



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Ms. Colleen Young, Chair
Lloydminster

Mr. Yens Pedersen, Deputy Chair
Regina Northeast

Mr. Buckley Belanger
Athabasca

Mr. David Buckingham
Saskatoon Westview

Mr. Eric Olauson
Saskatoon University

Mr. Doug Steele
Cypress Hills

Mr. Lyle Stewart
Lumsden-Morse

[The committee met at 14:59.]

The Chair: — Good afternoon everyone and welcome to the Standing Committee on the Economy. I'm sitting in as Chair, Colleen Young. And we have with us here, Ms. Cathy Sproule on behalf of Buckley Belanger. We also have members Eric Olauson and Doug Steele joining us.

[15:00]

**General Revenue Fund
SaskBuilds Corporation
Vote 86**

Subvote (SB01)

The Chair: — We're here for consideration of estimates, supplementary estimates, and lending and investing activities estimates for SaskBuilds Corporation. We will begin with vote 86, SaskBuilds Corporation, central management and services, subvote (SB01).

Minister Wyant is here with his officials. And due to physical distancing requirements in light of the COVID-19 pandemic, witnesses may speak at the stand-up microphone podium if they are required to answer any questions. And I would ask that all witnesses please state their names and titles before they speak. If the minister needs to confer with officials in private, room 4, the media room next door, is available for him.

So, Minister, if you would like to begin by introducing your officials and making any of your opening remarks.

Hon. Mr. Wyant: — Well thank you very much, Madam Chair, for allowing us to make a couple of opening comments. But before I begin this afternoon, I would like to introduce the SaskBuilds officials that are with us today. President and CEO [chief executive officer], Kyle Toffan to my right; chief financial officer, Jennifer Ehrmantraut; and my chief of staff, Julie Leggott. Also with us today are Reg Howard, the vice-president of Priority Saskatchewan, SaskBuilds; Miguel Morrisette, vice-president of infrastructure development at SaskBuilds; and Alicyn Miller, executive director of corporate services at SaskBuilds.

Madam Chair, I know committee members will join me in thanking all of them for being here today and the work that they do every day for the people of Saskatchewan. I very much appreciate it, and I know the committee does as well.

And with that, Madam Chair, I'd like to dive right into what we will be discussing here today — the SaskBuilds estimates for 2020-21 and the important work that this appropriation will support over the course of this fiscal year. This year's budget reflects our government's commitment to reopen our province and reinvigorate our economy to get Saskatchewan people, companies, and industry back to work following COVID-19.

This budget also closely aligns with the goals, outcomes, and actions identified in Saskatchewan's plan for growth, *The Next Decade of Growth 2020-2030*, providing investments today that will lay the foundation for a decade of growth.

As members of the committee know, SaskBuilds is itself a child of the previous growth plan. SaskBuilds was created in the fall of 2012 as a key component of the Government of Saskatchewan's plan for growth with the mandate to plan and prioritize major infrastructure investments and to drive innovation and infrastructure delivery. As part of the original mandate, SaskBuilds has managed a portfolio of four public-private partnerships worth more than \$3 billion to deliver critical infrastructure for Saskatchewan's people and communities.

I think it's fair to say, and needs to be said again here today, that using the P3 [public-private partnership] model enabled our government to save taxpayers nearly \$600 million overall compared to what it would have cost to use traditional builds for those projects.

Madam Chair, the opposition has claimed — tried to claim in the past — that our P3 projects have shut out local business, a claim that could be no further from the truth. To put it simply, P3s support local business and local jobs. More than 260 Saskatchewan-based companies have been involved in the four P3 projects, 70 per cent of all businesses involved. And together Saskatchewan's four P3s also created more than 12,000 jobs during a time of low resource prices.

SaskBuilds's original growth plan mandate also included responsibility for developing and implementing a new integrated capital planning process for the provincial government. As a result, SaskBuilds has become a well-recognized leader in integrated capital planning and managing complex infrastructure projects over the last eight years. So when our government recently decided that we wanted to invest billions more in infrastructure projects over the next two years to stimulate Saskatchewan's economy, there was only one team we looked to for leadership and coordination, and that was SaskBuilds.

In May we announced \$7.5 billion, a two-year capital plan, to build a strong Saskatchewan and stimulate Saskatchewan's economic recovery from the impact of COVID-19. As members know, this included a booster shot of \$2 billion over and above the \$5.5 billion our government had previously identified for capital projects over the next two years. Based on Statistics Canada data, 10,000 jobs are expected to be created through this additional \$2 billion investment.

SaskBuilds's priority in this stimulus plan is to ensure that local jobs are preserved or created and that local sectors are supported. We want to maximize the benefits for Saskatchewan people and communities. And I want to assure our industry and our businesses that as much as possible, the work will be performed by Saskatchewan workers as we reopen Saskatchewan.

The stimulus package will be committed over the next two years and will balance the need for smaller, short-term projects to jump-start economic activity and get people back to work quickly, with longer term, large-scale projects that leverage multiple sectors over the next several years.

SaskBuilds will provide oversight, project management, and procurement expertise. Design engineering, architecture, construction, and project management costs are included here

with the goal being to ensure projects are shovel ready by the next fiscal year. The booster shot also includes new dollars for highways, infrastructure, education — some of which was announced today — health, environment, corrections, policing, and justice.

SaskBuilds will work with partners across government to ensure that the projects are planned and delivered using the best practices, learning, and experience we have gained over the past eight years of managing major infrastructure projects, and to ensure that wherever possible we are also able to leverage federal infrastructure dollars.

SaskBuilds continues to coordinate long-term federal infrastructure funding over the next decade through the Canada-Saskatchewan Integrated Bilateral Agreement under the Investing in Canada Infrastructure plan, or ICIP. To date, Canada has approved, or conditionally approved, 26 projects, with one additional project pending federal approval, with a total project cost of \$313.4 million. These projects represent \$155.9 million in federal funding.

As members may be aware, Canada recently announced a new COVID response stream under ICIP. Provinces and territories can redirect up to 10 per cent of program funding toward this stream for projects with total eligible costs under \$10 million that can be completed by the end of next year.

Saskatchewan continues to engage in conversations with Canada about ongoing challenges, including flexibility under the program required to direct funding to our provincial priorities, and their new requirement to identify and approve all their long-term infrastructure priorities within the next two years.

Of course infrastructure isn't the only way SaskBuilds supports Saskatchewan's economy. In 2014 Priority Saskatchewan was created to ensure public procurement in Saskatchewan is fair, open, transparent based on international best practices, and treats Saskatchewan suppliers fairly. The Priority Saskatchewan team has been fully committed to this work and has continuously engaged industry, stakeholders, and suppliers in the pursuit of making public procurement better. The importance of this work cannot be understated. I think the new growth plan best describes it by saying:

Priority Saskatchewan's efforts have been well received by local business organizations and are a model for government responsiveness to industry needs. The unique stakeholder relations model has enabled the government to more effectively engage with industry to hear concerns and work with various government ministries, Crown corporations and the wider public sector to find solutions related to procurement.

Priority Saskatchewan will build on that success to support the development and growth of Saskatchewan's supply chain, one of the key commitments in the growth plan.

And how are we going to do that? We're going to do that by ongoing engagement with industry and sector leaders and associations, and through continued and increased focus on supplier development to ensure public sector purchasers understand the wide variety and the high quality of goods and

services that our local suppliers have to offer. And that our local Saskatchewan suppliers understand how the goods and services they offer can best be utilized by ministries, Crowns, and others to deliver on our mandate to the people of this great province.

That's why Priority Saskatchewan will work with Indigenous communities, businesses, and leaders to support their involvement in Saskatchewan's supply chain. Work is already under way through engagement with Indigenous stakeholders to develop tools to support this. And I look forward to seeing the outcomes of that work in the months and years ahead.

Of course Priority Saskatchewan's success highlighted a new and exciting opportunity to take procurement modernization a further step with the creation of a single procurement service within SaskBuilds to conduct procurements on behalf of executive government. SPS [single procurement service] began operations on April 1, 2019 and I am pleased to report to the committee that in its first full year of operations, it has brought consistency and discipline to the procurement of goods, services, and construction activities to achieve value and business outcomes.

In the first year of operations, the SPS was involved in awarding over 500 procurements valued at approximately \$466 million, and I'm pleased to report to the committee that nearly 90 per cent of those procurement activities had been awarded to Saskatchewan-based companies, which works out to approximately \$410 million.

Certainly government and the public sector will always require some specialized goods and products that simply aren't manufactured in Saskatchewan, such as aircraft or large-scale turbines. But as we've seen during the COVID-19 pandemic, Saskatchewan's manufacturing sector is always innovating, expanding, and pivoting to address emerging needs. And Priority Saskatchewan works closely with both the sector and public sector clients to ensure buyers are familiar with the goods and services that are available locally. SaskBuilds is also committed to sector engagement and planning.

Of course I'd be remiss if I didn't also highlight the important contribution that SaskBuilds has made through its work to provide a single point of contact for Saskatchewan innovators, businesses, and suppliers offering ideas and solutions in the fight against COVID-19. I understand that SaskBuilds received over 2,500 emails through its procurement@gov.sk.ca email account. SaskBuilds officials worked closely with partners at the Saskatchewan Health Authority and the Saskatchewan Public Safety Agency to identify priority equipment and supplies. Our colleagues at the Ministry of Highways and Infrastructure also assisted in the transportation and supply and equipment.

I'd also like a moment to thank Kyle and his team for their work on this important aspect of our province's response to the pandemic. I'd also like to thank all the Saskatchewan businesses, manufacturers, suppliers, and organizations who offered up ideas and solutions, especially those who donated supplies and equipment to support the fight against COVID-19.

Those are the highlights of SaskBuilds's work since our last appearance here at the committee, Madam Chair, which forms the context of our discussion here today about SaskBuilds 2020-21 estimates.

SaskBuilds's total '20-21 estimate expenditure is \$25.677 million, an increase of 14.963 million. The recommended general revenue fund expense grants for SaskBuilds is 24.251 million, with 1.426 million to be drawn down from SaskBuilds's accumulated surplus.

SaskBuilds's increased budget includes an allocation of \$5 million to SaskBuilds to manage the early phases on the new enterprise business modernization project on behalf of executive government. This project is driven by business outcomes and not just about implementing new technology. We're in the early stages of this project, working to define the scope and initiate procurement activities. Ideally this project will mean that employees will be able to spend more time serving citizens and less time doing administrative work and struggling with existing systems.

And in keeping with our government's focus on ensuring Saskatchewan workers, companies, and industries benefit from public procurement and investments as much as possible, this project will also support local capacity building and economic stimulus for Saskatchewan's technology sector.

This project is a true example of the government's organizations taking the one-team approach to identify a critical business need and work together to find the innovative solutions to meet that need to ensure we're able to continue providing the high-quality programs and services that Saskatchewan people, families, and communities rely on.

Of course, budget '20-21 also supports the important and ongoing work in other key business lines that I've highlighted earlier in my remarks. I know we'll be discussing SaskBuilds estimates in greater detail shortly, so in conclusion I would just like to say this year's allocation supports SaskBuilds's role as a strategic partner helping ministries, agencies, and Crowns achieve real results for the people of Saskatchewan.

So thank you, Madam Chair. I'd be happy to take any questions that the committee has.

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

Ms. Sproule: — Thanks very much, Madam Chair. And off the top, I too would like to extend a congratulations to all the businesses in Saskatchewan and the efforts made by SaskBuilds to ensure that procurement is run smoothly during this pandemic. It can't be easy. I'm sure it's a real challenge. So my kudos to the officials that are involved in that.

Just starting right off the top, in the March estimates that the government attempted to table, the projection for your estimates was 14.251 million. In June that jumped up 10 million. So I guess first of all I'd like a breakdown of what the 14.251 was meant to be, and then where the additional \$10 million will be allocated.

Ms. Ehrmantraut: — Jennifer Ehrmantraut, CFO [chief financial officer] for SaskBuilds. So for the \$14 million, that's broken down between salaries of 7.5 million. We have general expenses, such as accommodations and things like that for \$2 million. And then we have projects, the enterprise business modernization project for \$5 million, as the minister mentioned.

And then the additional \$10 million is for the stimulus funding, and so to be able to support the projects moving forward for the stimulus funding.

We also have our IT [information technology] licensing that's something that's carried over, mentioned in the carry-over for 650,000. And then our renovations. Our renovations were delayed for the year so we have \$500,000 for the renovations to bring us to the total of the 25.67.

[15:15]

Ms. Sproule: — Thank you for that. I'm just wondering if you could provide a breakdown of how the stimulus money will be spent. How are you going to use that money, the 10 million?

Mr. Toffan: — Kyle Toffan, president and CEO. The \$10 million is for the planning for the projects, procurement, project management, reporting. It's basically all the things that we would typically do with internal government staff. But this time we're really engaging the private sector, because those folks in the engineering space, the project managers, they're all so hungry for work. And so we thought we would take a little bit of a different approach this time and make sure we also engage those private sector folks to create jobs and also help with economic stimulus.

Ms. Sproule: — How many folks are you planning to hire from the private sector?

Mr. Toffan: — We don't know exactly how many yet. This will be done through competitive RFP [request for proposal] for the most part, and they'll be the project manager-type positions.

Ms. Sproule: — You don't have any internal staff, or you don't intend to hire public servants to do that work?

Mr. Toffan: — Yes, we intend on being a bit of a blend. And so we do have some internal staff, quite a few actually, that do this on a regular basis, and so that won't change. It will just be supplementing existing staff with private sector resources.

Ms. Sproule: — Will that be the full 10 million will go to the extra hirings, or is there other purposes for that 10 million?

Mr. Toffan: — No, it'll just be for supporting the stimulus package. It's about 1 per cent over the two-year period of the entire \$2 billion. So \$10 million this year, \$10 million next year.

Ms. Sproule: — So it's actually going to be 20 million for the stimulus package, which is 1 per cent. How did you come to that calculation that 1 per cent would be sufficient for delivering the stimulus package across government?

Mr. Toffan: — So 1 per cent is a low estimate of what's typical for those items I talked about previously on planning and procurement, engineering, project management. Usually in the range of one and a half to two and a half per cent would be dedicated for that on projects.

There are some smaller projects on this list of stimulus package though that will require less project management just due to the nature of the project, and there'll be some that are more

complicated as well. So that was just seen as a decent estimate for us to make sure that we deliver good results for the people of Saskatchewan.

Hon. Mr. Wyant: — I think it's important to remember that these are performance contracts, and so the expectation is that these contracts and the work that's being delivered under them, the project will be delivered on time and on budget. And so there will be expectations in those retainers that that happen. So from a performance perspective, they'll certainly be based in performance and expect that those projects will be delivered on time and on budget. And if not, there will be penalties in those provisions in those contracts.

Ms. Sproule: — And that's not something that you can do with public servants?

Hon. Mr. Wyant: — Well it's certainly not easy with public servants as it is to put in a performance contract with an outside consultant who can be penalized for failing to deliver it on time and on budget.

Ms. Sproule: — It's funny, I had performance contracts when I was a public servant, but maybe times have changed since I was employed.

Just going to the press release that you issued on, I don't know what the date . . . May 6th, I guess it was, 2020. The indication there is that SaskBuilds would provide oversight and project management procurement on those projects. I just want to be clear, for the 300 million for highway projects, will SaskBuilds be managing all the procurement and project management for those?

Mr. Toffan: — We will absolutely have a role on the planning and procurement of those projects. So we do all the procurement for the Ministry of Highways as part of our mandate to provide that function for all of executive government. As far as project management is concerned, if Highways does indicate they need additional support on some of their projects, we will definitely activate that \$10 million this year to help them.

Ms. Sproule: — So just to be clear, Highways may not use SaskBuilds for project management. I understood, though, that you were saying that SaskBuilds provides that service across government. So is there any other ministries that don't use SaskBuilds for project management?

Mr. Toffan: — Yes, it's always a blend. I mean, we're a service-providing organization, and when our ministries, which are our clients, need support, we're there to provide that. Some have additional capacity compared to others. So the Ministry of Central Services, for instance, would have some project managers on staff for IT projects and also for some buildings, the real estate portfolio of government. Parks, Culture and Sport does have a couple resources for project management. Aside from that it's fairly sporadic. So we really just want to make sure we get good outcomes on these projects and this \$2 billion benefits the economy, and that's essentially what the \$10 million is indicated for.

Ms. Sproule: — Now overall it's 2 billion. The Premier announced a 7.5 billion two-year capital plan, which would be a

\$2 billion increase as a result of COVID, so in total it's 7.5 billion. What is your calculation for your role in terms of the other 7.5 billion? Is that going to be included in your . . . Is that the existing 14 million that you had in estimates in March? Is that what that 14 million will go to?

Hon. Mr. Wyant: — The \$2 billion that was announced some time ago is above and beyond the capital investment that was set out in our March documents. So the money that's set aside in this \$2 billion is intended to assist with respect to the delivery of the \$2 billion. And any other work that's done by SaskBuilds in terms of project management or support for executive government will be absorbed within the existing budget.

Ms. Sproule: — 14 million was the original figure, and that was to take care of the 7.5 billion. The percentages aren't the same. For the 2 billion, you have 20 million; but for the 7.5 billion there's only 14 million in this year's budget. So can you explain the difference?

Mr. Toffan: — Yes, absolutely. So the \$5.5 billion, that was the original estimated capital budget spend. That also includes the Crowns. It's really status quo kind of spending of government. This \$2 billion booster shot above and beyond that is not able to be accommodated within existing staff. So really if you think about it, the 5.5 is status quo and \$2 billion above and beyond status quo, which is why we need the \$10 million to make sure we deliver.

Ms. Sproule: — So of the 5.5 that you referred to, you said some of that is Crowns. How much of it is Crowns, do you know?

I think I found the number. In the press release it refers to 1.7 billion of Crown sector spending. Does that sound about right?

Mr. Toffan: — For the one year, yes. I'm just trying to get you the two-year number because the 7.5 is . . .

Ms. Sproule: — Yes, it's two years.

Mr. Toffan: — Over two years. Just approximately, it's about 2 billion and 3.5, in that range.

Ms. Sproule: — For the Crowns?

Mr. Toffan: — Yes, over the two years. It's about a billion dollars a year for executive government spend.

Ms. Sproule: — Each year? Yes. So 2 billion in executive government spending in the original plan and then an additional 2 billion. So it's basically doubled it. And each year would be 2 billion spending overall then. You spend 2 billion this year and 2 billion next year?

Mr. Toffan: — For executive government, yes. Yes, that's right. Yes.

Ms. Sproule: — And it's 14 million originally and now 10 million additional. So the extra 4 million, if we were to balance it out, you said about 1 per cent. What does that additional 4 million represent? Do you know what I mean? Like you had originally allocated 14 million for the first billion, so to speak.

Mr. Toffan: — Yes. One thing to consider is that there's areas across government that would service that original 5.5 billion, including the Crowns. And so if we think about the 1 per cent or 20 million over the two years for project management, that's really servicing the additional 2 billion. So those resources don't exist across government. But we want to make sure that we still deliver this in a really, you know, positive outcome-type way. These are incremental dollars that are being spent, and those resources just don't exist across government to manage that. But there is resources in government to manage that 5.5.

Ms. Sproule: — Okay, thank you. Just to go back to your comment about wanting to source private individuals because they're short on work right now. Won't these stimulus projects create that work for them?

Mr. Toffan: — Yes. And that's one of the things is, from a construction standpoint, we're estimating about 10,000 jobs to be created. What these individuals are, are really those project managers, the engineers, the architects, those folks that would be kind of above and beyond that. This is really about that planning aspect, getting all of our governance systems together, getting all of our engineering documents together, and really understanding the overall spend before we put a shovel in the ground. We want to do this right, and so that's really what this investment is, the \$10 million this year.

Ms. Sproule: — You indicated, Mr. Minister, that there would be . . . oh no, last year, I think this was under the SPS that there were about 500 procurements. And you said 90 per cent of those procurements were Saskatchewan-based companies. Can you give us a sense of the percentage of the value of those procurements vis-à-vis Saskatchewan companies?

Hon. Mr. Wyant: — I think I mentioned in my opening remarks it was about \$410 million with respect to that 90 per cent number.

Ms. Sproule: — And what was the value for the 10 per cent?

Hon. Mr. Wyant: — It was \$466 million. That was just over 500 procurements that was valued at 466.4 million, of which 90 per cent were Saskatchewan-based companies.

Ms. Sproule: — So about 56 million of that went to the 10 per cent. Is that correct?

Hon. Mr. Wyant: — Yes, whatever the difference is. That was the right number. As I noted in my remarks, there are just some things that can't be procured in Saskatchewan. And so I'm sure you understand that.

Ms. Sproule: — Maybe just on that, I do have a specific question for you. In terms of ensuring that Saskatchewan people do get back to work, is there anything you will be doing differently as a result of COVID regarding procurement for Saskatchewan businesses?

Hon. Mr. Wyant: — I'll have Mr. Toffan kind of go through a number of things, but we're certainly focused on ensuring that Saskatchewan workers get back to work. One of the things that we have been spending some time talking about is introducing community benefits which provide specific consideration for Saskatchewan content in construction procurement. We've had a

number of very good conversations with a number of labour unions with respect to how that's being received, and it's been received actually quite well. So that's one of the things that we're going to be doing.

Certainly looking to make sure that we take full advantage of any opportunities in our trade agreements to ensure Saskatchewan companies and Saskatchewan workers are retained. This is a significant priority for the government. The intention of course with respect to strategic infrastructure in terms of a recovery is to make sure that Saskatchewan workers are put back to work. And so that will be a focus. That's one of the tools we're going to use. Mr. Toffan perhaps would like to comment a little bit more on that.

Mr. Toffan: — Yes. It's part of really the work that we need to do in advance before we get the shovels in the ground to make sure that we're spending the time to really look at what's needed on the projects. And not just from a status quo standpoint pre-COVID, but also looking forward from an engineering and design standpoint and architectural standpoint what might need to change in order to accommodate, you know, a pandemic-type environment. And so that is the work that needs to happen. It's part of that \$10 million spend that we talked about for more project management-type resources. So that's one thing that we're doing.

[15:30]

Another thing that we're working on as we move forward is how we're going to share risk with contractors on the job site. Obviously there's safety precautions that need to be taken, and we don't want the full brunt of that just to be on the private sector should an outbreak happen, for instance. We want to make sure that we're having that language built into contracts and that there's no question marks surrounding that, should an outbreak happen.

Ms. Sproule: — Thank you for that. I just want to talk a bit about the single procurement service that started last year. I'm just wondering if you could tell us in a little more detail how it was rolled out and how it operated in the last fiscal year.

Mr. Toffan: — So as the minister pointed out in his remarks, it started about a year ago. And really the first year was dedicated on getting our systems and processes set up, getting our staff in place, and more recently creating a separate strategy unit of the single procurement service to ensure that Saskatchewan businesses get the full benefit of procurement.

I would say that in years past we focused procurement on purchasing, and it was really about buying services and goods. We've changed that now to use procurement as an economic development tool and also a function of strategy for government, to ensure that we're getting the best bang for our buck for the economy here in our province.

And so we have created a strategy unit, going back a couple months ago, to manage that part of the single procurement service. As the minister pointed out, 500 procurements valued at approximately \$466 million; there was nearly 90 per cent of these that were for Saskatchewan companies, or about \$410 million.

Hon. Mr. Wyant: — The other point that we need to kind of highlight is the fact that, as we go through these procurements, where SaskBuilds identifies that there perhaps is an opportunity for a Saskatchewan business to participate, they get involved at that level too. So ensuring that there's supplier development and ensuring that there is a development of those industries to support Saskatchewan procurement continues to be a key role of SaskBuilds and Priority Saskatchewan. And I must say they've done a pretty good job of that over the last year, and they'll continue to build on the momentum that they've had over the last year.

Ms. Sproule: — Just for clarity, when you're talking about Saskatchewan companies, are you talking about companies that are originated in Saskatchewan or are registered in the Saskatchewan corporate registry?

Hon. Mr. Wyant: — Well you know, how you define a Saskatchewan business has always been a challenge for us. What our key focus will be is to ensure that the work that's being done in Saskatchewan is done by Saskatchewan workers. And that's why I kind of highlighted a little earlier on the introduction of our community benefits, which provides for specific consideration of Saskatchewan content in contracts.

So you know, for an example you may have an Alberta company that engages its work . . . all its workers are from Saskatchewan. We would look at that as a good opportunity for Saskatchewan workers who are here earning that income and paying taxes in Saskatchewan. So to put a fine definition on what a Saskatchewan company is is very difficult. Certainly ensuring that Saskatchewan workers are engaged in these projects is the key focus of what we're trying to do at Priority Saskatchewan.

Ms. Sproule: — So of the 90 per cent of the companies that you said were Saskatchewan companies, were any of them Alberta companies that are registered in the Saskatchewan corporate registry, or I guess any other province or other country as far as that goes?

Mr. Toffan: — So the definition of Saskatchewan supplier that we use is a business that is located in Saskatchewan, employs Saskatchewan people, pays Saskatchewan taxes, and sources their supplies from Saskatchewan-based businesses based upon capacity, quality, and availability.

Ms. Sproule: — And by located does that mean that it could be a company from outside of Saskatchewan that's registered in the Saskatchewan corporate registry?

Mr. Toffan: — If they have a business presence here, exactly — significant business presence.

Ms. Sproule: — So it could very well be a company from Alberta that has registered in the Saskatchewan corporate registry that you're defining as a Saskatchewan company. How do you enforce whether or not they're employing Saskatchewan workers?

Mr. Toffan: — We do sometimes get reporting on it, and we're looking at doing that more consistently in the future on Saskatchewan citizens. The minister referenced community benefits, and so now what we're doing through procurements is

we're actually asking companies as they bid to indicate what percentage of Saskatchewan residents will be working on the project. And that information will then be scored as part of the evaluation and also find its way into the contract. And if they don't follow that percentage that they've dedicated during the procurement phase, then there could be penalties.

Ms. Sproule: — How would you enforce that at the execution phase? Like when the workers are actually there, do you go out and check to see if they're paying taxes in Saskatchewan or how do you ensure that those workers are indeed paying taxes here?

Mr. Toffan: — Yes, so it'll be a reporting process that's still in development. This is relatively new, using community benefits. But we do anticipate doing audits on this and ensuring that companies are doing what they're saying they're doing. And this is no different than audits that we run on safety, on quality, on other things. It's just another part of our regular course of business that we want to add.

Ms. Sproule: — Could you provide the committee with a list of the 90 per cent of the companies that received procurements last year so that we can check to see which ones are registered here and which ones are actually located here?

Mr. Toffan: — We can provide that. It's all publicly available through SaskTenders. So yes.

Ms. Sproule: — We would have to go through each contract individually? Is there any way you have that amalgamated? Obviously you've done a calculation so you must have amalgamated that information at some point. If you have it, it would be much more simple than going through each contract.

Hon. Mr. Wyant: — We can undertake to go through that and see what we can provide to the committee.

Ms. Sproule: — Thank you. Just moving on, I notice we only have 20 minutes left. We'd like to hear a little bit about the First Nations businesses and individuals. And last year you indicated that you were going to investigate into their capacity and their ability. So if you could report on the research that you've done in that circumstance. And what was the dollar value for procurement in the last fiscal year from the First Nation, Métis business community, and what is your projection for this year?

Mr. Toffan: — Thanks for that question. So from October 2019 to March 2020, Priority Saskatchewan undertook pretty extensive consultations and engagement with public entities, First Nations, Métis business leaders, and also industry associations. And that ranged everything from the Crown corporations, which we do business with regularly, and they also do business regularly with First Nations companies.

We also talked quite a bit with industry associations including the Saskatchewan Chamber of Commerce who have since created their own charter for this, North Saskatoon Business Association, Saskatchewan Heavy Construction Association, the Saskatchewan Construction Association, and so on and so forth. We also engaged with Saskatchewan Indigenous businesses like File Hills Qu'Appelle group of companies; Saskatoon Tribal Council Industrial Contracting; Pinehouse Business North; Vermette Wood Products — which we've had a great

relationship with frankly and have found opportunities to build Saskatchewan work in Saskatchewan through really good relationship and good consultation and communication with Vermette — First Nations Power Authority; Cowessess Ventures, and so on and so forth.

One thing to note is that Indigenous leaders have stressed that providing opportunities to participate in itself is a key signal that they want government to provide. And we do that through conversation with them early and often.

There may be, from time to time, some other things that we can do on community benefits with Indigenous. So that's one thing that we're exploring, especially on projects in the North.

The Indigenous spend by executive government over the past three fiscal years is estimated to be about \$81 million. So since we spoke last year, we did have some analysis done. It was already started last year when we were at this committee. In '16-17 it was about 24 million, in '17-18 about 22, in '18-19 about 24.3 million. And these are best estimates for executive government procurement. And we know that this is sort of a baseline that we can use to grow from. I think it's a starting point obviously, and we look forward to having further conversation with Indigenous companies and also Indigenous labour, frankly. And there's lots of opportunity here.

Ms. Sproule: — Do you know offhand if the First Nations Power Authority has had any shovel-ready projects since it began? Like I understand they haven't actually hired anyone to do any work.

Mr. Toffan: — So the First Nations Power Authority will work closely with First Nations bands on power projects. So for instance, there is one in Meadow Lake Tribal Council that is actually under construction right now that we're providing for through SaskBuilds and the federal government. And there's likely more to come. So SaskPower deals with First Nations Power Authority directly on allocations for power, but wouldn't do the construction themselves. It's sort of a middle ground.

Ms. Sproule: — I can ask more questions from SaskPower tomorrow in committee when it comes to that. Another question I want to ask is, are there any lawsuits related to P3 construction, the four P3s that you have engaged in? Are there any lawsuits currently and in the past that have been settled? So just what is the status of any lawsuits related to P3 construction?

Hon. Mr. Wyant: — I'm not aware of any ongoing litigation with respect to any of the P3 projects, nor am I aware of any litigation that's been commenced and concluded with respect to any of those projects.

Ms. Sproule: — Thank you. Could you explain a little bit about the flexibility challenges you are encountering with, I think you called it ICIP?

Hon. Mr. Wyant: — Well under the ICIP funding there was four bundles that were put forward by the federal government, each with a different amount, whether that was transit, whether that was green, whether that was community, culture, and recreation. And what we have been having conversations with the federal government around is ensuring that we have more flexibility with respect to moving funds between those streams.

For instance, there was \$307 million that was allocated for public transit, the majority of that to the city of Saskatoon and the city of Regina, both of whom have indicated that their particular allocation, under those streams, is in excess of what they can use to do public transit projects. And so the conversations that we've been having with the federal government is to ensure that we can have as much flexibility as possible, having regards to the needs of those major cities, in moving funds between different streams. And so we continue to have those conversations.

As I mentioned in my remarks, the development of the COVID-19 stream which will allow 10 per cent of the streams to be reallocated into that stream — we've matched 80 per cent by the federal government — is an early indication of the desire of the federal government to be somewhat flexible. But again, certainly we're looking to have more flexibility so that we can be more responsive to not just provincial priorities, but municipal priorities around the province.

Ms. Sproule: — Thank you for that. I just wanted to ask about a lawsuit that is referring to the Regina Bypass Design Builders and Supreme Steel. This went to court last year, and basically there it was an attempt to declare the bypass contract exempt from *The Builders' Lien Act* — and I know we've asked about this in the House — and the Government of Saskatchewan supported the bypass consortium against the Saskatchewan company. So I'm just wondering, first off, why did the government take that position?

Hon. Mr. Wyant: — I think those questions are more properly put to the Minister of Justice and the Attorney General, who is responsible for taking the government position on that file.

[15:45]

Ms. Sproule: — Okay. I just want to get a better understanding of the federal-provincial integrated bilateral agreement. You talked about this last year as well in terms of what your role is in implementing that agreement. And does any of the funds that you get allocated to yourself come from the federal funding? Is that allocated to SaskBuilds?

Hon. Mr. Wyant: — The \$896 million will ultimately flow through SaskBuilds, as I understand. When invoices are presented to SaskBuilds on any particular contract, or any projects that have been approved by the federal government and the provincial government, then those funds will flow through SaskBuilds, and to pay any particular contracts or invoices that are rendered as a result of those projects.

Mr. Toffan: — On these projects we work with our delivery partners as well, so there are some projects that we will work directly with recipients on. For instance, the Meadow Lake Tribal Council project, which those invoices will come directly to us and we'll make those payments. We will also work with the Ministry of Government Relations on municipal projects. There will likely be some other First Nations projects that we'll deal with directly through SaskBuilds.

The total amount of funding from the feds — just to answer your question — is \$896 million over a 10-year period. And that's split up by \$416 million for green, and that's actually split up into two streams as well, for your traditional water, wastewater,

landfill-type projects, and then also there's a green energy stream as part of that, a substream. Public transit, as the minister pointed out, about \$307 million. There's a rural and northern stream, 416 million.

And then there's a community, culture, and recreation stream which is the smallest stream at 56 million. But to go back to your other question on flexibility, this is one area where we see a very large demand in our province and a very limited amount of funding to fund those high-demand projects.

Hon. Mr. Wyant: — And that's really the foundation for our request to have more flexibility. The Ministry of Government Relations is responsible for the intake of these projects and so the applications, or at least the intake in respect of what projects might ultimately put forward from the federal government, flow through Government Relations.

Ms. Sproule: — Thank you. Last year in committee I had asked you to provide the names of the review committee to us, and you said you would. I don't think they have been provided so I'm just wondering if I could refresh that question and ask you to do so.

A Member: — They were tabled.

Ms. Sproule: — They were tabled?

A Member: — Yes, just . . .

Ms. Sproule: — Just recently?

A Member: — Yes.

Ms. Sproule: — Okay. I'll look for that document then. If it's already been provided, then I'll just look for it . . . [inaudible interjection] . . . Yes, no that's fine. I just . . . You're not the only ministry or agency that is currently providing the answers to those questions from last year. So if it's been tabled, that's fine. I'll seek it out from the committee members.

So just a quick question. Is there any anticipation of any P3s that are coming forward in terms of this \$7.5 billion?

Hon. Mr. Wyant: — As I think I mentioned last year, every major capital project that comes to the attention of SaskBuilds for consideration, we will put a lens on that to determine what the best procurement method is for any particular project. But currently there is no proposal before cabinet for any additional P3 projects, but that's not to say that they won't be considered as part of our procurement analysis.

Ms. Sproule: — In terms of the benchmark for . . . You mentioned last year it's typically around \$100 million. Is that a benchmark that you're still looking at as a guideline?

Hon. Mr. Wyant: — That's correct.

Ms. Sproule: — Okay. In the Estimates book on page 147, there was a change from March to June basically in the lending and investing activities of SaskBuilds. In March you indicated your forecast for last year was \$8 million, and that has changed in June to \$2.606 million. And then you're now estimating some lending activity in this fiscal year, which you weren't doing back in

March. Could you explain to the committee the reason for that change?

Mr. Toffan: — Yes. Really what it is, is it's a difference of forecasting that we're getting from Meadow Lake Tribal Council on when they envision their spending to occur on their project, and we have a line of credit set up to manage that funding. And so the anticipated amount of funding required at a certain point in time has just changed. That's all from our third party.

Ms. Sproule: — What project are you referring to?

Mr. Toffan: — That's the Meadow Lake Tribal Council biomass project. That's funded through the Investing in Canada infrastructure program.

Ms. Sproule: — Thank you. Page 152, there was also a change between March and June. Is that the same . . . No, these are Crown corporation loan repayments. So in March, you had estimated repaying \$4.5 million. I don't know what loan that would be. And then in June that's gone completely. So could you explain the change between those two documents?

Mr. Toffan: — It's really the same issue with Meadow Lake Tribal Council. It's just a different estimate that we received from them on how they plan on building their project out and how we're going to pay.

Ms. Sproule: — Okay. Last year we had a bit of a discussion about your annual report and the fact that your payee details and your . . . Both payees for staff and individual payees are still in paper and they're not included as part of the online report. You were going to investigate that. I'm just wondering if there's any update on whether or not the public will be able to access these documents online?

Hon. Mr. Wyant: — It will be online now.

Ms. Sproule: — So for this year's annual report it will be included. Thank you very much. That will help a lot when we track these things down.

Just going to some of your financial statements from your last annual report for '18-19. Unfortunately it's a year old. And I'm sure this year's annual report is already printed and delivered to the proper authorities, but we'll probably see that in a couple weeks from now. So unfortunately I can only ask questions on the previous annual budget.

One of the things I've noticed is that you sometimes have had surpluses. It's not unusual for you to have a surplus. What is the reason — I think it's two years running — that you have had a considerable surplus? And in fact at the end of 2019 you had an accumulated surplus of \$2.3 million.

As you indicated in your comments, Mr. Minister, this year's spend will include some of the surplus from last year. But I guess kudos to you for having a surplus. I know the GTH [Global Transportation Hub] certainly doesn't, so it's a different side of the coin. But maybe you could explain why it is you're able to run a surplus.

Mr. Toffan: — Yes, from year to year, of course, we make our

budget estimates just like every other ministry, and sometimes things take longer than we anticipated. In this past year, it was our move. So that was delayed slightly because of the current building owner. It changed hands, so there was some delays.

What we will work on, and what we have worked with Finance on, is to keep our surplus in between a million and \$500,000 going forward.

Ms. Sproule: — Okay, thank you. In terms of the payee details I note that there was an \$84,000 payment to SaskPower Corporation. This also happened the year before and you said last year it was a staff person that came to you. Is that the same situation this year?

Mr. Toffan: — Yes.

Ms. Sproule: — Okay.

Mr. Toffan: — It's the same thing, yes.

Ms. Sproule: — Same person or . . .

Mr. Toffan: — It's the same individual, yes.

Ms. Sproule: — Who continued to work for you. All right. In terms of other payees, CannonDesign architecture received a payment of \$136,000. Can you share with the committee what the purpose of that was?

Mr. Toffan: — Yes. Cannon was the owner's engineer for the Saskatchewan Hospital North Battleford.

Ms. Sproule: — Say that again, the which engineer?

Mr. Toffan: — It's the owner's representative from an engineering standpoint.

Ms. Sproule: — And we're paying for them?

Hon. Mr. Wyant: — We're the owner.

Ms. Sproule: — Oh I see. Not Access Prairies Partnership. This is as the Crown. So we have our own engineers, and the P3 has their own engineers. So what sort of work was this engineer doing for SaskBuilds in the last fiscal year?

Mr. Toffan: — The work they were doing was basically reviewing and finalizing design and ensuring that the private sector design was meeting the needs of the taxpayers of our province. They're really the owner's representative from a technical standpoint to ensure that the work they said they were going to get done is essentially done to a proper standard.

Ms. Sproule: — As we know there were a number of difficulties with that facility, and we were told that this wasn't going to cost the taxpayers any more money, but here is a \$136,000 cost. Is that something . . . I'm properly characterizing that, or not?

Mr. Toffan: — No, actually it's unrelated to that. Those costs are borne 100 percent by the private partner. This was related to basically the commissioning of the building, status quo-type work. We didn't add to the scope of work of Cannon at all, so it

had nothing to do with the issues that have transpired.

Ms. Sproule: — Going back to the Meadow Lake Tribal Council biomass project, how is it that SaskBuilds is involved in the advancement of funds to MLTC [Meadow Lake Tribal Council]? Like are you their banker, or how is it that you're inserting yourself between the money from the federal government and the actual proponent?

Hon. Mr. Wyant: — So the IDA [intermunicipal development agreement] is signed with . . . SaskBuilds has responsibility for that, and that was one of the projects that was advanced and approved by the federal government for ICIP funding. And so that's why our involvement.

Ms. Sproule: — I'm sorry, could you repeat that?

Hon. Mr. Wyant: — Sure. Well we're the signatory to the agreement, the bilateral agreement with the federal government. And because the project was one that's financed through the ICIP program, that's where our involvement comes in.

Ms. Sproule: — Is it essentially a flow-through of funds then?

Hon. Mr. Wyant: — Essentially.

Ms. Sproule: — Okay. Early in your comments you talked about \$5 million going to the establishment of the enterprise business modernization project. I don't think this is something we talked about last year. I can't recall. So if it's a new initiative, could you share with the committee more, maybe a little bit more detail about it. You mentioned the tech sector as being part of that, so I just kind of wondered if you could share with the committee a little bit more. That's a fairly hefty sum, \$5 million.

You know, we've talked about a million dollars for a safe injection site so it's a considerable expenditure, and just wondering what the value is for the taxpayer.

Hon. Mr. Wyant: — Well maybe I'll just start and Mr. Toffan can . . . Certainly the existing environment over government contained . . . There's over 35 different systems being used to provide back-office services, and so those systems are aging and certainly require millions of dollars worth of investment just to maintain those operations with no added benefit or improvements. So this is really a system that we're developing to ensure that we can continue to provide the support, those back-office supports that executive government needs to continue to operate.

So it's really an enterprise business model where we're going to bring as much together as we can within executive government. Kyle, did you want to . . .

Mr. Toffan: — Yes. So this project is in the relatively early stages, so the enterprise business modernization project. We've been calling it EBMP. It's an integrated financial, human resource, and procurement system really to integrate those 35 systems the minister talked about that are . . . Some of them are 20 years old and quite manually intensive.

The benefits of this process and this business modernization system is better evidence-based decision making, better

efficiency for a business through reduced duplication of entry. So for instance, sometimes we enter something in an HR [human resources] system, and then enter the same thing in the financial system, and then enter the same thing in a procurement system, and the systems don't speak to each other. We want to ensure stronger security and fewer privacy threats to government through this process. And also it's really purely business transformation and to support the delivery of services to the citizens of our province.

[16:00]

As I mentioned, we are in the early stage. There actually is an RFP that was released today, I believe, or yesterday, to look for a private sector integrator for the initiative. And there will be several off-ramps on this before we make a final decision or government makes a final decision on what the best course of action would be for these 35 old systems.

Ms. Sproule: — If I understand this correctly, is this strictly for HR [human resources] procurement? Or is there other kinds . . . [inaudible interjection] . . . It's not an HR issue? There's a lot of techno language you use like back-office supports, and a private sector integrator, and off-ramps, and things like that that I'm not familiar with. But I'm not exactly sure how it ties to Executive Council. And I think, Madam Chair, this is probably my last question as it appears I'm out of time, but maybe if you could talk it down a little bit for someone like me to make sure we understand what exactly is being done here because the lingo is kind of throwing me off.

Mr. Toffan: — Sure. So this is our financial management systems. It's our procurement systems. It's our payroll. So things like that that are more financial in nature, or human resource in nature, or procurement in nature. It could be some scheduling, so think of Corrections, for instance, and how they schedule staff. Those types of things.

Ms. Sproule: — Okay.

The Chair: — Seeing as there are no further questions on SaskBuilds Corporation, if the minister has any final remarks he wants to make before we move on to Highways. Or if we just move into Highways, it's up to you. Do you have to change out officials?

Hon. Mr. Wyant: — Yes we do, yes.

The Chair: — Okay. So we'll take a brief recess then.

Hon. Mr. Wyant: — Perhaps if I can just make couple of final comments now, Madam Chair.

The Chair: — Sure.

Hon. Mr. Wyant: — First of all, let me just thank you and thank the committee for their patience. I do want to thank the officials that are here today who not only provided excellent support to us today, but on a day-to-day basis in supporting me as the minister. I also want to thank Member Sproule for her respectful questions. I know this is probably the last time that we'll have an opportunity to take questions from you, so good luck in your future. And I'd also like to thank Hansard for their attendance

here today.

Ms. Sproule: — Thanks, Madam Chair. I too would like to express my gratitude to the officials for the work you do, as the minister said, every day and particularly today. This is a new area I think that we need to continue to learn more about and ask questions about, so thanks to you. And thank you, Mr. Minister, for the respectful answers. So thank you, Madam Chair.

The Chair: — You're welcome. Okay, seeing as we've concluded SaskBuilds, we'll take a brief recess just for the staff to do their cleaning before the new folks come in.

[The committee recessed for a period of time.]

General Revenue Fund Highways and Infrastructure Vote 16

Subvote (H101)

The Chair: — Welcome back, committee members. We will now begin our consideration of estimates for the Ministry of Highways and Infrastructure, vote 16, Highways and Infrastructure, central management and services, subvote (H101).

Minister Ottenbreit is here with his officials. Due to physical distancing requirements in light of the COVID-19 pandemic, witnesses may speak at the stand-up microphone provided at the back, and I'd ask all witnesses to please state their name and their titles when they speak the first time. And if the minister needs to confer with his officials in private, room 4, the media room, is available just two doors down outside. So, Minister, you can begin by introducing your officials and making your opening remarks.

Hon. Mr. Ottenbreit: — Okay. Thank you, Madam Chair, and thank you, committee members, for taking the time for our presentation of our estimates for the '20-21 budget. Before we get to questions, I'll take a few minutes to give you an overview of this year's budget submission from the Ministry of Highways and Infrastructure. I'll start by introducing some of the officials from the ministry who will be here to assist me with answers to your questions.

With me here today is my chief of staff towards the back of the room, David Cooper; deputy minister to my right, Fred Antunes; Tom Lees, assistant deputy minister, operation and maintenance division; Wayne Gienow, acting assistant deputy minister, planning, policy, and regulation division; and David Munro, manager of strategic planning and budgeting, corporate services division. Also we have some officials that I won't recognize here but thank them for joining us virtually for aiding in our estimates presentation.

Madam Chair, it's impossible to begin any discussion about government's plans to invest without first addressing the situation created by the emergency response to the global pandemic. Things we took for granted just months ago are somehow more precious and important now than ever. The health of our families, our friends, and our communities; our relationships, both personal and professional, are at the top of that

list.

We also must look at the health of our economy, which sustained challenges, and it will take time and work to recover. Fortunately the hard decisions we made just a couple of years ago that aided and improved our fiscal standing will help us recover more quickly. Government as a whole is investing \$7.5 billion over the next two years to stimulate our economic recovery. And without a doubt, Madam Chair, we will recover.

The story of Saskatchewan is one of people who have always dealt head-on with challenges. The people of our province value hard work and community. We are resilient and we will get through this together. The Ministry of Highways and Infrastructure that I have the honour to serve in will assist by making timely investments that contribute to our economic recovery and position us for future growth.

When we announced the growth plan last November, we understood it was a road map to the continued building of a stronger Saskatchewan. COVID-19 may have slowed our pace but has not changed the path we have laid out to even greater success. We will continue making strategic investments to improve safety and strengthen our economy, allowing us to maintain strong communities and strong families. We have committed to more people, more jobs, and more investment in Saskatchewan. We will ensure Saskatchewan continues to be the best place in Canada to live, work, and raise a family. The growth plan is an important part of that because it provides direction. It sets us on the path to a better future.

As a landlocked province in an exporting nation with an exporting economy, we need a world-class transportation system to move our goods and our people. That's why we continue to work towards growth plan goals such as investing \$30 billion in infrastructure, expanding export infrastructure, supporting communities through our \$2.5 billion in revenue sharing, to name a few.

The growth plan sets a goal of building and improving 10 000 kilometres of roads in the next decade, and we're committed to meeting that target. When we first drafted our plan for '20-21, it included building and improving more than 1000 kilometres of highways. That's 1000 kilometres per year over the next 10 years on average, and we're committed to that goal.

Then COVID-19 came and we realized we needed to do even more. We've now added a stimulus package that will invest an additional \$300 million in highway infrastructure over the next two years. We've identified a number of shovel-ready projects that will allow us to get Saskatchewan people to work right away. More than half of those dollars, 153 million, will be spent on improving 325 kilometres of thin membrane surface highways. Improving these highways will increase transportation safety and efficiency and help get our goods to market.

[16:15]

We've also made a two-year commitment to invest more than 100 million in 24 to 26 sets of additional passing lanes. These passing lanes will increase safety and they will also help our goods get to market. And we'll invest an extra \$46 million in our municipal funding programs for partnerships that will result in

the improvement to more than 100 RM [rural municipality] roads along with a number of bridge and culvert projects and 15 community airport projects, once again supporting the efficient movement of goods on the road network that connects to the farm gate and enhancing air transportation in some of our rural and regional areas, improving access for recreation, business, and health care.

As a ministry in a public service, we are guided by our goals. The commitment to excellence says we will be the best public service in Canada. We will make public investments that reflect our core goals as a province and as a ministry. Top of these is improving safety, also improved road conditions, an integrated network, and efficient movement of people and goods.

Budgets are an expression of our strategic goals which we demonstrate through our investments. The people of Saskatchewan have entrusted us to act in their interest and we will never forget who we're working for. This year's highways and infrastructure budget is \$715 million, which includes the amount we tabled when we released our estimates in March plus an additional 67 million for stimulus projects to support the economic recovery. That represents a 1 per cent increase from last year.

We have increased our investments in stimulus projects, road safety improvements, municipal funding, and operating the Regina bypass, which has been open now since last November. These increases are offset by a capital reduction for the bypass since the remaining capital costs were booked last year after substantial completion. Including this year's investments, the Saskatchewan Party government will have invested almost \$10 billion in our transportation system since 2008, improving more than 15 800 kilometres of our 26 000 kilometres of roads.

This year's capital budget will focus on improving safety and increasing the capacity of our road network. We'll invest 411 million to improve strategic transportation corridors around the province. This is highlighted by passing lanes. In '20-21 we will begin or continue the complete construction of 24 sets of passing lanes on some of the province's busiest highways. These include nine sets of passing lanes along the Highway 6 and 39 corridor between Regina and the Canada-US [United States] border; two sets of passing lanes on the growing Highway 5 corridor east of Saskatoon; seven sets along Highway 7 between Rosetown and the Saskatchewan-Alberta border; and six sets in the Yorkton area on Highway 9 and 10 from Canora to Melville. It takes time to plan so not all 24 of these projects will be completed this budget year. We will however complete more than half of them and progress towards the rest will be had.

Because of our stimulus package we will also be delivering more than passing lanes over the next two years. We'll undergo planning this year for another 24 to 26 sets of passing lanes on important corridors including Highway 2 north of Prince Albert, two sets; three more sets on Highway 3 from Prince Albert to Shellbrook; three sets on Highway 12 from Martensville to Highway 312; three sets on Highway 14 from Saskatoon to Asquith; and from Clavet to the Manitoba border, 13 to 15 sets along Highway 16. We will plan them this year and start building them next year.

We also continue to make significant investments in intersection

safety. It's been a little bit more than two years since the Humboldt Broncos bus crash, and we promised we would spend 100 million over five years on intersections and spot safety improvements. And we're keeping that commitment in this year's budget.

Thirteen million will be invested under the enhanced intersection safety program including intersection improvements on Highway 3 east of Prince Albert; installation of transverse rumble strips on Highway 342 south of Plato; improvements on the junction of Highway 11 and Davidson south commercial access.

And highlights of our 7 million investment in a safety improvement program will include pedestrian crosswalk improvements on Highway 155 in Buffalo Narrows, intersection improvements on Highway 20 at Lumsden, and an upgrade to the warning system at the railway crossing of Highway 14 east of Biggar. Madam Chair, it all adds up to an additional \$20 million spent on intersection and spot safety improvements.

There's one other increase that will pay big dividends when it comes to safety and that's increasing the investment in pavement marking. We're increasing that by \$1.6 million in this budget. The additional investment will allow us to repaint more pavement signs and paint lines on 5000 more kilometres of roads. That's 10 per cent increase in the number of kilometres being marked. We know that good pavement marking has been shown to reduce crashes and prevent suffering, making it a cost-effective safety improvement.

Another obvious way to improve safety and performance is by improving the quality of the roads themselves. Our government will be investing \$222 million into 845 kilometres of repaving and preventative maintenance across the province. This includes 280 kilometres of repaving, such as 39 kilometres of Highway 9 north of Yorkton, 16 kilometres of Highway 10 southwest of Yorkton, both in conjunction with the passing lane project in the area.

We'll also be repaving 23 kilometres of Highway 39 north of Portal as part of the passing lane project there, which also includes a federal partnership for this important, international corridor.

Other repaving projects include 24 kilometres of Highway 7 southwest of Delisle, 23 kilometres of Highway 3 east of Prince Albert, 12 kilometres of Highway 6 north of Regina, 16 kilometres of Highway 6 north of Southey, 19 kilometres of Highway 11 north of Bethune, 15 kilometres of Highway 14 east of Unity, and 24 kilometres of Highway 16 around Marshall.

We'll be making some other improvements to our roads as well including 460 kilometres of pavement sealing; 100 kilometres of median pavement treatments like micro surfacing; and 35 kilometres of gravel rehabilitation, primarily in the North.

For years we've been working to upgrade the province's inventory of bridges. This year we're spending 52 million in bridge and culvert improvements. That will allow us to extend the life of five large span bridges, some of those bridges including Highway 1 over the CP [Canadian Pacific Railway] rail line near Maple Creek; Highway 1 over the CP rail line near Swift Current; Highway 11 over the CN rail line north of

Saskatoon at Warman; and Highway 376 over the South Saskatchewan River at Maymont. We will replace 18 to 20 short span bridges and 130 culverts. That brings the total to more than 300 bridge repairs or replacements since our government came into office in '07-08.

If you're serious about growth, as we are, you can look not only at highways. You've got to consider the entire network. A trucker doesn't distinguish between a road built by the province and one built by a municipality. It has to be seamless. Drivers may start a journey on a city street, continue to a municipal road, and end up on a provincial highway. Our road network in Saskatchewan stretches more than 190 000 kilometres when you combine municipal streets, rural roads, and provincial highways. Different levels of government are responsible for each, but they all serve the same taxpayer, and together we can accomplish so much more.

We also must be sure that other modes of transportation, such as air and rail, are integrated into the road network. A safe, seamless, and efficient transportation system will be critical to our economic recovery. This year we'll be providing \$672,000 more in funding to the municipalities to support them through the urban highway connector program. With a stimulus program we are doubling our commitment to rural municipalities by investing 28 million in the rural integrated roads for growth program, formerly known as MREP or municipal roads for the economy program. Both programs have been revised to be sure they better serve our municipal partners.

We're also working with SARM, or Saskatchewan Association of Rural Municipalities, and the Ministry of Government Relations on an innovative partnership that could leverage federal infrastructure spending to upgrade or replace more than 100 RM bridges over the next four years.

We also support municipalities through the year. We boosted our commitment by 114 per cent to the CAP program, or community airport partnership. We will invest 1.5 million this year, leveraging a total of \$3 million for 15 local airports. Since 2007 more than \$9 million have been invested in community airports. Coupled with matching contributions, that makes more than \$18 million in airport improvements that have benefited 36 different communities since the program began.

We also plan to continue to develop innovative and mutual beneficial partnerships with municipal governments. Our partnership with the RM of Frenchman Butte, for example, will make significant improvements to Highway 21. The road will be upgraded to secondary weight. And the Lake Alma partnership will result in improvements to 29 kilometres on Highway 18. We can do so much more when different levels of government work together.

The growth plan commits us to increasing the volume and value of our exports so we need a world-class highway system to reach our goal. Last year we completed the Regina bypass, the largest transportation infrastructure project in the province's history, and we're looking ahead to another big project, the Saskatoon freeway. We're in the functional planning stage, and we're likely more than a decade away. However if we don't plan today, we won't be ready to build when the time is right. Goods and people need to be free to move.

We're also upgrading a number of rural highways, as I mentioned earlier. We'll be making a significant investment through the stimulus package to improve hundreds of kilometres of thin membrane surface highways. Over the next two years of our economic stimulus plan, we'll be investing \$153 million to upgrade 325 kilometres of such roads. Some of these projects include Highway 24 near Leoville; Highway 26 through Goodsoil; Highway 43 from Gravelbourg to Highway 19; Highway 51 from Highway 317 to the Alberta border; Highway 56 south of the junction of Highway 10; Highway 229 to Good Spirit Lake; Highway 312 east of Rosthern; and Highway 322 from Glen Harbour to Rowan's Ravine Provincial Park.

These projects are in addition to another 100 kilometres we committed to back in March, including Highway 355 west of Spruce Home; Highway 219 from Highway 15 to Danielson Provincial Park; and Highway 255 south and west of Tobin Lake.

We'll start crushing materials this year so we can make improvements next year to Highway 4 from the Canada-US border to Grasslands National Park and Highway 36 north of Coronach.

Madam Chair, northern Saskatchewan is a great source of pride to this province for its people and its beauty and the value of its resources. In this budget we are investing \$60.3 million to build, operate, and maintain a transportation system in northern Saskatchewan. Road improvements include nearly 18 kilometres of Highway 165 south of Pinehouse and spot improvements at approximately five locations on Highway 155 north of Buffalo Narrows.

We're making progress on the Wollaston Lake road, in part due to the federal partnership and investments that allows us to make additional progress this year towards the winter road. Crews were already out this winter clearing trees, grading, and removing a rock ridge, and we're hopeful we will get vehicles off the open ice of Wollaston Lake this next winter. That will provide land access to the community for a much longer period each year, improving the quality of life for the people of the region, and the work will bring us one step closer to the goal of an all-weather road.

We'll also be making improvements to three northern airports, including Fond-du-Lac, which will include surfacing the runway, enlarging the turning area at the end of the runway, and installing high-intensity lighting. Improvements at Pelican Narrows includes base strengthening, better lighting, and improved fencing. In Cumberland House we have done some engineering to determine feasible options to improve the soft runway, and we also plan to do a pilot project on the apron this fall.

We're also looking at various northern airports for automatic weather observation systems and webcams, which aid pilots in actual surface conditions at the airports and also approach improvements with both improved service and safety enhancements.

There's been a federal regulatory change that has increased transportation costs and reduced efficiencies by restricting larger aircraft flying to our sealed granular runways widely used in the North. Our pavement engineers are working with northern communities, the aviation industry, aircraft manufacturers, and

Transport Canada to get the federal government to recognize that sealed granular pavements at some of our airports are the same as hard-surfaced runways. This is recognized in many other jurisdictions in the world. This would benefit northern communities across Canada. And we understand more work needs to be done to improve the northern transportation system, but we will continue to do so.

We manage, as I said earlier, a provincial highway network that's 26 000 kilometres long, and we realize there are worthwhile and important projects across our province. And we will continue to be strategic in our approach.

So in conclusion, the world has changed. We've come through a challenging time. We will be living with the effects for many years. While some things change, many other things stay constant. We have a growth plan. We have a stimulus package. Together they lead the way to a promising and prosperous future. We will continue to put people's dollars behind our strategic goals. So we'll invest in safety. We'll invest in roads. We'll invest in an integrated network. We'll invest in efficiency. We'll invest in northern Saskatchewan. And those investments will bring economic recovery and growth and improved infrastructure, which will serve our citizens for many decades to come.

Despite everything we've been through as a province and as a country, Saskatchewan continues to be the best place to live, work, and raise a family. Thank you for listening. I and our team look forward to answering your questions.

The Chair: — Thank you, Minister. I'll now open the floor to questions from members. And I'll recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Madam Chair. Thank you, Mr. Minister. I see we've now used up 25 per cent of the committee time in your opening comments. I'm not sure we were going to ask questions about sealed granular pavement, but certainly you've provided a great deal of detail in your opening comments. I'm not sure that these are questions that the committee would have, but you were very thorough. Let me say that.

I'm here just to ask a few questions about the bypass and some of the stimulus spending. I'll start with stimulus spending. And I guess my first question is, in terms of the announcements that you just went through in great detail, are these projects being tendered through the SaskBuilds single procurement window?

Hon. Mr. Ottenbreit: — Thank you, Ms. Sproule. Yes, all of our projects go through the SaskBuilds tender window. But I would add to your opening comments. Although you may not think granular seal surfaces in the North are important, they are very important to many of the stakeholders and the citizens in the North that ask us about these situations and the status of their infrastructure in the North. So I believe it's very important to touch on. These are things that are important to people in the North as well as people around the Regina area.

[16:30]

Ms. Sproule: — Do you know, Mr. Minister, the purpose of committee is to ask questions regarding the budget and not

technical aspects of the work that your ministry does? I'm certain that they are important to the people that do the work, and I'm not for one minute suggesting that. But when you use a quarter of the time of the committee time allotted for asking questions to share all that information, which is all available public already, I think there are some concerns. And there were concerns raised about that when negotiating with your Government House Leader, and obviously the message didn't get down to you. So I will just leave it at that for now.

In terms of the contracts for the infrastructure spending and the stimulus spending, how many have been handed out so far?

Mr. Antunes: — So there haven't been any construction . . . oh sorry, Fred Antunes, deputy minister of Highways and Infrastructure. So no construction contracts have been handed out yet. We have procured, I think, one consultant that's going to help us with program management and then there's been another two consultants that are working on some of the spot improvement projects.

Ms. Sproule: — And are those consultants from Saskatchewan?

Mr. Antunes: — We used a community benefits approach when we procured the consultants, at least the program manager. The company that won is, I believe, a consortium, but they, I believe, indicated that they were going to be using maximum labour from Saskatchewan. So I think they got the maximum . . . I believe they got the maximum points for their community benefits.

Ms. Sproule: — And how will you be enforcing that?

Mr. Antunes: — So there are provisions in the contract where the consultant or the contractor declares what their labour is going to be, what percentage of labour that they're going to be using that's Saskatchewan residents. And then at the end of the project, they need to provide a statutory declaration confirming that they have met the target. If they haven't met the target, then there's a penalty regime that indicates that when they bid their job, they knew what the penalty regime was going to be, that would be basically they are going to be penalized if they didn't meet it. And then we also have the right to do an audit.

Ms. Sproule: — Do you have a plan for when you would do audits, or is that just an ad hoc decision?

Mr. Antunes: — No, I mean what we'll do is we'll do probably random audits, which would, you know, similar to I guess the approach that any auditor would take. So we'll do random audits.

Ms. Sproule: — All right. In terms of the companies that get work through this infrastructure spending, what sort of definition do you use to determine whether they're a Saskatchewan company?

Hon. Mr. Ottenbreit: — I was watching intently the committee prior to ours, and I think the Minister of SaskBuilds answered that pretty succinctly. But essentially companies that have predominantly Saskatchewan employees, a Saskatchewan operation, pay taxes in Saskatchewan. Fred, do you have anything to add?

Mr. Antunes: — Yes. I mean it's a difficult thing to, you know

. . . I think we're not in the business of defining what a Saskatchewan business is. We rely on SaskBuilds. What we've done is we've done the approach around trying to employ Saskatchewan people, and that's the approach that we've taken.

You know, there's a number of firms that, you know, you get into a debate about are they a Saskatchewan firm or are they not a Saskatchewan firm. And you know, I don't want to name any names, but there's a couple of large kind of civil construction companies that started here. Their headquarters are no longer here, but they have a significant presence here. So are they Saskatchewan or are they not? So I think it's a difficult thing to determine, and we leave that up to SaskBuilds. What we've done is tried to focus on the Saskatchewan labour piece.

Ms. Sproule: — Obviously headquarters is an important determination in whether a company's from Saskatchewan. Our former premier made much of talking about that when he was here as the premier. So I think we'll have to see how these contracts are handed out, and then we'll be able to evaluate that once we know which companies are the successful bidders and whether or not this community benefits test is being applied properly.

In terms of the Estimates book, on page 18 there's a reference to debt charges, and for Highways, most of the debt charges in the year '18-19 were under SaskBuilds, and that has been transferred over to Highways. I'm assuming that's in relation to the bypass. In 2019-20 your debt charges were 11 million, and this year you are projecting \$26.1 million in debt charges. Can you share with the committee what is included in that 26.1 million?

Mr. Antunes: — Yes. So that would be the interest charges for the Regina bypass project.

Ms. Sproule: — All right. Thank you. Is that basically what you're projecting to be an annual cost now that it's fully operational, is about 26 million in interest for the next 30 years?

Mr. Antunes: — Well just like any mortgage, the interest charges will go down as principal gets paid off. So it's similar to any type of mortgage over 30 years. So basically it will decrease. The interest charges I believe will decrease over time.

Ms. Sproule: — So do you have a total figure for the bypass in terms of interest over its lifetime?

Mr. Antunes: — Yes, so my understanding is, based on the next 30 years the total will be around \$449 million. And I guess that all of these costs were . . . Like you know, a number of years ago the Government of Saskatchewan did their SaskBuilds at a value-for-money audit. So all those costs were rolled up into that when they did the comparison in terms of the procurement model. So the net present value of all of the costs associated with the bypass is the \$1.88 billion, which I think was \$380 million less than if you would have done it using the traditional methods. So the costs are, you know, they're part of that net present value that's been quoted for the project.

Ms. Sproule: — So if I understand what you're saying, that the \$449 million in interest is included in the 1.88 billion price tag?

Mr. Antunes: — Using net present value calculation, yes.

Ms. Sproule: — Do we pay interest on any other highways projects?

Mr. Antunes: — Yes, I guess in terms of the ministry's . . . I'm not aware of any other projects where we have an interest charge. But you know, government funds the capital upfront, so how the government acquires that capital, whether they borrow or how they do it, that's something you'd have to ask the Ministry of Finance.

Ms. Sproule: — In terms of the net present value calculation for the Regina bypass, what other types of calculations would be available to present that 1.88 billion? Like why do you use net present value calculation?

Mr. Antunes: — So whenever you are comparing different types of procurement models or different options that have different cash flows, you know, the cash gets spent in different periods of time. So you know, a generally accepted practice, both in I think economics as well as engineering, is to use a net present value calculation where you say, okay well here is the cash flow that I have. In the case of a traditional design, bid, build, you would say, okay I'm going to invest . . . you know, maybe the project would get done over 10 years. So then I've got a cash flow over 10 years.

Whereas in this, on a P3 project, the project is built over four and then, you know, you've got a different cash flow over the next 30 years. So a net present value calculation is typically used to compare the economic, I guess, comparison, to make the economic comparison between different alternatives that have different cash flow.

Just like if you were making an investment into different things like a business, or whether you were making an investment into whether you want to lease equipment or buy equipment, the same type of calculations would be used.

Ms. Sproule: — In terms of the bypass and utilization since it was opened, I'm just wondering if you could share with committee the total monthly vehicle use for each month since the last time it was released, which was November of 2019.

Mr. Antunes: — So I don't have the monthly, by month, here. But the latest information that I've got on this map that somebody just provided me shows that . . . What section are you interested in? Do you want me to go all the way around the bypass, or what part?

Ms. Sproule: — If you have a breakdown by section, that would be appreciated. Thank you.

Mr. Antunes: — Okay, so from White City kind of to the, I guess, to the Pilot Butte access it looks like about 17,790 vehicles a day. From the Pilot Butte access to where it switches off to go down to Highway 33, it looks like there's about 23,800. When you get south of Highway 33, there's 5,530. When you get onto the west side on the other side of Highway 6, there's 3,340. When you get up on the north side of Highway 1, kind of, I guess this is over close to Dewdney Avenue, about 4,180. Yes, so that kind of gives you the circle around; yes, that gives you the circle around. And we can provide the monthly data if you need that.

Ms. Sproule: — Well that's daily as of the most recent . . . What day was that calculated?

Mr. Antunes: — Well I think what they usually do is they do average annual daily traffic. And they try to, yes, they try to average it. So I don't know what the date was of that report. But we can provide you the details.

Ms. Sproule: — Sure. So that, I guess, was it fairly recent that that was taken or is that back in November as well?

Mr. Antunes: — Yes, so this is based off of counts that we've done kind of from, you know, since the time it opened until now. Until you actually get a full year's worth of data, it's hard for us to create the average annual daily traffic because you kind of see what happens over the seasonality. So these are just the counts that we have over the last, since it opened.

Ms. Sproule: — Thank you very much. Moving on to just a question about the west Regina bypass, in a report by Moody's they indicated that a component of the overall project, the west Regina bypass is currently being built by another party contracted by the ministry. Who was the contractor for that portion of the west Regina bypass, basically just north of Highway 1 up to Rotary Avenue?

[16:45]

Mr. Antunes: — We can confirm this. I don't have the information here but I'm going by memory. I believe that Potzus did the paving. Potzus did the paving. I think Westridge did the two bridges over the railway tracks. And I believe that Botkin did the grading, but I am not 100 per cent positive on that. We'll have to check that.

Ms. Sproule: — Now I understand that this will be turned over to the project co. this year in 2020 according to this report. It said, "The ministry will be responsible for correcting the defects and latent defects related to that segment for a five-year period when turned over to project co."

And so I'm just wondering if that's correct, and if it is, how much has the ministry spent on correcting defects and latent defects relating to that segment?

Mr. Antunes: — So my understanding is that the way that works is that, for a period of five years from the time the contract is signed or the contract starts, the minister will warranty that for five years. So that expires, I think, this June or July. I can't remember the exact date. And to date I don't believe that we've spent any money on the latent defects.

Ms. Sproule: — Because there haven't been any?

Mr. Antunes: — Correct. That'd be correct.

Ms. Sproule: — Okay. Highway No. 1 East was also rehabilitated by a separate company during the construction. Were there any other additional costs for those services?

Mr. Antunes: — So Highway 1 East, the rehabilitation piece was done by Regina Bypass Design Builders, which is part of the consortium.

Ms. Sproule: — RBDB [Regina Bypass Design Builders].

Mr. Antunes: — Yes.

Ms. Sproule: — Moody's report also said that there was rehabilitation at a cost of \$31 million. I believe that was on the east segment of existing Highway 1. Is that the only additional rehabilitation cost that the ministry paid for?

Mr. Antunes: — I don't have the report in front of me, so I'm not sure what that reference is to. So part of the project that the Regina Bypass Partners had to do was they had to rehabilitate the existing Highway 1 from Balgonie into Regina. So that \$31 million, I don't know if that refers to that. There's a couple bridges I think they also rehabilitated. So it would have been the existing lanes that they had to do work on.

Ms. Sproule: — Right. Thank you. Beyond these costs then, what additional contractual costs related to the bypass have been incurred by the ministry?

Mr. Antunes: — So there would have been . . . There's land acquisition costs are separate from that. Then there would have been, we had an owner's engineer that helped with the project. The ministry had very few people on the project. It was basically the owner's engineer did most of the work on the engineering side. And then there's also an independent certifier that makes sure that the contractor is doing things in accordance with the contract. And there may have been a few, some utility costs that may have been done before RBDB started.

Ms. Sproule: — So do you have a total? Maybe a breakdown by the items that you just listed?

Mr. Antunes: — Well everything except I think the land is included in that \$1.88 billion total.

Ms. Sproule: — Okay. Have there been any further costs in the last fiscal year in relation to repairs, O & M [operating and maintenance] payments?

Mr. Antunes: — Well we make the payments that are in the budget, you know, that's budgeted for the O & M costs, and there's a rehab component to that, but that's all budgeted.

Ms. Sproule: — And do you keep track of your own ministry's staff time or staff hours that are put into this project? And is that included in the 1.88?

Mr. Antunes: — Yes, we have been tracking costs of our ministry staff. But as I said, we had a very small project team. There was really I think four, maybe four people that were full time on the bypass. Four or five at the most. Most of the people, like I say, were the owner's engineer, and we had some technical specialists that came in and helped on different things. But the people that were basically on the bypass full time, we're basically charging to the project.

Ms. Sproule: — Okay, and the owner's engineer and the other specialists, that went into the 1.88 billion?

Mr. Antunes: — Yes, that's my understanding.

Ms. Sproule: — Okay. Thank you. I'm just going to move on.

This was a discussion we had last fall, Mr. Minister, regarding environmental impact studies on some of the gravel pits that were used for providing aggregate to the bypass. As we understand, these were largely owned by the people of Saskatchewan. They were provincial Crown gravel pits. But you had reported last fall that when you were looking at large projects like this, there would be an environmental impact study done.

In June of 2019 there was a reasons for determination given that there would not be a need for an environmental impact assessment because “. . . aggregate and sub-base required for the project will be purchased and supplied from third party suppliers with existing private facilities.” As it turns out, that wasn't the case.

We understand now that a large amount of the aggregate came from Crown-owned pits up to I think 3 million tonnes overall. So can you share with the committee why that environmental impact assessment wasn't re-reviewed when the decision was made to use Crown gravel and not third party gravel?

Hon. Mr. Ottenbreit: — The pits in question that were used, the Crown pits and the pits that were used for the bypass, all abided by environmental assessments required at the time they were dug. But just for clarification, I think out of the eight pits used, only two were provincial pits. The rest of the material was accessed by private pits.

Ms. Sproule: — There were 3 million tonnes taken out of those two provincial pits. And I just wonder if you could tell the committee why that is not a “. . . substantial use of provincial resources,” which was stated in the environmental review. Also you stated in the environmental review that there would be only third party suppliers and no Crown suppliers of gravel.

Hon. Mr. Ottenbreit: — So when it was referred to Environment, their assessment was that it wasn't a development needing an environmental assessment. So you'd have to direct the environmental assessment question to the Ministry of Environment.

But I will say, with the utilization of the provincial resources on a project like this, it's standard practice that's been used for many years to come. Previous administrations did the same. And basically it's utilization of a provincial resource for the benefit of a provincial project for the people of the province. And all people tendering on this project had access to the same resource. All tendered the same way. And essentially it reduces the price of the project by the amount utilized by the proponent of the project to offset the costs of the overall project.

Ms. Sproule: — With all due respect, Mr. Minister, I think the issue here is what Environment was told by the Ministry of Highways. Because there's a statement in the review where Highways had told Environment that “Any aggregate and sub-base required for the project will be purchased and supplied from third party suppliers with existing private facilities.” This is a document dated June 19th, 2014, and I think you have it in front of you.

So obviously Environment would have ruled on what

information was provided to them from your ministry, Mr. Minister. So I'm wondering why you would have told Environment that this was all going to be purchased and supplied from third party suppliers when in fact 3 million tonnes of gravel were supplied from those two pits at Indian Head.

Hon. Mr. Ottenbreit: — So the information we've got is that they were existing gravel pits and there was no wildlife or plant life that were affected by the project.

Ms. Sproule: — Then why was Environment told that all aggregate and sub-base required for the project would be purchased and supplied by third party suppliers?

Mr. Antunes: — So at the time, and I wasn't there so I'm not sure, but at the time they may have thought that they were going to be using private pits. But there are not a lot of aggregate sources around Regina. We already had gravel pits, and as they went through the procurement there may have been a decision made to say, well let's make our pits available to all the bidders, which would reduce the cost for everybody involved. And because they are already existing gravel pits and all you do is just, you know, look at plants and wildlife and that type of thing.

[17:00]

And I think it is important to note that the way that the ministry handles aggregate reserves is we don't actually book value of aggregate reserves. What we do is just book the cost of the land. So the only time that you book the cost of the aggregate is when it's actually moved into the actual road. So you know, the asset is always the ministry's, and then we just pay somebody to place it in the roadbed.

Ms. Sproule: — Thank you. Do you . . . [inaudible interjection] . . . Sorry.

Mr. Antunes: — It's what we do on all of our other projects.

Ms. Sproule: — Yes. I understand that. Do you have a value once it was booked for the gravel that was used for the bypass from those two pits?

Mr. Antunes: — Well the value that would be booked would be the value of the road asset. So I don't have that here with me, but it would be whatever we determined as the asset value for the entire road. Like whatever the road structure is, the pavement structure is, that will be the value of it. So it's the cost associated with buying the gravel as well as moving the gravel. It was already the ministry's gravel, so it would be the costs associated with hauling it, moving it, loading it, placing it. And then it creates a road, so then that asset value is what it would be booked as.

Ms. Sproule: — That's not broken down. It's the entire value. You wouldn't have a breakdown of the asset value of the gravel that was used?

Mr. Antunes: — No, no. All you could do is say, well there's an estimate of what it might be worth if you were going to buy it privately, but that could vary based on who you're buying it from.

Ms. Sproule: — I know we did some looking into, you know, what RMs were paying for aggregate, and I know every RM is different and the distance of the haul is quite significant as well. But for 3 million tonnes of gravel, there would be a significant value to the taxpayer, would there not be?

Mr. Antunes: — Well it was always the taxpayers' aggregate, so there is a value to it, you know. But I guess from an accounting perspective, it's not . . . The only value that we have is the value that we paid for the actual gravel pit, for the land, and you don't actually book the asset until it's actually put into the roadbed. And to determine what's the price of that gravel, like you said, there's a lot of different factors that come into what that price is.

Ms. Sproule: — I guess the question then is whether that \$1.88 billion reflects the asset that the taxpayers had before, because essentially the RBDB didn't have to pay for it. It was free to the bypass partners in that sense because it was already owned and paid for by the province of Saskatchewan. So I'm just trying to determine whether the value of that gravel is reflected in the 1.88 billion, or is that something that was basically a freebie for RBDB and they got the benefit of that?

Mr. Antunes: — Yes, so the fact that they were moving, you know, ministry gravel or government gravel as part of their price, and somebody else might have done it differently, would have been reflected in the bid price that they provided. So in that sense it would be included in that \$1.88 billion because there was two other proponents that may have been doing something different. Their prices were higher than that. So in that way it is reflected in that \$1.88 billion because their bid price reflected the fact that all they had to do was move the aggregate.

And the way we do this is, you know, basically the generally accepted accounting principles for this is what we follow.

Ms. Sproule: — So I understand correctly, all those putting in bids would have been given that same information though, correct?

Mr. Antunes: — Correct.

Ms. Sproule: — Okay. In terms of the, I guess, dirt pit . . . I'm missing the actual word that you use for dirt.

Hon. Mr. Ottenbreit: — Borrow.

Ms. Sproule: — Borrow. Thank you. There is a huge borrow pit that was developed east of Regina. I believe that the Carmacks purchased it for probably three times its appraisal value. I think they paid \$1.8 million for a quarter section of farm land. They purchased it from some people from Regina and then they sold it to I think Ochapowace First Nation and some other individuals, business people from Regina, for much less. Only 40 acres of that 160 acres was actually used for that borrow pit.

And currently Carmacks is in a lawsuit with the previous owners regarding the decommissioning of the road. Carmacks is refusing to decommission it even though they agreed to do so in the original contract for purchase and sale. And now I'm not sure what the status of the lawsuit is recently. I followed this a couple of months ago.

So I'm just wondering if you have any comment in terms of Carmacks paying three times the value of the land originally, which would of course have driven up the cost of the bid price. Was that something that you discussed with them, or is that just an extra cost that the taxpayer has to assume?

Hon. Mr. Ottenbreit: — So basically, this would have been a business decision on the part of Carmacks attaining the asset, liquidating the asset, and then depending on the benefits that they saw and the distance to haul. And of course, we know that they found a really good quality of material there as well, so they saw a benefit in the quality of material and a shorter haul. And when it comes to the lawsuit between the two parties, we can't really comment on that.

Ms. Sproule: — All right, thank you, Mr. Minister, and Mr. Deputy Minister. That's the extent of my questions. I have a colleague who I need to switch out with in order to continue the questions before the committee. So thanks to all of you for a good discussion. Thank you.

The Chair: — Thank you, Ms. Sproule, and we'll take about a five-minute break just to switch out members and disinfect.

[The committee recessed for a period of time.]

The Chair: — All right, folks, we will resume our estimates for vote 16 on Highways and Infrastructure, central management and services, subvote (HI01). And I'll note that we now have Member Buckley Belanger joining us. And I'll acknowledge Mr. Belanger.

Mr. Belanger: — Thank you very much, Madam Chair. And obviously as we have a few people that are watching the proceedings on the Assembly, I'd just like to basically indicate to them that what the committee work does, it gives the opposition opportunity to go through the Department of Highways and their budgets on any particular related matters pertaining to Highways and Infrastructure.

And I want to thank the minister and his officials for being here this evening to answer some specific questions I have. And I understand through work in the previous hour with my colleague from Saskatoon Nutana, Ms. Sproule, that there has been some questions asked and of course answers received.

I want to spend a bit of time as we'll go right into the questions that I have for the ministers really in terms of the far North. As you probably are aware, we've made comments in the past that in northern Saskatchewan we have the choice between bad airports or bad highways, and most recently there was some discussion around the matter of the Fond-du-Lac airstrip. And I'd like to ask the minister to give me an update on that particular airstrip as to where things are at and what contributions the province has made as well as the federal government and whether there's any particular sticking points that he's aware of in terms of moving the project forward.

Hon. Mr. Ottenbreit: — This is for an update for Mr. Belanger. So last February, as he's aware, we announced the construction of the \$14 million upgrade to Fond-du-Lac. The project includes resurfacing of the runway, improvements to the automated weather observation system, webcams, high-intensity lighting, a

backup generator for that lighting, and improved approach for higher visibility and safety as well. We've continued to work with Transport Canada on improving the ACAP [airport capital assistance program] program for that. It is a good chunk of ACAP funding going into that airport, and of course with the provincial contribution as well.

We've also been working with the federal government, Minister Garneau and Transport Canada, on getting the . . . As I talked in my opening comments about the re-evaluation or reassessment on the seal runway up there, Transport Canada made a decision that it had to be treated or classified the same as gravel. And we disagree with that, as many operators in the province as well as outside of our province disagree with that. So we're working in conjunction with many different entities to get that reclassified to be designated more of a hard-surface runway.

Yes, I missed that point off the start, that the project is actually going to be tendered in July for construction in the next season or, depending on the limitations with transportation and getting crews up in the North with the COVID crisis, as soon as we can get people up working on that, we'll get that done as quickly as possible. But happy to report some good conversations with the chief and leadership up there and movement on the project.

Mr. Belanger: — I understand from the chief . . . He's been on the media on numerous occasions to really passionately describe a need for the runway to be lengthened and widened. And I understand that there was some demur from, I'm assuming it's the federal government, on the lengthening of the particular roadway or the landing strip. We did take a tour several months ago and he drove us around and showed us exactly where the airport would be extended.

[17:15]

What is the latest response from the chief and the council there as to what was originally requested of them? And as well, based on what is being offered now, like where is the difference? And I want to get more into the gravel designation as well. I need clarity on that.

But on the first and foremost, kind of where were the disagreements between what the chief envisioned and desired and needed versus what Transport Canada was offering versus what the province was offering?

Hon. Mr. Ottenbreit: — Well that's one of the gaps with the ACAP program is they won't allow for any upgrading of the surface, lengthening, or widening. So that's why we've been lobbying the federal government to change the program, where we'd have a little bit more flexibility with that. We'd be able to possibly do that.

But when we look at the accident report, the unfortunate accident that happened up at Fond-du-Lac, the report does come back that the runway length didn't have a contributing factor. So we have talked to the chief about other things that would help, and safety. And of course that's why we've looked at the high-intensity lighting instead of the medium-intensity lighting, the backup generator to make sure that lighting was always available.

They communicated a concern about the turnaround areas at the

ends of the runways so we've committed on the provincial portion to expanding the turnaround portions at the end of the runway for extra manoeuvrability as well as again the automatic weather observation system, the webcam, and the increased capacity with more accurate landing system.

Mr. Belanger: — Okay, so for the breakdown of the actual project, like you say ACAP says, this is what we're going to pay for. And you're in the midst as a provincial Highways minister to say look, we need to get designations properly of the surface. So you know, it's not considered a gravelled strip because it's not a gravelled strip of land. I've landed on that airport a number of times over my years. And so we both agree it's not a gravelled strip.

But where was the demur between what the chief wanted . . . because I know he wanted it lengthened and widened. So what is your understanding of what exactly the chief requested versus what ACAP approved? And where I'm trying to go with this was, who was the party? Was it the province or was it the federal government that basically said no to the chief in terms of the widening and the lengthening of the airstrip?

Hon. Mr. Ottenbreit: — It was basically the federal government due to the ACAP funding. They wouldn't allow any flexibility in the ACAP funding for lengthening, widening, or improving the surface.

That's why after consultation with many operators, as you said, that do operate up there, they operate as if it's hard surface. They disagree, many of them, with the designation of Transport Canada as a gravel, not a hard-surface runway, as do some operators around in different jurisdictions in the world that operate on the same type of a sealed-gravel surface that say they operate more of a . . . Through their pilot operating and their operation manuals for their companies, they operate off those as more of a hard-surface runway.

So we took it upon ourselves to lobby Transport Canada. Other operators as well as I believe it's Saab aircraft manufacturer are willing to do an assessment with the equipment, the high-tech equipment that they have to do a proper assessment on the runway. When we got to trying to get it done by the end of last year, it was freeze-up; they couldn't do a proper assessment. So with the thaw of the land right now, it's getting to the point we could probably get that assessment done if it wasn't for the limitations due to COVID.

So as soon as we can get that reassessment done, it will actually allow us to . . . If we can get Transport Canada to accept that assessment, then we can get back to getting larger aircraft in there because we know at 3,800 feet even a Q400, a large Bombardier Q400, can pretty much use that length of an airstrip. So again, it's not so much the length of the airstrip.

We're happy to advocate to the federal government and ACAP program for that eventual service, but for the short term to get larger aircraft in there, we thought it'd expedite the reassessment of the surface, which would get larger aircraft in there, and get the improvements done that we can right now.

The chief did have a bit of a concern about doing this project now and then maybe lengthening later. And we've been assured by

engineers that there's not a problem once we get to that point, adding on to the runway. If we get additional funding through ACAP for that through the federal government, we would look at that. But for the meantime it's a priority to make sure we get the reassessment so that the utilization of our larger aircraft is a possibility.

Mr. Belanger: — Well how confident are you in your deliberations with the federal government as per ACAP in terms of having the airport designated as a hard surface as opposed to gravel; like how would you characterize your level of confidence in being able to convince the federal government that this is indeed a hard surface?

Hon. Mr. Ottenbreit: — No, I'm actually cautiously optimistic or fairly optimistic. Again, when you look at the information coming from Saab aircraft out of Sweden, there is a Saab 340 that flies in and out of there. So I mean they're very well versed on this. Plus some of the different, again, jurisdictions around the world that the aircraft fly in and out of, whether it's through the northern hemisphere, Norway and the Norwegian countries or even, my understanding, is even in the southern hemisphere. I think it's Australia, I read some information out of there where they use a similar surface and they designate it as hard surface.

So I think when we look at those jurisdictions, I think Transport Canada will be open-minded to the assessment. I think they're a very cautious organization. They're very safety oriented. So I think if we can present the pertinent information that's quantified and qualified by other jurisdictions on how other operators operate and again, supported by the aircraft manufacturer that does fly an aircraft or one of the aircraft that flies in and out of Fond-du-Lac, I'm optimistic.

Mr. Belanger: — The other issue I think is important is that the chief alluded to the heavy traffic, the volume of traffic of flights in and out of Fond-du-Lac and the fact that it was in essence their link to many services in the South, be it medical or professional services that the community required. Could you update us on what kind of volume that the actual airport is being utilized in terms of, I don't know, kilograms of freight, as well as the number of people? And how many flights a year that the Fond-du-Lac airstrip does handle?

Hon. Mr. Ottenbreit: — So Fond-du-Lac has an estimated 3,500 annual aircraft movements in and out. I don't have the actual size of the flights and the amount of people or the tonnage or the weight of the products coming in and out. We could venture to try and get that for you. But by comparison, Stony Rapids is about 7,000; Wollaston Lake is about the same at 3,500; and Buffalo Narrows is about the same area, 3,000 flights; and Sandy Bay about 1,600. So they're right in the middle of the comparatives around in the North.

Mr. Belanger: — Okay. And as well, when it comes to Fond-du-Lac airstrip itself, when we took a tour and we actually went on the west side end of the airstrip, and on the road one side was the airstrip, and then on the other side of the road as we were facing north, was where the crash happened. And so from your determination and from some of the notes of your officials within the Department of Highways and Transportation, land allocation and the ability of land is not an issue when it comes to extending the runway. Is that safe to assume that?

Hon. Mr. Ottenbreit: — Yes, as far as I understand. I mean it looks like a clear path in both ways. But there is an elevated area with, I think, a rocky elevated area on one end that would have to be addressed. And as well as utilities, I believe, on one end of the runway as well that would have . . . one side that would have to be addressed as well.

Mr. Belanger: — Okay, so there's really not an alarmingly negative issue for extending the runway that in theory, that had we had additional funding for it, extending the runway is not an impossible task in this regard. Because from our tour of the actual site itself, when I stood at the western side of the runway at the end of the runway, there was land right, you know . . . There was quite a bit of land available.

Because many people may assume that Fond-du-Lac, being in the far North and part of the Precambrian Shield, that there'd be issues around rock and of course, you know, jagged and rough terrain, that kind of thing. In the case of Fond-du-Lac there is adequate room to not only widen but lengthen the runway specifically as the chief requested. And this is not an unachievable objective.

Hon. Mr. Ottenbreit: — Yes, there's not too much that isn't achievable. But there would be a lot of rock to blast on the one part, and again the expense. It's quite an expensive project, but that's the big part of it would be the rock blasting and the utilities.

Mr. Belanger: — Yes. My final question on the Fond-du-Lac strip, because again the chief made some very compelling points and was very, very direct. And you sense the frustration in his voice in the sense that, you know, the amount of traffic and the people and the tonnage being hauled on that particular strip, that he had advocated for a longer and wider airstrip simply because it's safer for his people.

It's the only mode of transportation that they use out of Fond-du-Lac except for the winter road access, and which is of course dangerous, and of course that's kind of what he wants to do. He wants to see the runway extended and lengthened.

Now as a result of the commitments made by your predecessor when they talked about Fond-du-Lac following the crash, there was a lot of attention to the particular matter. And the chief was right on top of the issue as well, and his council were advocating and pushing pretty steady for this extension and widening.

When ACAP came back and said, this is not the program for it; we don't have the money that would be required to achieve what the chief wanted, did it result in lesser cost for the province because the lengthening and the widening was taken out of the equation? Because I know your predecessor did make a financial commitment. Did you save money as a result of ACAP imposing their rules to not use their program for lengthening and widening?

Hon. Mr. Ottenbreit: — No, actually we didn't save any. There was about a \$2 million commitment. But actually since that commitment, again with the ongoing conversations with the chief was some of the additional requests with the increased turnaround and some of the other additional services and inputs to the airport, we're actually up from our original commitment by about . . . So it's an additional 1.3 million above our original commitment that we've committed to for the additional things

outside of the lengthening and widening.

Mr. Belanger: — Under the original engineering report, what was the total project cost had the chief really wanted and envisioned for the airport? What would have been the total project cost versus what was spent by ACAP versus your contribution as a province? Could you break that down for me, please.

Hon. Mr. Ottenbreit: — So with the vision the chief has is about a \$30 million-plus investment. With this one, with the ACAP funding and with our original commitment, it was around 14. And now with the extra 1.3, it's just over a \$15 million commitment.

Mr. Belanger: — So the province contributed \$15.3 million in total?

Hon. Mr. Ottenbreit: — The federal government through ACAP is about 12 and then we're just over 3 million.

Mr. Belanger: — Okay. But originally you were requesting to have 14 million from the province and the balance of 16 million from ACAP. Was that the original proposal? I just want to make sure my numbers are right.

Hon. Mr. Ottenbreit: — The original proposal was for ACAP to cover the whole cost of the airport and they said no. And that's when we got them to commit to the \$12 million for the refurbishment. Again, they won't pay for the expansion widening and lengthening or the improvement of surface. So they committed to what they would cover under the ACAP program which is approximately \$12 million for the refurbishment and some of the improvements. We committed to, I think it was 1.85, something in that area off the start, and then again with the additional improvements the chief requested with the turnarounds and things like that that I spoke about previously, it was about an extra 1.3.

[17:30]

Mr. Belanger: — Okay, so I just want to make sure I'm correct here. So 12 million from ACAP to do what they could do within their program — that was federal resources — and 3.15 million was provincial contributions. Is that correct?

Hon. Mr. Ottenbreit: — Yes, roughly. I can get you the exact numbers, Mr. Belanger, but it's 12.18 million from the federal government. We were . . . I believe there's 1.85 and change and then we put in an additional 1.31.

Mr. Belanger: — Okay. So what the chief originally envisioned was a \$30 million contribution and of that they received 12 million from ACAP and roughly 3.15 million from the province. And correct me if I'm wrong; I just want to make sure.

Hon. Mr. Ottenbreit: — Yes, that's pretty close.

Mr. Belanger: — Okay. Now the other matter I was mentioning . . . Again going back a bit in history, there was some discussion around a highway built, because some people indicate, just get a highway built right from the Stony Rapids-Black Lake access to the south shore and perhaps a ferry service or . . . Was there any

other recent — within the last 10, 12, 15 years — any kind of engineering work on actually constructing a road into Fond-du-Lac?

Hon. Mr. Ottenbreit: — Yes, I know I personally haven't had any conversations specifically about this road, but I know, like you said, there was some talks a number of years, over a decade ago, I believe. High-level costs between 90 and \$135 million, but that project hasn't been forwarded at this time.

Mr. Belanger: — Okay. Now are we still seeing the Canadian Coast Guard maintaining the barge services to the far North to make sure that these communities are supplied? Because I know a number of years ago the Canadian Coast Guard did pay for supplying the Athabasca Basin through the Fort McMurray route, but the costs were quite high. I think it was something like 3 million a year at the time, and they would dredge the Fort McMurray river and they would barge up a bunch of supplies to the far northern community. And the federal government, basically the Canadian Coast Guard, was responsible for ensuring the supply of food and fuel and so on and so forth to the Athabasca Basin prior to the far North road being built.

But obviously you look at Uranium City, you look at Fond-du-Lac and Camsell Portage, they still have the isolation factor. So are the Canadian Coast Guard still doing some of this work?

Hon. Mr. Ottenbreit: — My experience is they aren't, and information I get is the federal government has backed away from that quite a few years ago.

Mr. Belanger: — Would you be able to give us the exact date that they had exited that particular responsibility?

Hon. Mr. Ottenbreit: — We don't have it at our fingertips, but we'll make sure to find that information.

Mr. Belanger: — All right. Now the reason why I think it's really important, as you would know by now being the Minister of Highways, is that the supplies and services to the far North communities, you know, are very challenging to say the least. The transportation cost, and you look at the food prices. It's just absolutely, phenomenally high for people in the Athabasca Basin. And there's much debate over the years between fixing the airports, maintaining the winter road connections, or simply just building a road access to the far North, which has been done over time.

Now are we going to see an effort to try and continue building the far North road where more and more people could actually travel it and collect supplies on their own from points south and, of course, haul it north?

There's many efforts, like for example, food subsidies were often used in the far North. Some places were not eligible for food subsidies. As an example, Black Lake is not eligible for a food subsidy anymore because they got the far North road. And bad of a shape as it is, you know, they still are viewed now as being connected to the highway. And Fond-du-Lac, I think, is also trying to figure out a way in which people could get supplies in the southern locations as cheaply as possible.

So given all these challenges, could you update me as to what kind of commitments you're making to the far North road at this time? Like right, when I say far North I'm talking about points north, north to the connection of Black Lake and Stony Rapids and ultimately Fond-du-Lac.

Hon. Mr. Ottenbreit: — I'll get you some of that information shortly. But I'll just in general off the start, I'll just talk about some of the investments we are making or have made. And I did include a lot of them in my opening comments. I'm not sure if you were watching or not. But your colleague wasn't quite as interested in the North as you are. So thank you for that.

I've got to say in my time as Minister of Rural and Remote Health, I got to experience a lot of what we're talking about. And I think some of that experience I've brought with me to Highways. And I'm really encouraged by the support of the administration as well as some colleagues, to approve some of these investments that we're seeing in the North.

So if we look over the last approximately 12 years, we've gone from a budget of about \$31 million in northern expenditures to this budget is over 60 million — 31 million in '07 to 60.3 million in this budget. A lot of those investments I've talked about. Some of the airport investments we're looking at: Pelican Narrows, we're looking at some specific improvements there and if you want, I can get into some of those details. Cumberland House, some specific improvements plus looking at a process that we can have a longer term fix for that runway. It's a very soft area as I know you'd be aware, and something that'd make that airport able to be utilized year-round instead of having troubles when the frost comes out. Fond-du-Lac, we've talked about at length.

There's also a number of the other northern airports where we're looking at some significant investments, planning on some significant investments over the next number of years as well, focusing on some of that. Because I know it's not only about transporting people, which is important, but it's also about recreation, economy. We know that airports open up a lot of those access and those opportunities. But also first and foremost, again from my former position in Rural Health, is the medical side of things. It's an important connector for medical. So that's on the airport side.

When we're looking at some of the other sides, as you'd well know, I think the Wollaston Lake road has been something we've talked about for quite some time. Initially the provincial government invested approximately \$8 million in the first 14 kilometres, counting on the federal government for their commitment, which never transpired. Although now in this budget we're finally able to leverage some provincial funds and some input from the federal government to start constructing that seasonal road at least. So there's more work to do, but we're very hopeful that the work that'll happen over the next year will possibly eliminate the need for an ice road over Wollaston Lake in the next season.

Some other information I talked about, whether it's 155 near Buffalo Narrows or improving some of the roads around Pelican. Again some more significant improvements, although there's more to do and I understand that. But I'm pretty encouraged by the investment we have made and kind of the direction we're going on some of these investments. And if you want I can get

into some of the details on some of those other projects. But I'll get you an answer to your specific question.

Mr. Antunes: — I guess just to follow up on what the minister was saying, you know, in addition to the work that we have planned at Fond-du-Lac, we also have made a significant investment in the Stony Rapids airport recently. Like, there was a rehabilitation expansion project that was done back a number of years ago.

Now I think you're referring to the Athabasca seasonal road. So I think right now we don't have any plans to extend the Athabasca seasonal road, but we do continue to work with the contractor that does work on the seasonal road to do spot improvements, you know, as they are able to throughout the regular course of their work. They're able to make improvements to the road. And I think we do have some partnership. There's a partnership we have up there with some of the mining companies and I think they have plans for some improvements, I think, to 10 kilometres this year as well. But that's on the existing road, not an extension to the road.

Mr. Belanger: — The chief obviously concurred with the whole notion after we had discussions with him on a few occasions during our tour. And he talked about the airport project, the RFP being out in July. And you've mentioned that that is the case; that's the plan.

And the other question he had was in terms of the second-stage dollars. Are you familiar that there was a request put forward for the second stage and that would be part of the widening and extension of the actual project? Could you elaborate on that second-stage request and where it's at?

Hon. Mr. Ottenbreit: — Yes, so the second phase or second stage that we were talking about wasn't actually through ACAP. So we committed to continuing to lobby the federal government through ACAP to see if we can get some flexibility in that program to possibly do an expansion in the future. The second phase that we're talking about would have been part of the ICIP funding that we have for northern and rural areas, a lot of competing priorities and a lot of competing projects in the North specifically that we're going to need some of that funding for as well. So it's probably more advantageous for the short term to keep that on the horizon.

But look at how the initial investment improves the airport with the reassessment of the hard surface of the runway getting larger aircraft in there. Plus with some of this ICIP money, we can possibly improve some of the other northern airports. That will improve the service with the size of aircraft and the availability getting in and out of not only Fond-du-Lac, but the other northern airports as well.

Mr. Belanger: — Yes, and I appreciate the fact that there's always competing interests as it comes to allocations. However if you look back at the argument that was made in terms of the reliance, the heavy reliance on air charter and air service in the Athabasca Basin, I would suggest to you that perhaps it's probably the greatest need in the Athabasca Basin because it's the only mode of travel in and out. And as you pointed out several minutes ago, the Canadian Coast Guard is no longer doing that service.

[17:45]

So is it incumbent upon the province to do that? And I would assume that it is incumbent upon the province to do that. So I would really lobby the minister to understand that if there is some dollars for the second stage of the program that you've identified, that the Fond-du-Lac airstrip, notwithstanding that there is no plan to build a road there, is a heavy-priority area given the volume and the traffic and the goods coming to that particular community.

And so I think there is some very compelling reasons to prioritize Fond-du-Lac. Just look at the remoteness, how far away they are from the rest of the province. Their only sole source of connection to the rest of the world is through air charter and air service year-round. And so those are some very, very compelling arguments to prioritize Fond-du-Lac.

So can I safely assume between what the chief wanted — 30 million bucks for the airport — versus what was spent, which was roughly, I think it's 14, 14-point-some million, three from the province . . . Sorry, 15 million. Half was already spent improving the airstrip. Is it safe for me to assume that the other 15 million was the money needed to widen and lengthen the airstrip? Is that a safe assumption to make?

Hon. Mr. Ottenbreit: — Yes I think that's a pretty fair assumption to make, Mr. Belanger.

And again, you know, assuming the length and width of the runway is going to make the airstrip a bit more accessible, I don't think is fact. I mean I know you have a history in aviation. I have a history and experience in aviation, and the length and width of the runway isn't the issue. The issue is the surface of the runway. The assessment to get a larger-sized aircraft, which was flying in and out of there before, to get that in and out, that's something that the reassessment of that surface of the runway is going to make that available.

Now when it comes to safety and accessibility, that's where the high-intensity lighting, the automatic weather observation system which helps pilots get more accurate weather in a timely fashion, the webcams which gives you a real picture view of what's actually happening in that airport and making accessibility even better, the backup generator which makes sure the lighting is available regardless of power whether the power is on or off, the improved approach procedure with GPS [global positioning system] approach going in there — those are the things that's going to make it safer and more accessible, not really the length and width.

So again the priority is to make that airport safe and accessible for the people of Fond-du-Lac, and that's what these improvements will do.

The accessibility, even with large aircraft with the larger turnaround areas at the end of the runways, makes it easier for larger aircraft to turn around. So that will help when we eventually get that, you know, hopefully get the reassessment done on the surface of the runway.

You know, again not definitively saying no to the lengthening and widening. That's something we'll keep on the forefront. But

I think it's also advantageous to make sure that not only Fond-du-Lac has that safe and good access in and out of the airport, but also some of our other northern airports that rely strongly on airport transportation as well.

So you know, expanding those improvements, again are going to help Fond-du-Lac with safety and accessibility, a larger aircraft with the reassessment, but also to afford those same opportunities to our other northern airports, northern communities I think is very important. So to take that \$15 million and improve some other airports, I think is very important as well.

Mr. Belanger: — Well I would certainly encourage you to have continued dialogue with the chief because obviously he's been a great champion to widening and lengthening the airstrip. He obviously would disagree with you on that front, saying that we need to have it done. The overreliance on air traffic or air travel in the Athabasca Basin is huge. It is huge. And of course, the whole issue of making sure that we serve all of Saskatchewan is also important for people of the province to understand that it's paramount for any provincial government to, you know, to accept that responsibility and deliver as best they can.

So I would leave the Fond-du-Lac airport at this time with the request to keep in close contact with the chief because he obviously has a lot of information and really can be an incredible ally in this effort.

I want to quickly go to, while there's some limited time, to go to Highway 903 which connects from Meadow Lake directly into the Canoe Narrows, Canoe Lake region which also includes Jans Bay and Cole Bay. And 903 had a huge washout several years ago. I actually went to tour the washout and it was quite a sight to see. 903 again is under threat from high water levels. There was something on YouTube with a video, a drone that flew over the road for several miles, and it just showed the incredible water pressure on 903.

What are we doing to mitigate the effects of the water challenge to 903? Because this has been a continual problem. And I sure wish I could share with you that footage from that drone because as you look and view that video, it shows water levels on both sides of 903 very high. And we know some of those roads soak up the moisture and eventually they give way. So is there any mitigating plans or solutions that you have to share with me this evening as it pertains to 903?

Hon. Mr. Ottenbreit: — Yes, I'll just get Deputy Minister Fred Antunes to dig up some of the more current information.

While he's doing that I'll just, you know, talk a bit about 903. That was probably one of my first experiences when I got moved to the Ministry of Highways, with the failure of the washout, the bridge there. And I would say it was a challenging time to get things back and forth to the communities, people on the other side of that washout. I think the response on the Ministry of Highways at that time was quite commendable, all things considered, getting the design, getting the repair of that road all sorted out.

We did get slowed down a little bit. And I'll be honest, the federal government, Oceans and Fisheries did give us a little bit of challenging time, impeded us a little bit, while we were getting

the repair all sorted out. But I'm happy to say that, you know, we did get it fixed in a fairly timely manner, although not quick enough for some of the residents in the area obviously. But you know, the repair was done well and as quickly as humanly possible. As far as mitigating future issues, I'll let Fred answer some of those.

Mr. Antunes: — Yes, so on 903, it's not one that we had any information on. We are aware that there's some stuff happening or some issues happening on 908 and I think 165. And I know that we've been working with the Public Safety Agency. I think they've been doing some sandbagging and trying to do some riprap repairs to protect the bank from eroding. So you know, we continue to monitor these with our crews.

And if we have to do emergency riprap repairs, or on 903 the issue we had there was, I think there was actually a bunch of debris came down the channel and that's eventually what caused the problem. So once the water level gets that high, like we go in and inspect them and clean them out regularly. But when you have a storm of that size it brings things down the channel and you can't get in there to take that stuff out. So that's usually what ends up causing some of these problems is some type of a blockage, unfortunately.

But I think, you know, we had a lot of moisture up in the Northwest area this year, I think over the winter and also with some rains. So we're actively working with the Public Safety Agency to do work with, you know, some of the contracts that they have available to be able to do sandbagging and different things to protect the road infrastructure.

Mr. Belanger: — Now we know 903 is a link being used by a number of the Canoe Lake First Nation's residents and Cole Bay and Jans Bay. There's Keeley Lake Lodge, a number of tourist operators and outfitting operations as well. There's quite a bit of traffic on 903.

Now what happened with 903, with the washout, it really amplified the options for travel, once 903 was compromised. People had to go all the way around. And in your deliberation as to how to handle 903, and the risks to 903, we have to look at the route that goes from the Canoe Lake First Nation and Jans Bay, Cole Bay and goes into Beauval as well. I'm not sure of that highway number, but it connects to 155. And that's only a 30-, maybe 40-kilometre stretch.

And so as a result of the 903 collapse, the failure of 903, it really severed a critical link to Meadow Lake for a number of people that may have worked in Meadow Lake. It really harmed the tourist operations that were in the region.

So what happened as 903 collapsed, the people of the Canoe Lake area had to travel up to the Beauval area and go all the way around. Well I'm not sure of the highway number again. Maybe your deputy minister could give me the highway number, but that highway was in worse shape than 903. So you had a bunch of tourists and a bunch of communities that were stuck between a road that had a washout or a longer road that was in, I'll use a phrase, piss-poor shape.

So I would suggest, Mr. Minister, that you've got to do something to fix both avenues of travel in the event that 903

becomes so inundated with water that it's not usable anymore. So what happens, they have to go further down just as bad of a road, but at least it's passable if 903 becomes compromised.

So I suggest that we have to do something on those roads that connect to 155 as a backup plan. I've driven those roads a lot, and I know. I've driven them a lot, and they're in horrible, horrible shape. And people live in those areas and they drive their vehicles on that road. So whether it's the Dillon access to 155 or whether it's the Canoe Lake First Nations access to 155, we've got to do something because 903, if it becomes as bad as people suggest it's going to be, then problems will persist. At the very least, people should have a safe highway to travel out on if 903 becomes so impassable.

So something's got to be done. And yes, we expect the weather to create a havoc with the roads, but we know they're going to create havoc with the roads. So we need a plan to address that.

So can I get some kind of commitment for you to really put a lot of effort into, in the event that 903 fails, the connecting road to Beauval from the communities of Jans Bay, Cole Bay, and the Canoe Lake First Nations is upgraded so at least they're able to travel out on a safer road?

Hon. Mr. Ottenbreit: — I think short term, Mr. Belanger, we can look at improved and enhanced maintenance to that corridor. And on the medium and longer term, we can look at what improvements can be made there to make sure that there's dual access to those communities.

Mr. Belanger: — Yes, and I would stress the importance of the tourism industry in our area. I would also stress the importance that many people in the Jans Bay, Cole Bay, and Canoe Lake First Nations work in Meadow Lake. Whether it's forestry or delivery of Meadow Lake Tribal Council services, there is a huge demand for 903.

When that 903 becomes compromised, then they've got no choice but to go the other way around. And that's not much of a choice. So it was people leaving home at 4 o'clock in the morning to arrive at work at 8 o'clock, you know. And through those roads, it just absolutely wreaks havoc with their vehicles.

So I will commit to today to making a bunch of videos of that particular road and I'll forward to your office. We shared a few videos already, but you'll see exactly what the people have to travel on every day, not only in the Dillon area but in the Canoe Lake area as well.

I've got a few minutes left. I just want to get very quickly what's the cost of work being performed within Saskatchewan? How many Saskatchewan-based companies are getting work versus out-of-province-based companies? Would you be able to share with me a quick snapshot of who's getting the contracts, particularly from Saskatchewan-based companies versus out-of-province companies?

Hon. Mr. Ottenbreit: — I see the deputy minister digging for some detailed information, but what I can share with the committee is that with the new community benefits methods that I think Minister Wyant was speaking to previously in the SaskBuilds segment from 3 to 4 o'clock, it's showing some real

benefits and some real focus on Saskatchewan companies.

[18:00]

Of approximately two dozen — ballpark — two dozen of the last contracts awarded, 19 of those, I believe, were Saskatchewan companies. The only ones that didn't go to Saskatchewan companies where we didn't get a Saskatchewan tender; it happened to go to companies that offered a service that wasn't available by companies in Saskatchewan. However, in consultation with Saskatchewan companies, they're looking at enhancing their maintenance and their availability of services that they could probably fulfill that in the future.

So we've got a good high uptake of Saskatchewan companies in our currently awarded contracts.

Mr. Antunes: — So I can tell you, like the last year when we look at the number of contracts that we had, the whole thing about in-province versus out-of-province is a difficult thing to quantify because of the definition of what's Saskatchewan versus not.

But you know, we looked at kind of our contracts last year and about 71 per cent were kind of in-province, 30 per cent were out-of-province. The thing that's a little bit misleading about that is that a lot of the out-of-province work is actually contractors. There's no contractor in Saskatchewan that does that work. So for example, engineered seal coats, rubber asphalt crack sealing, we don't get any Saskatchewan bidders on that work. So that's the majority of the contracts that went to out-of-province contractors would be that work that isn't done right now here. But we are working with SaskBuilds on doing some supplier development and Priority Saskatchewan doing some supplier development so that we can have bidders that do that work going forward.

Mr. Belanger: — And how much would you determine we pay each year to Vinci for the P3 build for the bypass here as well as maintenance contracts? What do we pay each year to Vinci out of France? Does SaskBuilds pay that or does Highways pay it?

Hon. Mr. Ottenbreit: — That's out of the Highways budget. So are you talking about the cost for operation maintenance of the bypass or other operation . . .

Mr. Belanger: — The payment we give each year plus the maintenance contract that's been given to Vinci. The total cost for both of them.

Mr. Antunes: — Yes, so our contract is with the Regina Bypass Partners, so we pay them to operate and maintain the Regina bypass as well as for infrastructure rehabilitation. Their contractual arrangement within the Regina Bypass Partners in terms of what part is Vinci versus the other partners? We have no knowledge of that. So our contract, as I said, is with Regina Bypass Partners. The other partners in that is Parsons and Graham. And how they split that up, we don't know.

Mr. Belanger: — Okay, but what are you paying each year for . . . Because this was a P3 deal, and I understand that you're paying X amount of millions per year. And correct me if I'm wrong, but it's for a 30-year time frame? And what are we paying

for that cost versus the maintenance cost?

Mr. Antunes: — So with the O & M costs, it's \$12.769 million for O & M. Then there's infrastructure rehab this year is \$1.263 million. And then there's the interest cost, about \$26 million.

Mr. Belanger: — And that's each year for the anticipated foreseeable future, that the 26 million is for 30 years. Is that right?

Mr. Antunes: — No, we had that conversation earlier today that the cost, it's like a mortgage. So this is the highest year of the interest and the interest will depreciate, will go down over time.

Mr. Belanger: — Okay, and so what would be the total cost? Like when I do a mortgage for five years, I know what my total cost is.

Mr. Antunes: — Right, so the cost that we've communicated, you know, as part of the . . . when you wrap all the costs together it's \$1.88 billion on a net present value is the total cost of that project.

Mr. Belanger: — Okay. Now the operating and maintenance of the 12.76 million. How many kilometres does that include?

Hon. Mr. Ottenbreit: — Okay, that includes 66.4 kilometres of four-lane highway, 55.4 kilometres of service roads, 12 interchanges, two movement intersections, four Ring Road intersections, one right-in, right-out for emergency vehicles only at Balgonie, and four median crossings for emergency vehicles only.

Mr. Belanger: — And what year of this program are we in? Are we third or fourth or fifth? Like where are we in this mortgage, so to speak?

Hon. Mr. Ottenbreit: — So there's approximately three years of construction, and we're just coming to the end of the first year. In November it will be the first year of operation of the bypass.

Mr. Belanger: — So come this November, that's when we begin to have this 30-year payment plan. Is that correct?

Hon. Mr. Ottenbreit: — This November will be one year in, so 29 years past that. And again with that payment plan I think, as you're aware, that includes the operation, maintenance, and the refurbishment of the bypass twice in a 30-year period.

So it'll be a total repaving in 30 years, and of course ongoing maintenance and upkeep of the facility. So we have a like-new asset for the people of the province in 30 years that'll be freshly paved.

Mr. Belanger: — The last several minutes I have, I also want to do a quick analysis of the North. When I say North, I'm referring to the northern administrative district. What kind of dollars are we spending in the North for not maintenance but for actual new capital construction? And if we can also eliminate the culvert projects, I want to know how many kilometres are we actually improving in the North?

Hon. Mr. Ottenbreit: — So just over 30 million for capital, and about 13 million for culverts.

Mr. Belanger: — So, 30 million for capital. And could you explain to me where that 30 million is going? Is it like, which improvements to highways in the North are you looking at doing?

Hon. Mr. Ottenbreit: — Some of the major projects include Highway 106 west of Creighton; Highway 135 south of Pelican Narrows; Highway 155 north of Green Lake; Highway 155 north of Buffalo Narrows, a section of Highway 908 will be combined with this project as well; Highway 165 near Air Ronge; Highway 905, Fond-du-Lac airport, some minutes outside of that highway but it is part of the infrastructure. So that would be basically the highlights of that investment.

Mr. Belanger: — Has there been any update on the Garson Lake, La Loche, Fort McMurray highway? No new developments on that front?

Hon. Mr. Ottenbreit: — Not at this point. Former Premier Notley didn't want to finish their side of the Alberta. We've got everything done on our side up to 9 kilometres from the border, so it doesn't make a whole lot of sense to complete our 9 kilometres until the provincial government in Alberta makes their commitment.

Mr. Belanger: — And there's no cost factor to that particular highway? Like the relationship around the Christina River bridge, have you got any updated costs because that was one of the items that were of significant concern. There was a number . . . There's wide-ranging price tag on the Christina River bridge, and I was just wondering if you had any updated information on that front?

Hon. Mr. Ottenbreit: — Sorry, Mr. Belanger, I don't have details on that bridge. Is that on the Saskatchewan side?

Mr. Belanger: — I'm not sure where exactly. No, it's on the Alberta side. But that's where the Alberta, the federal government was also engaged to try and get some money to that Christina River bridge.

Hon. Mr. Ottenbreit: — Okay. Yes that's, I think, why we don't have any information on it. It wasn't on our side of the project.

Mr. Belanger: — I know that that was one of the issues that there was some demur from Alberta as it pertains to that particular bridge. And the span isn't all that great, but the costs were. And I think that's kind of where the whole issue kind of slowed down.

But I still believe everything from the efforts of trying to co-operate on that particular road is really important. The tourism opportunity, the safety aspect for both our region for wildfires and including Fort McMurray — that road is a particularly important link to the northwest part of Saskatchewan.

So I just wanted to again reiterate that that's something that the people of the region continue striving for. And I would encourage you to get updated on that particular link because it's a really, really important aspiration of our region as it pertains to accessing jobs and opportunity in Fort McMurray, and of course on our side creating opportunity in tourism as well.

So I'll conclude my remarks on that front, Madam Chair. Thanks for your opportunity. And thanks to the minister and his officials for the time allocated this evening.

The Chair: — Minister, if you have any wrap-up comments as well?

Hon. Mr. Ottenbreit: — Just really briefly to answer the member's comments, you know, I think we've shown our commitment. The 9 kilometres is left to go, so when the Alberta government is there, we'll definitely do what we can to complete that project. I can commit . . . I do talk to Minister McIver fairly regularly, so it would be a good point of conversation to bring it up with him to see where the Alberta government sits with that as well.

Outside of that, I'd like to thank the member from Athabasca for his questions, and I know his advocacy. Him and I have quite a few different conversations about issues that he has in the North. And I'm happy to achieve some successes with him and of course hear him advocate for his constituents up there as well.

Thank you to the committee for taking the time and attending today. And thank you very much to our officials that attended here today and those that took part virtually, for the support. Again, very impressed with the Ministry of Highways; from the executive all the way through the front-line workers, they do a great job. And just to say on behalf of a very thankful Premier and province, thank you to all of them as well.

The Chair: — All right. Thank you, Minister. Having reached the agreed-upon time for consideration of the current item of business, this committee adjourns consideration of the estimates for the Ministry of Highways and Infrastructure. And we will stand recessed now until 7 p.m.

[The committee recessed from 18:14 until 19:01.]

Bill No. 209 — *The Saskatchewan Chemical Fertilizer Incentive Act*

Clause 1

The Chair: — All right. Welcome back, committee members. And we will now begin consideration of Bill No. 209, *The Saskatchewan Chemical Fertilizer Incentive Act*, clause 1, short title.

Minister Harrison is here with his official, and I'd ask that officials please state their names before speaking at the microphone. Minister Harrison, begin by introducing your officials and making your opening remarks on this bill.

Hon. Mr. Harrison: — Great. Well thanks very much, Madam Chair, and only have one official accompanying me today: Deputy Minister Kent Campbell, Trade and Export Development. And I am pleased to be here this evening to discuss Bill 209, *The Saskatchewan Chemical Fertilizer Incentive Act*.

As we announced in the budget, our government is introducing a new Saskatchewan chemical fertilizer incentive. This incentive will be another tool to attract chemical fertilizer manufacturing facilities to Saskatchewan. It will encourage investment by

providing a non-refundable corporate income tax credit. New investments will contribute to growth and diversification of the provincial economy, allowing the province to move beyond potash fertilizer production into product lines of value for farmers.

This incentive is aligned with priorities set out in the Saskatchewan Plan for Growth to diversify core economic sectors. Furthermore, the new investments generated by this incentive will bring new corporate income tax and property tax revenues as well as create jobs and create increased opportunities for local supplier and service sales.

The Saskatchewan chemical fertilizer incentive is a non-refundable, non-transferable, 15 per cent tax credit on capital expenditures for newly constructed or expanded chemical fertilizer production facilities in Saskatchewan making investments of at least \$10 million. Companies apply the benefit against corporate income tax owing and are able to claim the benefit over a 10-year period once the new or expanded facility is brought into operation. Redemption of the tax credit will be limited to 20 per cent in year one, 30 per cent in year two, and 50 per cent in year three. There will be a maximum carry forward of 10 years on any remaining credit amount.

In closing, the new incentive, as well as our other incentive programs, will help attract investment as we work towards economic recovery in Saskatchewan. And I would like to thank officials who've been working hard on this particular initiative and others, identifying areas where new-growth tax incentives make sense and conducting research and doing the modelling on which this specific initiative is based.

And with that thank you, Madam Chair. Thank you, committee members. Happy to take questions.

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

Ms. Sproule: — Thank you very much, Madam Chair. Thank you, Mr. Minister, for those opening comments.

My first question tonight is, this is obviously a bill that you've been looking at for some time. I know when you produced the estimates in March that this was one of the bills that you were intending to introduce prior to COVID. Did the appearance of COVID cause any concern for you in terms of the advisability of introducing this tax incentive at this time?

Hon. Mr. Harrison: — No it didn't. I think in fact it made the logic behind this even more apparent in attracting new investment to the province, and like I said we've been working on this for some period of time. You know, many, many months officials have been working on program design and it's actually quite similar to the ag value-added incentive that members would have seen in the last budget.

And I would say this likely will not be the last either. We're looking at other options and examining other possibilities as well. So I'm not sure, Kent, if you want to add anything additional to that.

Mr. Campbell: — Maybe I would just add that, you know, we

have had conversations with prospective investors and they like the structure of this kind of a tax credit, the predictability of it, and we think it's a really competitive space. And we feel that Saskatchewan is a logical place to make this kind of investment, but unlike potash there's not a natural resource here to build off, so we knew we need to be very competitive on the incentive side.

Hon. Mr. Harrison: — And maybe if I could just add as well, I mean there are incentives that exist in other jurisdictions in which we're competing for investment in this space. So Indiana, as an example, Illinois have incentive programs in place, so ideally I guess we would just prefer if companies were making investments on, you know, without having to look at incentives. But the reality is that jurisdictions that we're in a competitive place with are offering incentives. And we think this is investment that should be made here in this province, and it makes sense that it is.

Ms. Sproule: — I just want to go back on something you just mentioned in terms of the feedstock. If I understand correctly, potash would not be the primary feedstock for these types of fertilizers. Where would the feedstock come from, and what would it be?

Mr. Campbell: — Kent Campbell, deputy minister. So the idea behind the incentive is that potash on its own or just in a strict blend wouldn't be eligible because we already have a royalty and taxation regime that takes care of that. So any other process that combines it in a chemical process . . . So it could use potash as part of that, but it would have to be more than just blending it. It would have to go through some sort of a chemical manufacturing process where each individual nodule of fertilizer would have potash, nitrogen, phosphorous, or whatever else other micronutrients might be the case.

Ms. Sproule: — So just to be sure, in Hanley I know the Co-op recently opened a fertilizer depot, I guess. I'm not sure if that's the right word for it. Would they qualify for this type of incentive, what they're doing there?

Mr. Campbell: — I don't believe so. I'd need to know more information, but if they're simply mixing product, that would not qualify. It would have to be a chemical manufacturing process.

Ms. Sproule: — I think they're just mixing at this point in time.

All right, in terms of the empirical research that you did, you say you've been working on this for some time. What types of research did you do? And what led you to believe that this was the best type of incentive that should come forward in this year's budget?

Mr. Campbell: — So one of the things we like about it is that it's not an ongoing incentive, right. So you make the capital investment; you get the credit. You can apply it over 10 years, but it's not an ongoing annual subsidy or anything like that. It's a one-time investment.

We also like the fact that you don't actually qualify until you've actually completed and commissioned your facility. So we will give you an initial preliminary approval, but then you don't actually get the tax credit until that facility is complete and commissioned. So we like that aspect of it.

We've also had relatively positive feedback on the value-added agriculture incentive, which this was modelled under. And so we think it's an effective program from some of those perspectives.

Hon. Mr. Harrison: — Maybe if I could just add to that as well just so that those who are following along . . . as far as how the tax credit actually works in this. This isn't an expenditure on the part of the Government of Saskatchewan. What it is is foregone revenue on tax owing. So what that means is that there would first have to be an investment of over \$10 million, all the jobs that are associated with that. The business itself would have to be a going concern with income tax owing, and that income tax would essentially be foregone at the rate of 15 per cent of the capital expenditure. So there's actually no outlay on the part of the people of the province. It's simply foregone tax revenue that would never have happened but for the incentive being in place in the first instance.

Ms. Sproule: — Assuming they wouldn't have set up their capital operations here without the incentive.

Hon. Mr. Harrison: — Right.

Ms. Sproule: — I know we've talked about the film employment tax credit in a way and can you, like . . . What's the difference between this type of tax incentive and one on employment, in terms of generating economic activity?

Hon. Mr. Harrison: — Well just with regard to, you know . . . I'm comfortable kind of getting into the details of this statute, but questions on that would probably be best put to Minister Makowsky.

Ms. Sproule: — Right. Thank you. So what sort of empirical research was conducted? How did you go about researching that this was the best way? You said you liked it, but what led you to like it? What sort of studies did you do? What sort of research did you do?

Mr. Campbell: — So a lot of it was research based upon what other jurisdictions are providing. And so the minister noted some incentives we were aware of in the United States. We also know that when it comes to these types of facilities, you know, corporate tax rate is an important consideration. And if you look at two of our most competing jurisdictions, Alberta — who's now moved to a 10 per cent corporate tax rate as of January 1st — and the state of North Dakota has a corporate tax rate of between 4 and 5 per cent. Now their federal rate's a little bit higher, but when you combine those, that would be a lower tax rate than we have here.

And then another logical competing jurisdiction is Manitoba, who has a, you know, similar corporate tax rate structure to us, but they are more competitive on hydro prices, generally speaking for industry. And so the fact that we are aware of those incentives and some of the other competitiveness factors and the fact that the value-added agriculture incentive has been quite popular led us to make the recommendation on this particular incentive.

Ms. Sproule: — I want to get to a question about the value-added agriculture incentive in a bit, but are there any other industries, other than chemical fertilizer, that you looked at in terms of

providing this incentive to?

Mr. Campbell: — You know, we've considered other sectors. The ones that make the most sense for us were around value-added agriculture and adding value to fertilizer. So if you look at the, you know, some of the major economic export drivers, the places where, you know, we're kind of on the map globally anyway, making sure that we were competitive in those areas. But certainly like the minister mentioned, we are always looking at, you know, where we're competitive and where we can do better to attract more investment.

Ms. Sproule: — So there were really no other options that came to you at that time? Like chemical fertilizer was the one and only thing . . .

Hon. Mr. Harrison: — Well I would just say that, you know, from the competitive perspective and the very large volumes of investment that are at stake in this area where one investment decision can be worth, you know, literally hundreds of millions of dollars, that being in a competitive position with our neighbours to the east and west and to the south where there is a limited number of these facilities that will be constructed in the next decade, for us to be competitive — and we should be in that space — we needed to be in the position to offer an incentive of this nature to be competitive.

And you know, we're very hopeful that we're going to, because of this, see significant investment decisions. We don't know that for sure. But we have seen uptake on the ag value-added incentive, which is a similar policy rationale as to why we are in that field, as to why we're in this one, where we have, you know, a globally competitive position where there's very large investment decisions where this can make the difference.

Ms. Sproule: — Have you looked at any potential incentives in the livestock industry at all?

Mr. Campbell: — You know, I think in terms of . . . One of the targets in the growth plan is to increase our protein production both on the meat side as well as the plant protein side. And so when it comes to manufacturing processes, I mean that's something we could always consider for sure.

Ms. Sproule: — In terms of creating a competitive space, that could easily be wiped out if our neighbours to the east and west and south initiated a similar tax incentive. So it's almost a race to the bottom in some ways when you look at competitive rates. And it just drives rates further and further down, resulting of course in less taxes for the government.

Well I just think of our corporate tax rate. I remember the Finance minister a couple of years ago reduced it for small businesses, saying it was the lowest in Canada. But all it would take is for another jurisdiction to beat us to that and go lower. So what sort of race are we in here? Is it a dangerous race to be in when we're trying to create a competitive space? And yet by doing so, it's just inviting other jurisdictions to beat us.

[19:15]

Hon. Mr. Harrison: — Yes, I don't know if I would agree with that premise. You know, we haven't seen that in other areas, with

the ag value-added incentive for example. Could provinces, other jurisdictions do something similar? I suppose they could. We haven't seen that sort of policy response though from other jurisdictions. Alberta does have measures in place in this particular space right now that are different. Would they copy this exact program? I'm not sure. I mean, they've copied some of our pandemic-related programing . . . which is a possibility.

But I don't think I would agree with the overall premise that you end up seeing a race to the bottom in a competitive taxation environment because . . . for a variety of reasons. But I think jurisdictions understand you do get to a point where it just doesn't make sense for your jurisdiction to make any further changes. So you know, they might have a different program that incentivizes a different niche of a particular space. But I wouldn't see that being the logical policy response.

Ms. Sproule: — Right. If I'm not wrong, I think corporate tax rates have been in decline across Canada for many years and they're probably the lowest they've ever been. So I'm not sure if that isn't a good reason to think that it might be a downward spiral, if not a race to the bottom.

Hon. Mr. Harrison: — Well I mean this is kind of *obiter* of the discussion that we're having. But that being said, I mean, you have seen corporate income tax rates go up and down in different jurisdictions based on different local political circumstances as well.

Ms. Sproule: — You may want to debate that in an economy class or something like that. In terms of the value-add ag incentive, if I understand correctly, there's interest but there hasn't been any actual investments made in relation to that particular incentive. Is that correct?

Mr. Campbell: — So the program launched on September 20th of 2018. We've had eight investors receive conditional approvals, and so they've basically submitted plans that we say, yes, meets the criteria. And of those eight, they are, I would say, in various stages of progress. So some are actually constructing. Some are still in the concept phase. But none have been completed and therefore no tax credits have yet been announced or provided for. And so that'll wait until the completion of those projects. They will then submit a document that will get the final approval, and then they'll be able to apply the tax credit. So there's eight conditional approvals at this stage.

Ms. Sproule: — This too is a bit *obiter*, but can you tell us which ones are actually constructing at this point?

Mr. Campbell: — For commercial confidentiality reasons we do keep that . . . And we don't want to upset companies that are in the process of making decisions. But you know, once those are complete, the expectation is that we would have an announcement around those projects.

Ms. Sproule: — Okay, thank you. Just one other question, I think. I'm wondering if any chemical fertilizer companies have lobbied the government in terms of this incentive.

Mr. Campbell: — We've talked to different producers of fertilizer about potentially investing in Saskatchewan, both those that are already present in Saskatchewan and those that have a

presence in other countries. And much like we've promoted the value-added agriculture incentive as a concept, we've, you know, asked for feedback in terms of that type of a program.

So we have had discussions. There's probably three to five companies we've had conversations with.

Ms. Sproule: — And can you tell us whether they came to you or whether you approached them?

Mr. Campbell: — So we've been seeking investment from them. And we designed this program based upon the value-added agriculture incentive which we have in place.

Ms. Sproule: — All right. Madam Chair, that's the extent of my questions for this evening.

The Chair: — Okay. Seeing no further questions, we will move to vote off this bill. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 25 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Saskatchewan Chemical Fertilizer Incentive Act*.

I would ask a member to move that we report Bill No. 209, *The Saskatchewan Chemical Fertilizer Incentive Act* without amendment.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, if you have any closing remarks you'd like to make.

Hon. Mr. Harrison: — I have a lengthy speech I'd like to make, Madam Chair. I'm kidding. I just want to say thank you to you, Madam Chair, and committee members, Deputy Minister Campbell, and my friend from Nutana for the questions.

The Chair: — And Ms. Sproule, if you have anything you'd like to say in closing.

Ms. Sproule: — Just likewise, thank you to the minister and the official for being here tonight and to committee, Hansard. And congratulations on the good work. Thank you.

The Chair: — The minister and his officials may leave now, if they'd like, because we will now proceed to voting off the committee resolutions on estimates. And it's a long one, Cathy, so hang on.

All right, we will now proceed to voting off the committee

resolutions for the 2020-21 estimates and 2019-20 supplementary estimates.

General Revenue Fund Agriculture Vote 1

The Chair: — Vote 1, Agriculture, central management and services, subvote (AG01) in the amount of 11,716,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Industry assistance, subvote (AG03) in the amount of 3,889,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Land management, subvote (AG04) in the amount of 4,913,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Policy, trade, and value-added, subvote (AG05) in the amount of 5,846,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Research and technology, subvote (AG06) in the amount of 32,958,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Regional services, subvote (AG07) in the amount of 32,026,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Programs, subvote (AG09) in the amount of 25,511,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Business risk management, subvote (AG10) in the amount of 244,330,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 2,667,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Agriculture, vote 1, 361,189,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Agriculture in the amount of \$361,189,000.

Mr. Steele: — I so move.

The Chair: — Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Energy and Resources
Vote 23**

The Chair: — Vote 23, Energy and Resources, central management and services, subvote (ER01) in the amount of 20,111,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Energy regulation, subvote (ER05) in the amount of 163,406,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Resource development, subvote (ER06) in the amount of 41,351,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 3,568,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only and no amount is to be voted.

Energy and Resources, vote 23, 224,868,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Energy and Resources in the amount of 224,868,000.

Mr. Steele: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Environment
Vote 26**

The Chair: — Vote 26, Environment, central management and services, subvote (EN01) in the amount of 17,055,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Climate change and adaptation, subvote (EN06) in the amount of 7,247,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Fish, wildlife and lands, subvote (EN07) in the amount of 14,860,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Compliance and field services, subvote (EN08) in the amount of 19,883,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Forest service, subvote (EN09) in the amount of 7,764,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environmental protection, subvote (EN11) in the amount of 42,976,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 2,612,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Environment, vote 26, 109,785,000.

I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Environment in the amount of 109,785,000.

Mr. Steele: — I so move.

The Chair: — Mr. Steele so moves. Is that agreed?

[19:30]

Some Hon. Members: — Agreed.

The Chair: — Carried.

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

The Chair: — Vote 16, Highways and Infrastructure, central management and services, subvote (HI01) in the amount of 17,563,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Preservation of transportation system, subvote (HI04) in the amount of 116,862,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Transportation planning and policy, subvote (HI06) in the amount of 3,466,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Infrastructure and equipment capital, subvote (HI08) in the amount of 411,083,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Custom work activity, subvote (HI09) in the amount of zero dollars, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Operation of transportation system, subvote (HI10) in the amount of 127,796,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic municipal infrastructure, subvote (HI15) in the amount of 38,217,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustments in the amount of 225,877,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Highways and Infrastructure, vote 16, 714,987,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2021, the following sums for Highways and Infrastructure in the amount of 714,987,000.

Mr. Steele: — I so move.

The Chair: — Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Immigration and Career Training
Vote 89**

The Chair: — Vote 89, Immigration and Career Training, central management and services, subvote (IC01) in the amount of 22,543,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Immigration, employment and career development, subvote (IC02) in the amount of 11,415,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Training and employer services, subvote (IC03) in the amount of 5,878,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Labour market programs, subvote (IC04) in the amount of 135,641,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 1,155,000. Non-appropriated expense adjustments

are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Immigration and Career Training, vote 89, 175,477,000.

I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Immigration and Career Training in the amount of 175,477,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Innovation Saskatchewan
Vote 84**

The Chair: — Innovation Saskatchewan, vote 84, Innovation Saskatchewan, subvote (IS01) in the amount of 25,727,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Innovation Saskatchewan, vote 84, 25,727,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Innovation Saskatchewan in the amount of 25,727,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Saskatchewan Research Council
Vote 35**

The Chair: — Vote 35, Saskatchewan Research Council, Saskatchewan Research Council, subvote (SR01) in the amount of 35,108,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Saskatchewan Research Council, vote 35, 35,108,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Saskatchewan Research Council in the amount of

35,108,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
SaskBuilds Corporation
Vote 86**

The Chair: — Vote 86, SaskBuilds Corporation, SaskBuilds Corporation, subvote (SB01) in the amount of 24,251,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. SaskBuilds Corporation, vote 86, 24,251,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for SaskBuilds Corporation in the amount of 24,251,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Trade and Export Development
Vote 90**

The Chair: — Vote 90, Trade and Export Development, central management and services, subvote (TE01) in the amount of 5,536,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic policy and competitiveness, subvote (TE02) in the amount of 2,703,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Economic development, subvote (TE03) in the amount of 9,096,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. International engagement, subvote (TE04) in the amount of 9,615,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Trade and Export Development, vote 90, 26,950,000. I will now ask a member to move the

following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Trade and Export Development in the amount of 26,950,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Water Security Agency
Vote 87**

The Chair: — Vote 87, Water Security Agency, Water Security Agency, subvote (WS01) in the amount of 70,506,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Water Security Agency, vote 87, 70,506,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2021, the following sums for Water Security Agency in the amount of 70,506,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Lending and Investing Activities
SaskBuilds Corporation
Vote 197**

The Chair: — Vote 197, SaskBuilds Corporation, statutory, loans, subvote (BC01) in the amount of 900,000. There is no vote as this is statutory.

**General Revenue Fund
Supplementary Estimates
Agriculture
Vote 1**

The Chair: — Vote 1, Agriculture, business risk management, subvote (AG10) in the amount of 8,200,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agriculture, vote 1, 8,200,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Agriculture in the amount of 8,200,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates
Environment
Vote 26**

The Chair: — Vote 26, Environment, climate change and adaptation, subvote (EN06), in the amount of 4,500,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Wildlife management, subvote (EN10), in the amount of 170,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environment, vote 26, 174,500,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Environment in the amount of 174,500,000.

Mr. Stewart: — I so move.

The Chair: — Mr. Stewart so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates
Lending and Investing Activities
SaskBuilds Corporation
Vote 197**

The Chair: — Vote 197, SaskBuilds Corporation, statutory, loans, subvote (BC01) in the amount of 8,000,000. There is no vote as this is statutory.

Committee members, you have before you a draft of the eighth report of the Standing Committee on the Economy. We require a member to move the following motion:

That the eighth report of the Standing Committee on the Economy be adopted and presented to the Assembly.

Mr. Steele: — I move:

That the eighth report of the Standing Committee on the

Economy be adopted and presented to the Assembly.

The Chair: — Mr. Steele so moves. Mr. Steele has moved:

That the eighth report of the Standing Committee on the Economy be adopted and presented to the Assembly.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right, that concludes our business for today. I would ask a member to move a motion of adjournment.

Mr. Stewart: — I move.

The Chair: — Mr. Stewart so moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — This committee stands adjourned to the call of the Chair.

[The committee adjourned at 19:45.]