had. So you received 0.8 million for that.

The next line that you received a payment for was further borrow material of 295 000 cubic metres. Highways paid you 0.7 million for that. Did Highways use 295 000 cubic metres of further borrow material?

Mr. Richards: — We don't have the exact number of how much of that 295 they used. They did use a portion of it; hence the payment.

Ms. Sproule: — Could you undertake to provide the committee with the amount that they did use? And in the event that the selling price was 1.5 million, they had only paid you 0.7 at the time of the audit. Have you received further funds from Highways for that further borrow material?

Mr. Richards: — The individual elements you've detailed, all we've received from highways has been the total of 9,403, in terms of payments on that particular contract.

Ms. Sproule: — The selling price in the auditor's report is one and a half million. So if you've only received 700,000 of that, when do you expect to receive the remaining amount that's owed?

Mr. Richards: — So the original agreement comprised that supply of that total 295 000 cubic metres, of which they have only accessed the portion. Thereby we were only paid for that portion, and we don't expect any further payments because they have only accessed a lesser amount than the original agreement.

Ms. Sproule: — Okay then. Thank you for that. Moving on to the next line, it's a line item called the haul of stockpiled borrow material. Based on estimated haul distances, that would be worth \$1.1 million. So I want to ask you about that, and who was doing the haul? Did the GTH conduct the haul, and is that why it had a value of \$1.1 million to Highways? And then the second part of that is the stripping, loading, and hauling of further borrow material which you indicated has not all been used. You were paid for this though. It was based on stripping, loading, and estimated haul distances, and GTH received \$2.1 million of a total possible \$2.9 million back in 2016.

So I just want to understand this. The haul and stripping and loading and hauling of further borrow materials, who hauled the stockpiled borrow material and who stripped and loaded and hauled the further borrow material? Was that the GTH?

Mr. Richards: — Can I get that information for you?

Ms. Sproule: — Yes, absolutely.

Mr. Richards: — Yes, just to confirm, it was a GTH contractor that did the stripping, stockpiling, and hauling to locations

identified by Ministry of Highways.

Ms. Sproule: — And how much was that contractor paid to do that?

Mr. Richards: — On a cost-recovery basis, that would have been that 2.1.

Ms. Sproule: — What was the name of the contractor?

Mr. Richards: — The long-term contractor, KPCL [Kelly Panteluk Construction Ltd.], that worked for the GTH for many years.

Ms. Sproule: — They don't show up as a vendor in your payee report for this fiscal year. Where would that show up in your fiscal reports?

Mr. Richards: — That would have been in prior years, I believe. I don't . . .

Ms. Sproule: — Not '17-18? There was no stockpiling in '17-18?

Mr. Richards: — That report relates to 2016.

Ms. Sproule: — Yes. At that point I was told you didn't know how much borrow was going to be used, so it's obviously between some point in . . . I think we talked about this at length last year, and you didn't know how much borrow was being used. You're telling me now that it happened before last time we spoke.

Mr. Richards: — To make sure we have clarification on that point, I believe last year when we were talking about it, we did not know how much of that 55 acres might be accessed for borrow, which ultimately was zero. We were pretty clear that the 165 and then the 295 was set aside for their purpose. I don't believe there was any moved after 2016, and that amount was pretty clearly identified. So if there was any reference at all to uncertainty about borrow, it would have been to the 55 acres that Highways had purchased to set aside for the Regina Bypass Partners.

Ms. Sproule: — So at that time, you knew how much of the 295 000 cubic metres was used, and you still don't have that figure available?

Mr. Richards: — Sorry. Just to clarify that, apparently last year at that time we were unsure how much more of that 295 might be accessed. It is clear now that no more will be used, but it was not certain last year. At this point in time we don't have the exact volume, but we have paid them dollar-for-dollar in terms of what was moved at that point in time. So it was literally a stockpile sitting there for potential access. They have identified they will not be using any more.

Ms. Sproule: — So then again I'm going to ask the question. How much of the 295 000 cubic metres for further borrow material was used? You say a portion, but I would like to know how much.

Mr. Richards: — I have made a note to determine that. We don't have that information today in terms of that.

Ms. Sproule: — And yet you know that the company — what is it, KPCL? — was paid to do that work on a cost-recovery basis.

Hon. Mr. Morgan: — We think that information should be available, and we should be able to get it for you.

Ms. Sproule: — Thank you, Mr. Minister. I've just been informed by my researcher that KPCL was paid 2 million in '15-16 and 6.7 million in '14-15 for a total of 8.66 million. Was that all related to the stockpiling and hauling and stripping?

Mr. Richards: — Not related to that specific agreement with Highways. There was multiple things that KPCL was doing in terms of preparation of our land, roadways, etc. Their contract was quite extensive.

Ms. Sproule: — So just going back to the amounts that Highways paid for the bypass and then what is actually owed, if I understand correctly, originally they paid 9.4 million with the possibility of going up to 11.6 if the full 295 000 cubic metres of borrow was used. But it looks like when they repay . . . when you repay them the 2.9 million, the actual total for the east parcels that you've recouped is \$6.5 million. Is that correct?

Mr. Richards: — I believe your math is correct, yes.

Ms. Sproule: — So at the time when the Premier with, I think, considerable excitement announced that the GTH would be made whole, given this arrangement with Highways, in fact it's only about half whole. Is that correct?

Mr. Richards: — Again another complex agreement. But the 58.1 acres, which is the basis for the agreement, and then the additional movement of the stockpiled goods, when the borrow was determined that they would not be used, the 55 acres that had been set aside for borrow usage was returned to the GTH. So we've realized about \$6.5 million in exchange for 58.1 acres of land, which is actually slightly higher than the original amount, and that 55 acres now exists for future development and potential sale at what we expect to be market price.

Ms. Sproule: — Yes, I think there was a 2.9 for the 58 acres and then the additional 2.9 for the 55 borrow. So you may be conflating that. At any rate, it's definitely nowhere near the \$11 million that you paid for the original parcels, but that's not within the realms of this annual report.

SaskPower — moving on quickly, and I see my time is running out — they've been discussing a potential smaller footprint at the GTH and would perhaps be putting some of their lands on sale. Have you had any discussions with SaskPower about buying back some of their lands?

Mr. Richards: — I've had no discussions about purchasing land back from SaskPower. I've certainly been in discussion with them in terms of their development plans, and they have been at this committee as well, discussing those for the next three to five years. And we are participating with them on an active basis to see where those development plans go.

Ms. Sproule: — If they do sell off their land privately, is there a process in place for reselling? Are they a completely independent vendor?

Mr. Richards: — In all of our agreements with our clients there is a clause in there that they have to come back to the GTH's authority first to have that discussion. We would have to preapprove any particular sale or usage of those lands.

Ms. Sproule: — Even though they're a freehold title holder.

Mr. Richards: — Correct. That's part of the original agreement with all title holders.

Ms. Sproule: — So they're contracted with you to . . . Is it a first-option buyback or . . .

Mr. Richards: — You know, basically yes.

Ms. Sproule: — Right. You have right of first refusal, I guess, is what they're called. That's what's in the contract?

Mr. Richards: — But also the opportunity to approve within our prescribed use. Because of our development plan and our community plan and our zoning bylaws, we need to also preapprove any other use of that land with anyone else.

[09:45]

Ms. Sproule: — So if SaskTel finds a purchaser but it's not to the approval of the GTH, they would not be allowed to sell the land?

Mr. Richards: — Potentially that could occur.

Ms. Sproule: — Interesting. Well okay, moving on, page 26 on your payee report, we're looking at the remuneration for Rhonda Ekstrom. She received \$385,000 last year, which is, boy, 150,000 more than yourself, Mr. Richards. Could you share with the committee the circumstances of that remuneration and why it's so high?

Mr. Richards: — That is a personnel matter with Ms. Ekstrom. We certainly appreciated Rhonda Ekstrom's contribution over the five years with the GTH, but she is no longer at the GTH and we will have no longer any discussion on this confidential personnel matter.

Ms. Sproule: — Can you share with the committee whether she chose to leave freely or whether she was let go?

Hon. Mr. Morgan: — We wouldn't comment on that.

Ms. Sproule: — Is that part of the settlement agreement with her or are you just choosing not to comment?

Hon. Mr. Morgan: — We wouldn't comment on that at all.

Ms. Sproule: — How much of that was salary and how much of that was remuneration paid above . . .

Hon. Mr. Morgan: — We wouldn't comment on that at all.

Ms. Sproule: — So you're not going to provide that information?

Hon. Mr. Morgan: — It's a personnel matter and we would not

be commenting on it.

Ms. Sproule: — Are there any other personnel on the payee report who were also provided a payment above and beyond their salary?

Mr. Richards: — I'm sorry, Ms. Sproule, I just had a piece of information handed to me. I was focused on that. Can I go backwards and advise you how many cubic metres of additional borrow was . . .

Ms. Sproule: — Yes, thank you.

Mr. Richards: — It was in our records. We just needed a second to pull it out. There was 144 817 cubic metres of that 295 that was provided to Highways, and they took that, hence the reduced payment. Sorry, I missed your question.

Ms. Sproule: — Okay, that's fine, I'll go back to it. Now I'm intrigued with this again. So when you paid KCPL to remove that land, what profit did GTH make off of that? Or did it all go to the company that did the hauling and stripping and stockpiling?

Mr. Richards: — Let me verify that. I believe it was on strict cost-recovery basis flow-through, but let me just verify that.

Ms. Sproule: — I'm just looking for your profit on that.

Mr. Richards: — Thank you, Ms. Sproule. I have that document in front of me. So I have a little more clarity of the numbers you are looking at. So the stockpiled borrow material and the further borrow material — the point eight and the point seven — is what we were paid for the stockpiled material. The 2.1 was for the activities of KPCL and paid just on a cost-recovery basis for their work.

Ms. Sproule: — So the GTH received no profit from that 2.1 million? That's what I'm asking. What was the GTH's profit on that arrangement with Highways? Net.

Mr. Richards: — The invoices from KPCL were paid directly as per what they were invoiced. That work would've had absolutely been done anyway from that perspective. So it was a very beneficial activity of the GTH, but KPCL charged 2.1 million. They were paid 2.1 million from . . . and Highways agreed to compensate them because it was a very reasonable cost to get this work done.

Ms. Sproule: — So taking that away in terms of the total value to the GTH, it's really a nil value then. You received . . . Well they got 2.1 million for the haul, not GTH. Highways paid GTH for that haul, but KCPL did that work and got paid for it. So that really shouldn't be included and nor should Highways have paid you the 2.1 million. So again if you take that away then it looks like really you only got \$4.4 million from Highways for the bypass work.

Mr. Richards: — I don't think it could be characterized in that way at all because there would have been an absolute cost to the GTH in likely a higher amount to get that work done. It would have needed to be done to rough grade the land to present it, as we are, for land for sale. So in this particular instance it worked out very well within the agreement to give a stockpile of borrow

material that Highways was able to use in other locations and have a contractor on site do it in a very expeditious and efficient manner.

Ms. Sproule: — It just is boggling for me to understand how Highways, they paid you basically one and a half million for the stockpile and the further borrow — they paid you point eight for the stockpile and point seven for the further borrow — which looks like about half of what . . . And that's what you're telling me they used. So you, as the GTH, received \$1.5 million for that material on those 55 acres or wherever the material was stockpiled. I don't know if it was on the 55 acres or not.

So you got 2.9 for the right-of-way. You got one and a half million for the borrow material. But Highways could have directly contracted with KPCL to do the work they did. Why did they use the GTH as an intermediary when it was obviously in an in-and-out financial transaction? I mean that was no advantage to the fiscal records of GTH to have KCPL do that work . . . Sorry, KCPL. I can't get it right. KPCL. KPCL.

So the question I guess is, when the Premier said GTH received \$11 million from Highways as a part of the deal for the east parcels and the right-of-way, really it was \$4.4 million that came as profit to the GTH. Is that correct?

Hon. Mr. Morgan: — I don't think you look at that in a context of profit. The work was done . . .

Ms. Sproule: — That's how the Premier looked at it. The Premier definitely looked at it as a profit.

Hon. Mr. Morgan: — No, no, no. You're trying to look at the small component of it. It's a matter of the cost . . . Well you can agree with it or not.

Ms. Sproule: — I don't.

Hon. Mr. Morgan: — Money was spent developing and developing land and the overall complex for resale. So the only interesting thing about it was not all of the borrow pit was used as they initially thought. But there was work that was done that was necessary and good for the benefit of the overall complex, which should come back when lands are sold. I don't . . . I'm not sure that I'm following you that there was some shortfall somewhere.

Ms. Sproule: — Well do the math, Mr. Minister. I think you'll figure it out.

Hon. Mr. Morgan: — The land is there. The overall complex is done. But anyway I don't know whether Mr. Richards has anything else to add or not.

Mr. Richards: — We would characterize that as not being correct math from that perspective because that 2.1 million, if Highways had've contracted with KPCL to move that, we would've had to contract with KPCL or someone else to do the work on rough grading our land and transferring that topsoil as well.

So in all estimations that price would've been at least 50 per cent higher, if not 100 per cent higher, to get all of the work done. The

fact that we were able to combine it and get that all covered off with the contractor was on site, I think is exactly beneficial and provided significant savings.

Ms. Sproule: — So you're telling me that if, as a farmer, I was approached by Highways to do some right-of-ways on my land — they expropriated the land or we came to an agreement for the purchase price of the right-of-way — and they further wanted to use borrow material, or perhaps you have some stockpiled, that you would be responsible for the cost of cleaning up the mess? Is that what you're telling me, that a farmer . . . Like why wouldn't Highways be responsible for all those costs?

Mr. Richards: — I think it comes to the technical part of a backhaul and a headhaul. KPCL was working on one side of the footprint, able to transfer the stockpiled material or load it once and take it to site for Highways and come back and continue to do work for us on another side of the footprint. So it was a very effective use of their, you know, trucks and their logistics operations that saved a significant amount of money in this; hence Highways recognized that and saw there is every reason for them to compensate the GTH for the movement of this goods because it would've had to have been done anyway at a cost. So it actually ended up being a much more efficient method and outcome for the GTH and Highways.

Ms. Sproule: — Could you provide the committee with a breakdown of the cost estimates and the real actuals in relation to all the work that you're describing? And further, what parcels was the borrow material taken from and where was the stockpiles? That's the end of those questions. A number more.

You have hired a company, an Ontario-based company called Clean Landscapes to do snow removal, fixed parking lot payment, etc. It appears to be a contractual obligation instead of a usage obligation. And so the question is, why have you chose to do this through contract with an out-of-province company? And why did it increase so significantly? It went up 350 per cent in '16-17. Finally, was it put out for tender?

Mr. Richards: — Verify all those answers. Excuse me.

Ecocare Ltd. has an incorporated Saskatchewan entity that is doing work for the GTH and, as well other clients, most specifically Loblaw in Regina and across the country. Our original contract, which was put out for tender and they were the winning bid on that by quite a wide margin — I think probably some of those efficiencies that I've already talked about — that was expanded in this past year for them to take on some of the drainage work that we have referenced. It was work to be done that hadn't been done for several years. They've also been doing extensive work on crack sealing, etc., within the confines of that contract, so we believe it's a very beneficial contract with an excellent supplier. They also do some snow removal for us. You mentioned the Ministry of Highways before, but Ecocare has taken over all of that activity as well.

Ms. Sproule: — On January 16th, 2018, Nadette Schermann from Executive Council sent an email to Richard Choi of Executive Council regarding a development, and asking Richard to inform you of that the latest development. They were supposed to be visiting Saskatchewan in early February. Can you share with committee what that development is in relation to?

Mr. Richards: — That was January of this year?

Ms. Sproule: — Executive Council was referring . . . in January emails, and officials were visiting Saskatchewan in early February.

The Chair: — Ms. Sproule, I'm not sure that this discussion around emails are part of the annual report that's before you, and any discussions that are future contracts.

Ms. Sproule: — I'll leave it to GTH whether they want to answer that or not. Also, Executive Council in January were talking more about a potential partnership, and they referred to an article from three years ago which reinforces the importance of strong due diligence. So I'm just wondering if this company was one that there were due diligence issues around.

Hon. Mr. Morgan: — We would have no comment on this.

Ms. Sproule: — All right. In terms of the Brightenview lease arrangement, there's 231,000 in this fiscal year for the land lease agreement. It expires in 2027. It says remaining minimum lease payments of \$3 million to the end of the lease term. So what is the minimum lease payment referred to, equate to in terms of an annual payment per acre?

[10:00]

Mr. Richards: — So the math, about \$330,000 a year, so per acre would be 33,000.

Ms. Sproule: — And you only received 231,000 in '16-17 fiscal year?

Mr. Richards: — Yes. The lease initiated in August 1st.

Ms. Sproule: — Thank you. In terms of the leased land, you now have it as a net book value of \$1,092,000 in your tangible capital assets. Is that the 10 acres for Brightenview that's showing on the books? Or do you have other lease hold improvements?

The Chair: — Ms. Sproule, as we've come to the time, I'll allow you one more question.

Mr. Richards: — I can answer that one last question. So of the million and ninety-two . . .

Ms. Sproule: — Yes. I get one more after this.

Mr. Richards: — Okay, sorry. Absolutely. The majority of that amount is related to roadways that we completed in the commercial services area. But there is a small component because when we leased the land from Highways and we had to make an arrangement with Highways, that was we would over the next five years transfer the equivalent amount of that 10 acres to Highways. So there is a small portion of that that was repayment to Highways in there. But the majority was actually related to other roadway construction.

Ms. Sproule: — Okay. I only have one more question. I do have several left to ask. But I do want to ask, on page 24, about your financial instruments, this is note 10. At the end of note 10, you're talking about how you manage your liquidity risk. And

obviously with the \$7 million line of credit and a \$28 million loan to which you cannot make payments, you're saying you manage your liquidity risk by, and I'm going to put this in quotes, ". . . continually monitoring actual and forecasted cash flows from operations and anticipated investing and financing activities." So what are you continually monitoring? There are no land sales and your forecasted cash flows have been off the mark for the last three years. So how is that managing your risk?

Mr. Richards: — In terms of our cash flows there's two sources. One is land sale; the other is the taxation component. So in terms of our operations, managing that, seeking every opportunity to manage our expenses effectively. Related to that as well is trying to advance the GTH and in land sales is what, I think, they were referring to in terms of that determination.

Ms. Sproule: — Thank you. I have a couple other good questions, but I respect the Chair and I appreciate the extra time she's allotted me already. So at that, Mr. Minister and Mr. Richards and your officials, thank you for your provision of answers. I look forward to the further information that you've agreed to provide us. And I guess, Mr. Minister, we'll continue this at another date.

The Chair: — Thank you, Ms. Sproule. What is the committee's wish in regards to the 2017-18 Global Transportation Hub annual report at this point in time? Mr. Dennis.

Mr. Dennis: — Madam Chair, I move that the committee conclude consideration of the 2017-18 Global Transportation Hub annual report.

The Chair: — Okay. I will now ask a member then to move that we conclude this. Mr. Dennis has moved that we conclude consideration. Is that agreed by the committee?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, do you have any closing remarks you would like to make at this point in time?

Hon. Mr. Morgan: — Thank you, Madam Chair. I would like to just take this opportunity to thank the Legislative Assembly staff, caucus staff, members of the committee, yourself, members from the opposition, as well as the staff and officials that are here from the GTH, and thank them for the work that they have done, not just today but throughout the year. So thanks to everyone.

The Chair: — Thank you, Minister. Ms. Sproule, do you have any closing remarks you'd like to make?

Ms. Sproule: — Other than a ditto to the thanks that the minister's raised, yes, thanks to all.

The Chair: — Thank you. That concludes our business today, and I will ask a member to move a motion of adjournment. Mr. Buckingham so moves a motion to adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands adjourned to the call of the Chair. Thank you, everyone.

[The committee adjourned at 10:05.]