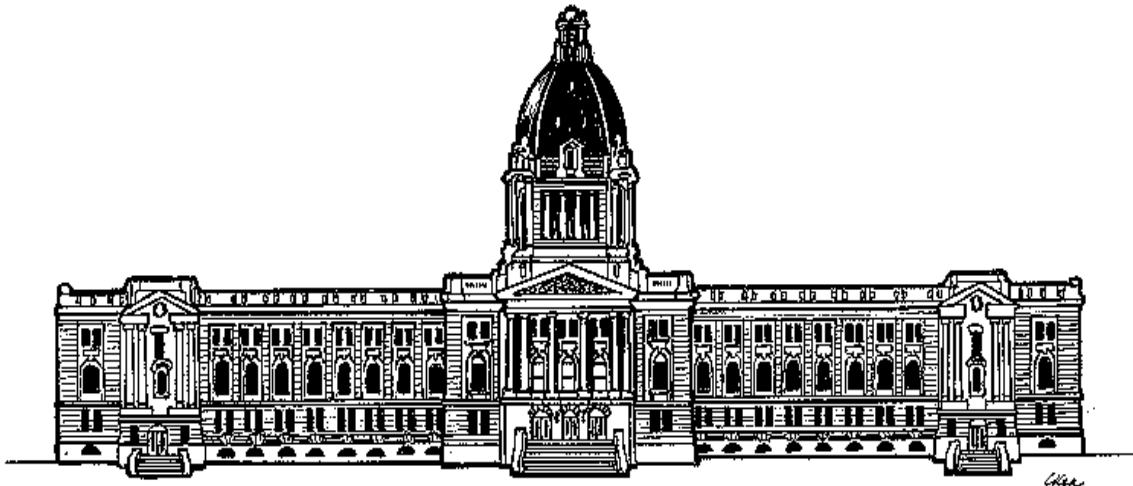




STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND INFRASTRUCTURE

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**STANDING COMMITTEE ON INTERGOVERNMENTAL
AFFAIRS AND INFRASTRUCTURE
2007**

Mr. Ron Harper, Chair
Regina Northeast

Ms. June Draude, Deputy Chair
Kelvington-Wadena

Mr. Denis Allchurch
Rosthern-Shellbrook

Mr. D.F. (Yogi) Huyghebaert
Wood River

Mr. Andy Iwanchuk
Saskatoon Fairview

Hon. Len Taylor
The Battlefords

Mr. Kim Trew
Regina Coronation Park

[The committee met at 16:03.]

**General Revenue Fund
Government Relations
Vote 30**

Subvote (GR01)

The Chair: — Good afternoon. We will convene the Standing Committee on Intergovernmental Affairs and Infrastructure. The item of business before the committee this afternoon is the consideration of estimates for Government Relations, and that's vote 30, and it can be found in our Estimates book on page 81. Mr. Minister, if you would introduce your officials, please.

Hon. Mr. Van Mulligen: — Thank you very much, Mr. Chair. Seated beside me on my right is Lily Stonehouse. She's the deputy minister of Government Relations. And seated beside me on my left is Maryellen Carlson. She's the assistant deputy minister for municipal relations. And seated beside Ms. Stonehouse is Wanda Lamberti. She is the executive director of central management services. And seated behind me are Paul Osborne — he's the assistant deputy minister for trade and international relations — and Dylan Jones, the assistant deputy minister of Canadian intergovernmental relations. And also Russ Krywulak. He's the executive director of grants administration and provincial-municipal relations.

Mr. Chair, if I might, I'd like to just make a few opening comments relative to the estimates that are before us.

I'd like to provide you just with a brief overview of the municipal relations and intergovernmental relations divisions of the Department of Government Relations. The municipal relations division assists 296 rural municipalities, 24 northern municipalities, and 473 urban municipalities, including 13 cities. We support these municipalities in fulfilling their obligations to their residents through six lines of endeavour, or business if you like: financial programs, governance, human capacity, regulatory, relationship management, and policy.

We work with the municipal sector to develop programs, services, legislation, regulations, and policies that build good municipal government while defining and protecting related public interests. We are also responsible for municipal administration operations in the northern Saskatchewan administration district. In effect, we act as the municipality for that district.

I also have responsibilities for intergovernmental relations and Office of French Language Co-ordination. This area has a Canadian focus which includes the management of federal, provincial, interprovincial relations. It also has an international focus that includes trade policy and international relations.

The Office of French Language Co-ordination serves as a liaison between the provincial government and the province's francophone community. OFLC [Office of French Language Co-ordination] provides support to provincial government departments and agencies that are looking to offer and improve French language services. This branch also guides and monitors the implementation of the Government of Saskatchewan French

language services policy and provides quality translation services.

I'd now like to talk specifically about the proposed budget, the 2007-08 budget for the department. As you will note, the overall Department of Government Relations' budget is \$252.5 million which is a 26.6 per cent — that's right, 26.6 per cent — increase over last year. This is due to record level investments in the municipal sector which includes federal-provincial funding for continuing infrastructure programs.

Our government has committed to enhancing the ability of Saskatchewan's communities to deliver key services to their citizens. Overall Government Relations will be spending \$201.2 million to support our municipal governments. And this is an increase of \$48.2 million or 31.5 per cent over last year's budget.

You will see that this year we are providing a \$30 million increase to revenue sharing. As a result, revenue sharing in '07-08 will total \$127.3 million — the highest level ever. 2007-08 will be a transition year for urban and northern municipalities, as a new approach to revenue sharing is being developed in consultation with the sector. However, with record levels of investment, we have been able to address some of the significant inequities that have built up in revenue-sharing pools over the past two decades. Included in this allocation of funds will be \$700,000 for transitional issues in the rural pool, including recognition of the costs of villages reverting to hamlets.

The '07-08 budget also includes historic investment levels in infrastructure for municipalities. You will find that we have principally increased support to match federal programs for infrastructure funding. In this fiscal year, support for the Municipal Rural Infrastructure Fund is \$37.7 million, which is an increase of \$13.9 million or a 58.7 per cent over last year.

Rural municipalities will also have access to the municipal primary weight corridors program, funded at \$5 million this year and rising to \$10 million in the second year. And this funding is incorporated in the rural revenue-sharing pool.

The Government Relations budget also includes additional funding for the Saskatchewan Assessment Management Agency, SAMA. We have set out a four-year plan for funding SAMA, beginning with an increase of 14 per cent which means a total of \$6.7 million for the coming year.

Moving to the intergovernmental relations area of the budget, you will see that the department is providing \$35,000, an additional \$35,000 towards the matching grants-in-aid program. This funding will support international development of poverty reduction and overall development in Third World countries. This investment will also prompt an additional \$70,000 from the federal government.

There is a \$40,000 increase to fund preparation for hosting the Western Premiers' Conference in 2008. As well, \$6,000 will be provided for Saskatchewan's share of funding to the ministerial conference on the Canadian Francophonie meeting.

Mr. Chairman, and members of the committee, this provides a brief overview of the Government Relations budget with regards to municipal relations and intergovernmental relations.

You will see that there are other aspects of the budget for which other ministers will assume responsibility or have assumed responsibility. I believe that this budget makes strides forward to building this province, our communities, for our families and a future for our young people. And having said that, I would be very pleased to answer any questions that the committee members may have.

The Chair: — Thank you, Mr. Minister. Mr. Huyghebaert.

Mr. Huyghebaert: — Thank you, Mr. Chair, and welcome to the officials. Of the \$252 million that's estimated, what is the amount of federal dollars in that 252 million?

Hon. Mr. Van Mulligen: — Of the funds that are allocated for municipal government, federal funding would be a total of \$52.9 million. And this is comprised of 1.188 for the Canada-Saskatchewan infrastructure program, CSIP; \$10.857 million for the Municipal Rural Infrastructure Fund, MRIF, phase 1; \$8 million for phase 2 of that program; 32.364 in the New Deal for Cities and Communities; and \$510,000 for the transit program — for a total of \$52.919 million.

Mr. Huyghebaert: — Thank you, Mr. Minister. You were very specific saying that was for, I believe you said the Government Relations portion of it. Does that not include the other agencies like intergovernmental relations? Or is this all-inclusive? That was why my question was out of the \$252 million total budget is . . .

Hon. Mr. Van Mulligen: — That's the whole budget.

Mr. Huyghebaert: — Okay, Mr. Minister, I'd like to just touch base. We have a couple of other people that want to . . . I'd like to touch base initially with the New Deal for Cities and Communities, (GR10). And my question is, is the department still charging an administration fee for administering the federal New Deal funds?

Hon. Mr. Van Mulligen: — The answer is yes, Mr. Chair. Saskatchewan's actual administration costs for the two fiscal years of 2005-06 and 2006-07 are 1.38 per cent of the gas tax funds received in that period. And that compares favourably with the administration costs of other federal programs. And so, yes, we do receive funds to assist us to administer these programs.

Mr. Huyghebaert: — And how many positions, FTEs [full-time equivalent], or would we have any specific number of FTEs employed to administer this?

Hon. Mr. Van Mulligen: — I'm informed that we have four positions.

Mr. Huyghebaert: — And can the minister provide me a dollar amount, what that would equate to — 1.38 per cent for the 2005-2006 year and also projected or estimated for 2007-2008, 2006; the last two years period of the time?

Hon. Mr. Van Mulligen: — I'm not sure that we have the specific figures for the last couple of fiscal years, but we would certainly undertake to provide that for the member.

Mr. Huyghebaert: — If you would, Mr. Minister. And I guess my question would be, how does this relate or do you know how this relates in fact to how other provinces, how they administer the New Deal?

Hon. Mr. Van Mulligen: — I'm informed that the majority of provincial and territorial governments in fact have an arrangement whereby the financial responsibility for administration costs is assumed by the federal government. A minority of provinces in fact provide for their own administrative costs for handling those federal programs. Included in those provinces, territories in which the federal government assumes responsibility for administration costs are British Columbia, Saskatchewan, Manitoba, Ontario, Prince Edward Island, Newfoundland, the Yukon, Northwest Territories, and Nunavut. Where it appears to us that the provincial governments are assuming responsibilities are Alberta, Quebec, New Brunswick, and Nova Scotia.

Mr. Huyghebaert: — I'm curious. I think I asked this maybe last year, but why we opted into looking after the administration costs at a provincial level, which is actually taking money out of the New Deal to the municipalities. Was there not another way whereby this money would not be siphoned off before it actually goes to the municipalities? Was that looked into, or is this the only possible way it could be done in Saskatchewan?

Hon. Mr. Van Mulligen: — I'm not sure it's any effective alternative short of the provincial government assuming, you know, administrative costs to administer a federal program. The costs are real to the provincial government and provincial taxpayers. We have three municipal associations in Saskatchewan who we involve in the, oh, the policy of the programs to the extent that we require provincial input. These are complicated agreements. They require people with specific skill sets to administer them.

The municipal associations, I understand, essentially agree with the fact that, you know, there are fees and that someone needs to be responsible for those administrative fees. We take the position that these are federal programs, federal initiatives where they desire to ensure that funds go directly to municipalities. And we take the point of view that when there are then administrative fees as a result of that, that that should be factored into agreements with the federal government. Otherwise, it would be a downloading of the federal government on to the provinces.

Mr. Huyghebaert: — Thank you, Mr. Minister. The reason I asked the question because I'm getting some feedback from RMs [rural municipality] that it's being downloaded by the province to the RM in essence because money is being clawed back to the RMs by the provincial government. And I'm getting some feedback from RMs as to why that is happening.

Hon. Mr. Van Mulligen: — Again, Mr. Chair, you know, these are federal programs, federal initiatives, many times arrived at by the federal government without any prior discussion, knowledge, agreement with provincial governments

because federal government is wanting to ensure that certain funds go out to municipalities. And then there are administrative costs associated with that because in our constitution, the federal government cannot directly enter into agreements with municipalities because municipalities are creatures of the province.

And when we then face administrative costs as a provincial government, it seems reasonable to us that that then be built into a federal program. But I might say that we are not clawing back costs specifically to RMs as such. This is our administration fee to administer these programs province-wide.

Mr. Huyghebaert: — In the (GR10) vote, it has the New Deal for Cities and Communities at 32.8 million-plus. These are all federal dollars and they're not included in what you gave as the \$52 million involved in my question about the 252 million?

Hon. Mr. Van Mulligen: — No, that's included.

Mr. Huyghebaert: — That's included. Okay. I'll ask my colleagues now to ask a few questions they want to get in today, and I'll come back to it, maybe not into today but at a later date.

The Chair: — Go ahead.

Mr. Chisholm: — Thank you. Thank you, Mr. Chair. And I would like to ask the minister a couple of questions on the agreement that BC [British Columbia] and Alberta have recently entered into and Saskatchewan's plans in looking at this particular agreement and just to get an idea of what lies ahead.

Hon. Mr. Van Mulligen: — On TILMA [Trade, Investment and Labour Mobility Agreement]?

Mr. Chisholm: — Right.

Hon. Mr. Van Mulligen: — I've indicated, Mr. Chair, that in very short order, in fact in two days from now, I will be announcing a public consultation strategy with respect to the Trade, Investment and Labour Mobility Agreement, and will also be releasing at that point specific studies that we have commissioned and reports that we have commissioned with respect to that agreement and making those available to the public to assist the public in, you know, helping them to — by providing them with the information — to help them sort through whether or not this agreement is a good thing for various individuals and organizations that would be concerned about that.

Mr. Chisholm: — And do you, this consultation process, do you have a timeline for when that might begin? I realize you're going to announce this two days from now but . . .

Hon. Mr. Van Mulligen: — Yes, I will be outlining a timeline. My own sense is that this is not a process that should be delayed to any great extent. My hope is that within, oh, say two and a half months from now, that we'll have some clear idea based on public consultation where it is that we should go on this.

Mr. Chisholm: — And in this announcement that's forthcoming in a couple of days, will you be announcing the

format by which you're suggesting the consultation take place? Who will be invited; who won't be? What the whole procedure would be?

Hon. Mr. Van Mulligen: — The answer is yes, I will be doing that.

Mr. Chisholm: — Okay. Thank you very much. I understand that as part of the background to the Saskatchewan's government at this point in examining the TILMA agreement, that a report was prepared by the Conference Board of Canada on behalf or for the province of Saskatchewan. Could you tell me when this report was commissioned to be started on and perhaps when it was completed?

Hon. Mr. Van Mulligen: — The report would have been completed probably last fall, in December to be more specific so it's winter then. And in addition to the report, that report, we've also commissioned other reports and all those reports will be made available to the public again in a couple days time.

Mr. Chisholm: — Okay. Thank you. Have government officials been meeting with officials from Alberta and British Columbia regarding the TILMA agreement? And if so, how far back does that go or how long have you been working on that?

Hon. Mr. Van Mulligen: — I can tell the member that I have had meetings with my counterparts in Alberta and British Columbia.

Mr. Chisholm: — Thank you. That's the questions I have.

The Chair: — Thank you, Mr. Chisholm. Mr. Allchurch.

Mr. Allchurch: — Thank you, Mr. Chair. Mr. Minister, welcome to your officials here today. You're probably thinking, this guy's going to probably ask some questions about forest fringe, and I will not. I will leave that for a later date.

My questions are surrounding the village of Waskesiu. And I experienced many phone calls regarding this and even went as far as possibly setting up a meeting to talk to some of the delegates from there. But after the April 18 news release, Waskesiu government plans are put on hold. Just a few questions regarding that, Mr. Minister.

There was some plans to change the townsite of Waskesiu to a municipality. Waskesiu now is under federal jurisdiction, is it not?

Hon. Mr. Van Mulligen: — Yes. The answer is yes.

Mr. Allchurch: — What would be some of the plans put forth in order to allow the municipality of Waskesiu, which is a federal jurisdiction, to be changed and entered into a municipality under, I believe, provincial jurisdiction?

Hon. Mr. Van Mulligen: — Essentially the plan is that at this point, properties in Waskesiu are obliged to provide lease payments to Parks Canada. The plan is that the lease payment would be reduced to \$1 for all of the properties in Waskesiu. And at that point then Waskesiu would then be assessed the same as other communities as to the value of the properties, and

then they would strike a mill rate to determine, you know, they would then have their own budget and strike a mill rate based on that assessment, generate the revenues to provide for their own services. In a nutshell, that's the arrangement that was being proposed.

Mr. Allchurch: — Thank you, Mr. Minister. In that regards then, was that something that the government was in favour of doing — selling the properties for \$1? The reason I ask that is because we have properties in regional parks in Saskatchewan who, by looking at this format, may say, well why can't we enter the same kind of an agreement? Is this one of the reasons why the government put this on hold until they deal with this at a later date?

Hon. Mr. Van Mulligen: — No one is selling any properties for \$1. But what Parks Canada was saying is that they would reduce all lease fees to \$1, to be assumed by the new council for the municipality of Waskesiu, and that would then be an expense for them ongoing — \$1. And then they, based on assessment, would then set a mill rate to ensure that they then had the funds to provide for their own municipal services which at this point are being provided by Parks Canada.

The essential question that was faced, after all the discussions and deliberations, was the question of the treatment of the education portion of property tax. And the Waskesiu Community Council, which is a council of people in Waskesiu, have consistently stated that it would only request municipal status if the municipality could be financially viable and sustainable over the long run. And they stated further that if a municipality of Waskesiu were required to levy and remit the education portion of the property tax, its financial sustainability would be jeopardized.

In short, they do not believe that they would obtain very much support from people in Waskesiu for municipal status if that then also meant that people would be required to pay the education portion of property tax.

Although we have no immediate plans for that, neither could we provide any guarantee that we would not. And that clearly presents us with an issue to work through in terms of providing clear direction not just for the people of Waskesiu then but also people in our provincial parks, and if you're saying regional parks, as to some consistent treatment going forward. And that's the essential question here.

Mr. Allchurch: — Well thanks, Mr. Minister. Just going back to regional parks, the reason I mentioned regional parks because I've been asked many times — owners of regional parks that want to look at setting up a resort village and some of the problems or components that needed to be changed in regard to the regional parks. There again in regional parks a lot of the property that they have residency on is leased property. Now if the government was to follow through with the project here at Waskesiu, would that allow for the same opportunity for regional parks, where they could buy that property for \$1 and obtain the same status as Waskesiu?

Hon. Mr. Van Mulligen: — No one is purchasing property for \$1. What Parks Canada proposes is that they would reduce all the lease fees to \$1 a year for all of the properties combined, but

then the properties combined would then be responsible to provide for their own municipal services. And they would then do that by establishing an assessment, a mill rate on that assessment to generate the revenues to pay for their own municipal services. So there's no talk of selling properties for \$1 or anything like that.

Mr. Allchurch: — I understand that. But all I'm saying is, if the government was looking at entering into this agreement, would that not allow the regional parks to have some concern about their system?

If you're going to have lease fees drop to \$1, then there'd be no services provided. What about the tax system? How does the tax system work in Waskesiu, which is different than in regional parks . . .

Hon. Mr. Van Mulligen: — I think the reason — I don't think; I know the reason — that we are not proceeding at this point with respect to Waskesiu is to ensure that when we do move forward that we will be able to move forward in a way that is then consistent not just for the residents who live or who have properties in Waskesiu but also for residents of Saskatchewan who live or have properties, leased properties within our, certainly within our provincial park structure. And if you're saying regional parks are similarly implicated, then that also needs to be taken into account.

Mr. Allchurch: — Thank you, Mr. Minister. Not only regional parks. There's also provincial parks that would probably want to enter into the same kind of agreement if these talks go on as the way it is right now.

According to a newsletter there is a study going on, and there will be a review of the process. How long will this review or process take, and will it be public knowledge after?

Hon. Mr. Van Mulligen: — I think it's fair to say that this review will not be done within a year. This is a review that will require the input of the Department of the Environment, Department of Learning. I know that people in Waskesiu had been desirous of achieving municipal status by January 1 of next year and I do not see that occurring. I think at the earliest, my sense is that we would be putting this back a year.

Mr. Allchurch: — Okay. Thank you, Mr. Minister. That's all I have.

Hon. Mr. Van Mulligen: — I might, I might add that if we're . . . then also include regional parks, that might further complicate and put this back.

Mr. Allchurch: — Okay. I would hope that you would take into consideration that regional parks and provincial parks would take some time to hear their point on this before you go ahead with finalizing your review.

And at that, Mr. Chair, I will pass it on to my colleagues.

The Chair: — Thank you, Mr. Allchurch. Mr. Huyghebaert.

Mr. Huyghebaert: — Thank you, Mr. Chair, and I didn't realize we were going to get back this quick.

The Chair: — You're not ready?

Mr. Huyghebaert: — No, I'm ready. I'm ready. My next questions have to deal with (GR07), municipal financial assistance. And I know you answered a couple of these questions already, but I must say that my notes may have got a little rambled here. So if I ask the same question again, it's just for my own edification on it.

One of the questions I would like to ask at the start is the rural municipal primary weight corridor program. I notice there's \$5 million allocated in this budget for it. Where is this \$5 million going? Is it going to a specific area? And if you could explain that briefly.

Hon. Mr. Van Mulligen: — And I hope that your notes aren't rambling because they reflect my answers here, Mr. Huyghebaert . . . [inaudible interjection] . . . They do?

Simply . . . Well there's no simple answer here. The municipal primary weight road corridor program comes out of a study initiated by the Saskatchewan Association of Rural Municipalities and to which SUMA [Saskatchewan Urban Municipalities Association] then also became a party.

The essential principle here is that recognizing that the provincial government has identified, if you like, a super grid for Saskatchewan of roads that are in a position to carry primary weights — that is the highest of all the weights under our system — recognizing that it's our intention to move towards a super grid. And parts of that grid are in place already, like you look at No. 1 Highway, the Yellowhead highways, No. 11 highways and other major highways, portions of that grid are already in place, but other portions are not in place to the extent we would like. That is to say that the highways themselves were never designed and are currently not capable of carrying those heavy loads, those primary weights.

The SARM [Saskatchewan Association of Rural Municipalities] committee called Clearing the Path made a recommendation that it would be desirable to have an arrangement where we would divert primary weight loads, that is, the heaviest loads, from highways that ultimately would become part of a primary weight system, but are not now really able to carry those primary weights, to divert that traffic off those roads to a series of parallel roads — that is to say, grid roads — that are located within municipalities, because the grid roads can in fact in many cases already carry the primary weights.

And if there are problems in terms of maintenance, it's easier to maintain those grid roads than it is to maintain a road that has a thin asphalt surface. And because of the pounding it takes, then you need to get back in there and to patch potholes and the like with pavement, and that then becomes more expensive and also slows down the traffic.

So they made this suggestion that, why don't you shift that traffic on to a series of complementary parallel grid roads? Provide us with the additional resources to maintain those roads — meaning that there's then less wear and tear on those primary roads — saving the Department of Highways funds that can then be put back into reconstruction of those roads to do the

roadbeds and to reconstruct them to build them to a road that can ultimately carry those primary weights.

And that is the proposal from SARM that we are acting on. And the funds that are allocated this year, and which we expect to increase to \$10 million next year, will be to go to those rural municipalities that enter into agreements with us to absorb that primary weight traffic, and this in a nutshell that is what the program is about and that is what the allocation is for.

Mr. Huyghebaert: — So I gather from what you're saying then that a new road would be built parallel to an existing road or it would be bypassed to an existing road that is built up to super grid status?

Hon. Mr. Van Mulligen: — The proposal is that on any highways there's likely to be parallel grid roads and to divert the traffic to those parallel grid roads, ensuring that there are funds made available to municipalities because they may have higher maintenance costs. And in some cases portions of that system may need to be built up a bit and some roads and bridges. But it's to divert the traffic off the highway, saving wear and tear on those highways, saving Highways the money that they can then put more into reconstructing and building those roads to a primary weight so that at some point in the future we can then shift the traffic on to a roadway that would be specifically designed and built to carry the primary weight traffic. And that's the proposal.

And I must say that in all the years that I've been involved in government in one capacity or another it's probably one of the best proposals, if not the best proposal, I've seen coming from an outside organization in terms of working with government and to do something that benefits rural people and also benefits all the people of Saskatchewan.

Mr. Huyghebaert: — Is the government prepared to absorb all of the upkeep costs of these primary corridors? Because a fear would be that this is another, a fear of downloading because it is a municipal road, and if it's a municipal road the government can easily sit back and say, well it's not our responsibility. So the question would be, is the \$5 million dedicated to the municipalities that take part in this program in total?

Hon. Mr. Van Mulligen: — It's to assist them with all of their incremental costs. They have some costs now in terms of maintaining roads but recognizing that if we divert those heavy trucks on to those roads they may have higher maintenance costs. And we want to recognize that. And in some cases, as I've indicated, there may be sections of those grid roads in some municipalities that need to be built up, some of the bridges and the like, to ensure that they can carry this traffic. And that's what the funds are for.

And our job now with the Department of Highways is then to enter into agreements with the municipalities that are proposing to sign on to this program.

Mr. Huyghebaert: — Has there been any discussions or talk, negotiations — whatever you wish to call it — as to how many miles of road that \$5 million will be able to be shifted to the primary weight corridors?

Hon. Mr. Van Mulligen: — I don't know how many miles, but apparently about 5,600 kilometres of road have been identified as potentially becoming part of this program. There is also some, I might add, some specific roads where there would never be an intention to build a primary weight highway; where we would in the long run work with the municipalities to provide a link, say, to a specific economic venture, i.e., a mine; where there would never be an intention to build a primary weight highway; and where we would on an ongoing basis assist the RM to provide for that maintenance. But there is approximately 5,600 kilometres of road that have been identified in Saskatchewan that would potentially fall under this program.

Mr. Huyghebaert: — Thank you, Mr. Minister. I'll get my colleague to sort it out as to how many miles that makes. But how does one access these funds for the construction of a primary weight grid corridor? And I'm looking at specifically places where there is not just potential but ongoing demand for primary weight roads, whether they be gravel or hard surface, where there's economic activity going on. And so to access this, how does a municipality go about or what is the mechanism to access these funds?

And I realize that \$5 million probably isn't going to do 5,600 kilometres of road. So my question was to how many kilometres or miles of roads . . . I realize there's a lot that could be part of the program, but how many could be accomplished within the \$5 million that's set aside in this budget?

Hon. Mr. Van Mulligen: — The priority will be to work with those rural municipalities adjacent to the primary weight corridor super grid that the Department of Highways has outlined for Saskatchewan. That is, it's a super grid to ensure that everyone in the province has ready access to a primary weight highway that can carry heavy loads to market.

And our intention will be to work with those rural municipalities up and along those highways. And we will be working with the Saskatchewan Association of Rural Municipalities to approach those municipalities and to then enter into agreements with them. And in that agreement there will be a formula in terms of incremental costs that we feel are reasonable subject to negotiation and discussion with the Department of Highways and SARM and municipalities, and then we'll take it from there. But that's the process that we've outlined.

We don't see the program, having been announced in the budget just now, really being able to be implemented fully this year which is why we've set aside 5 million this year, and the Minister of Finance clearly signalled, I believe in his Throne Speech, that increasing to \$10 million — \$10 million was the estimate that the SARM Clearing the Path committee identified as being the incremental cost that would be required by municipalities to be able to participate fully in this program.

Mr. Huyghebaert: — And the \$10 million, is that on an annual basis?

Hon. Mr. Van Mulligen: — Yes, yes.

Mr. Huyghebaert: — Mr. Minister, meeting with some

municipalities recently . . . My question might not pertain to this, but they were to receive \$5 million for primary weight corridors in the Northeast, in a small area of the Northeast. And I'm wondering if this is the \$5 million or if that's a different one through another funding formula, whether it comes under Government Relations or if it's under Highways.

Hon. Mr. Van Mulligen: — No. The member, Mr. Chairman, has identified another \$5 million investment that the Department of Highways plans to invest in northwest Saskatchewan, in and for municipalities, rural municipalities, that are affected by the heavy oil industry.

If I might, heavy oil — unlike light crude oil where a pumpjack brings the oil up, the oil goes into a feeder pipeline, that then goes to a regional upgrading battery and then further by pipeline to wherever it goes, to a refinery somewhere — heavy oil cannot be moved by pipe from the source of extraction. And in fact it's not pumped.

They now use augers to bring the oil and sand and water up from underground, and those three things are then put into retaining tanks. Trucks are then used to cart off the oil to a regional battery; trucks are then used to cart off the water for disposal; trucks are then used to carry the sand for disposal. So those trucks are creating tremendous stresses for the municipalities that have heavy oil.

And we recognize that and we want to work with them to implement a scheme that will assist those municipalities to deal with the additional costs they have as a result of that. And so that's a separate program, but one that's being administered by the Department of Highways. And I know that the Minister of Highways will be here tonight and he will be pleased to answer questions about that.

Mr. Huyghebaert: — It just seemed coincidental with the \$5 million to both. That was why I asked the question.

The next issue that I would like if you could explain is the Canada-Saskatchewan infrastructure program. And, Mr. Minister, I think that's where my notes, that I may have missed as to how much federal dollars were put into the C-S-I-P. If you could just revisit that, and how much federal dollars is in the C-S-I-P and explain how this program works and the criteria for funding projects.

Hon. Mr. Van Mulligen: — Well that there is no mistake in this, I'd like to have Ms. Carlson deal with the answer to that specific question so your that note taking can reflect a rather more lucid explanation of this.

Ms. Carlson: — Just a point of clarification. Is this regarding the Canada-Saskatchewan or Canada Strategic Infrastructure Fund, the 11.5 million?

Mr. Huyghebaert: — No, it's on vote (GR07), Canada-Saskatchewan infrastructure program, the C-S-I-P, which is 2.3 million.

Ms. Carlson: — It is a cost-shared program with the federal government. Fifty per cent of those dollars would be federal.

Mr. Huyghebaert: — Thank you. And how does this program work and what is the criteria for funding projects?

Ms. Carlson: — This program is in the final year of its implementation. Decisions on specific projects were taken several years ago, and we are currently in the process of completing the final stages of construction on approved projects. So what you see here is a residual amount of money as a small number of communities complete construction or whatever initiative they had started.

Mr. Huyghebaert: — I don't know whether that explains what the criteria was to access . . .

Ms. Carlson: — The criteria of this program was largely green initiatives, so that would have focused on things like water, sewer, solid waste management, those kind of initiatives. Some transportation, roads were funded through this program, and then a small number of projects that included community resources like recreational facilities for example were also funded. But in large part this program had a green infrastructure focus.

Mr. Huyghebaert: — Like in this budget there's \$2.3 million. Our community might want to access that. How do they do that?

Ms. Carlson: — You can no longer access this program. The decisions and all the projects were finalized a number of years ago, so what we are currently doing now is just paying out money on decisions that were taken several years ago. So there is no ability to access CSIP money any more.

Mr. Huyghebaert: — Okay. Thank you. Is there any negotiations to try and resurrect this program into future years?

Ms. Carlson: — The federal government has announced a new suite of programs, a variety of per capita and competitive-based programs, that have different criteria, we expect. And so those will be the discussions that the department will be engaged with the feds on.

Mr. Huyghebaert: — I would take it then that if they are going to announce, there's nothing in this year. Because if what you've said is that the money that's allocated in this year's budget is for all assigned projects from before, there's nothing in the budget for any future assigned projects. So I take it from that that the negotiations would be pretty flat then so that nothing new would be coming out in this fiscal year.

Ms. Carlson: — That is correct.

Mr. Huyghebaert: — Okay. I guess I'll save the rest of my questions, Mr. Minister, and with your officials for another day. I think you better hurry, Denis.

The Chair: — Mr. Allchurch, you have two minutes.

Mr. Allchurch: — Thank you, Mr. Chair. Just a couple of follow-up questions to the minister's remarks and that's in regards to education tax. Is there a school in Waskesiu as we speak now?

Hon. Mr. Van Mulligen: — I don't believe there's a school in Waskesiu. I don't believe that the residents of Waskesiu are also classified as being part of any school division within Saskatchewan.

Mr. Allchurch: — Do they pay education tax now and if they do, where do the dollars go?

Hon. Mr. Van Mulligen: — They do not pay education portion of property tax now.

Mr. Allchurch: — So if this program or some kind of a program was implemented to go to a municipality under provincial jurisdiction, then they would have to pay some form of education tax, would they not?

Hon. Mr. Van Mulligen: — Well the question is, can we have a municipality in Saskatchewan where the people are exempted from paying the education portion of property tax, recognizing that others in similar situations are not exempted — and that's the real challenge that faces the people of Waskesiu.

Mr. Allchurch: — Okay. That's all I have. That's all the questions I have, Mr. Chair. Thank you, Mr. Minister, and your officials.

The Chair: — Thank you, Mr. Allchurch. Not seeing any further questions before the committee and seeing that we only have 30 seconds left in the allotted time, the committee will now stand recessed until 7 o'clock this evening.

[The committee recessed for a period of time.]

General Revenue Fund Highways and Transportation Vote 16

Subvote (HI01)

The Chair: — We'll now convene the Standing Committee on Intergovernmental Affairs and Infrastructure. The item of business before the committee this evening is the consideration of estimates for the Department of Highways and Transportation, vote no. 16. Minister, would you please introduce your officials.

Hon. Mr. Lautermilch: — Mr. Chairman, I'd be pleased to do so. To my left is John Law, who is deputy minister of the Department of Highways and Transportation. To his left is George Stamatinos, who is the assistant deputy minister of policy and programs division. To my right is Terry Schmidt, the assistant deputy minister of the operations division. And the table behind on the right is Ted Stobbs, who is assistant deputy minister of corporate services, and to his left is Tim Kealey, the director of corporate support branch. Mr. Chairman, those are the officials that I have.

I have a brief statement to make. If you would want me to introduce that into the record now, I can do so.

The Chair: — Mr. Minister, we'd be happy to receive your brief statement now.

Hon. Mr. Lautermilch: — Thank you very much. I'd like to begin tonight with just a bit of an overview of the department's budget and the direction that the department is headed in for members of the committee.

As always, I'm pleased to be able to be here for estimates again this year for the Department of Highways and Transportation. This budget in particular I am pleased to be here addressing. It is the largest single budget in the history of this province. For this fiscal year, the department will be administering \$433.6 million. This is almost a \$90 million increase from last year and it's a \$134 million increase or 45 per cent from fiscal '05-06, so it is by far the largest budget in the department's history.

Before we get into the details of the budget, I'd like to use this opportunity to talk about the larger picture. We're all aware and excited about the fact that this is an economic boom time in our province. Manufacturing shipments are up, natural gas and oil production are up, urban housing starts are up, international exports of goods are up, the value of building permits are up, retail sales are up, average weekly earnings are up, employment records are at a all-time high, and of course our population is showing signs of now growing. In short I think it's fair to say that our province is experiencing incredibly strong economic times, and I would want to say that I believe we're going to keep this streak going.

In the '07-08 provincial budget, the government laid out a concrete plan to make life better for Saskatchewan families and to build an even better future for our young people here in this province. And I think one of the most significant elements of this plan is the realignment of our transportation network to support our growing and our diversifying economy. And as you know, on March 6 I had the honour of joining Premier Calvert to announce Transportation for Economic Advantage, a 10-year, \$5 billion commitment to the transportation system.

This investment will focus in six key areas: in international gateways and corridors, the national highway system routes that connect us with key Canadian/US markets and gateways; developing a network of rural economic corridors to link regional economies to the national highway system and international supply chains; partnering with urban communities to develop urban connectors; connecting communities and resources in the North to the rest of the province through the northern economic infrastructure strategy; as well linking our First Nations people to greater economic and social opportunities through First Nations connection; and further supporting rural economic development and encouraging a competitive market for transportation services through a regional short-line rail and airport strategy.

Those are the six pillars. In '07-08 we're demonstrating our commitment to moving this strategy forward, as I mentioned, with the largest budget in the province's history of \$433.6 million.

We're going to move Transportation for Economic Advantage forward with action under all six pillars of this strategy. We'll be investing about 75 million this year under international gateways and corridors. This includes two projects to advance twinning of Highway 11, more than 110 kilometres of resurfacing and completing twinning of Highway 1 and

Highway 16 five years ahead of schedule.

We will introduce our urban connector policy framework. This will provide a consistent, transparent, and fair process for determining the level of provincial investment in urban connectors. In turn this will support the growth of our cities and contribute to the renewing of our relationships with municipal government.

We're going to be investing about \$66 million towards the development of the 9,700-kilometre rural economic corridor network. This includes upgrading of 60 kilometres of TMS [thin membrane surface] to a paved standard, year 1 of the Highway 219 partnership, and 158 kilometres of resurfacing. In year 2 of Roads to Prosperity we will invest \$18.1 million to, among other things, continued work on the La Loche to Fort McMurray link and the all-weather road to Wollaston Lake.

We're going to continue working with industry and northern communities to develop capacity-building opportunities. We've brought on a corridor based in — I'm sorry, a coordinator based — easy for me to say, sorry. A coordinator based in La Ronge to work with communities in identifying and developing these opportunities. And in fact the work we completed last year on the Garson Lake road was done by a northern contractor.

We'll improve access for southern First Nations by investing \$10 million on five pilot projects. This includes paving the road to All Nations' Healing Hospital at Fort Qu'Appelle, which serves not only First Nations but all communities in the Fort Qu'Appelle region.

To support regional short-lines and airports, we're going to introduce a new policy to provide operators with access to capital to upgrade and rehabilitate trackage. This is in addition to existing loans we have to assist groups in starting up short-lines. And we're going to introduce the first dedicated capital assistance program for regional airports in the province's history.

We're going to have a very busy year, and we're excited about that. In practical terms however, there needs to be a period of transition in delivering on our multi-year funding commitment. And we're going to have to ramp up industry capacity. Right now we're operating at the limit of what the department and the road building industry can deliver, and as I said, we're spending about 45 per cent more than we did just two years ago.

And in terms of capacity, I want to say that I think it's fair . . . And we need to understand that Saskatchewan isn't the only government investing in infrastructure. Manitoba and Alberta are spending; municipalities are spending more; and so is the private sector.

So we're going to have to work with the road builders and with the consulting engineers and suppliers to build up the capacity that's out there. This is going to be a challenge with shortages of equipment and a tight labour market, but I'm confident by working together we'll address the challenges. We're already making progress in this area. The road builders association has told us that in order to secure contractors at competitive bid prices, we need to put as much work on the market as early as possible.

To that end, we put about three-quarters of our \$185 million capital program on the market over the winter months. We'll be putting the bulk of our work on the market in the fall and winter as opposed to in the spring.

And we're going to have to work on other new ways of doing business as we move forward on Transportation for Economic Advantage. Partnerships are going to become even more important. We've already seen examples of this with capacity building in northern Saskatchewan in agreements that we've signed with municipalities, First Nations, and First Nation connectors. And we've developed, as I've indicated earlier, unique partnership with the Whitecap Dakota/Sioux First Nations, RMs, and the city of Saskatoon to upgrade 219.

This focus on partnership also extends to our relationship with municipal governments through the work with SARM and with SUMA that has been done in Clearing the Path. There is an opportunity to have for the first time in our history a true integration between the municipal and provincial systems. Through our work with area transportation planning committees and our new weight advisory committee, we're developing new opportunities for stakeholders to have real input in guiding the provincial investment decisions.

The department will continue to work with contractors, municipalities, ATPCs [area transportation planning committee] more closely than we ever have before. And personally I'm very excited about this new era of co-operation that we're embarking on. I think that we can all look forward to a renewed transportation system to support our economy and benefit the people of this province, in a way that perhaps it hasn't to the degree that it could have in the past.

So with that, Mr. Chairman, I want to thank the committee for its indulgence as I delivered my overview and some comments on the '07-08 budget, and I look forward to the deliberations this evening and the questions that committee members will have.

The Chair: — Thank you, Mr. Minister. And I think we're all quite pleased that you brought your short statement with you this evening, Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. Thank you to the minister and to your officials for appearing tonight. I'm going to have a number of questions, some on the budget document itself, a number of case files I have from my own constituency and around the province. Certainly I want to ask in the coming days questions about new technologies and green streets and green highways that are relevant to this province.

But the first question I'd like to ask is concerning the budget, Highways and Transportation. How much money was carried over from last year's Highways budget that is included in this budget this year?

Hon. Mr. Lautermilch: — Mr. Chairman, the carry-over is separate and apart from the '07-08 estimates. In the blue book, it's 433.6, so 434 million. The carry-over from last year is 46 million, so the aggregate is 480 million for this year, for this fiscal year. So it's the blue book number 433.6 plus around 46 million for a total of 480 million.

Mr. Weekes: — Where in the budget document does it show that?

Hon. Mr. Lautermilch: — Mr. Chairman, it isn't in the budget document. I'm told that the way it is identified is in The Appropriation Bill, which will come later. And I'm also told that there is a two-year, there is some flexibility built in in terms of weather conditions, if one is not able to complete the expenditures or if we have a contract or two that go sideways, that you can carry it over.

So it's not in the blue book, but it is in addition and it will be in The Appropriation Bill.

Mr. Weekes: — Okay, I think I understand that. So it'll be on top of the present budget numbers. Why is there a rollover? Why was the money not spent last year?

Hon. Mr. Lautermilch: — I'll ask Mr. Law to give you the details on why the carry-over.

Mr. Law: — We can provide a detailed breakdown for you, Mr. Weekes, on the carry-over. But generally speaking, the reasons for carry-over on our capital delivery programs are associated with weather conditions where we may have had problems with the soil or other things that would not have allowed contractors to finish the work. We in some instances find circumstances where in phasing projects it makes more sense where we may have a multi-year program to organize the work differently amongst the different components of a project. So it's an ongoing part of our business that's often a part of it.

This year's amount is, you know, is the 46 million that we've talked about. But we typically have carry-over each year. The difference is that, as the minister was alluding to, a couple of years ago they made a change in the accounting policy which didn't then require us to reappropriate new funds in the subsequent fiscal year. So we have a year's leeway in terms of the carry-over on capital projects as a normal part of business to recognize some of these variations according to contract or progress or weather or circumstances that might be beyond the control of the department in terms of normal delivery.

Mr. Weekes: — Thank you. Could you give me the amount of carry-over from past years, going back let's say three years?

Mr. Law: — I believe we have that information, so yes.

Mr. Weekes: — Further to this, if the money was not spent, I assume there was contracts in place. So are these projects not going to be done this year? You talked about over two years. I'm just wondering the status of the projects that weren't done. Are they going to be all completed this year with that carry-over of 46 million?

Mr. Law: — Generally speaking our plan is to complete all of the work that we carried over from the previous year as well as the appropriated amounts. There may be circumstances, again depending on variations regionally in terms of the weather conditions and other things, that may affect our ability to get the full program done. So I expect that there may be some carry-over at the end of this year as well as there usually is. We don't know where that is and our plan always is to try and

complete the work in terms of carry-over, but there are some circumstances where we may not get done.

There are one or two that we have talked about in this forum before where we have had issues of, you know, contractor progress and weather that have had multi-year implications. But generally speaking our effort and our plan is organized around completing all of the carry-over from the previous year and then undertaking our annual program with the expectation that we, barring things unforeseen, we would expect to get that done as well.

Mr. Weekes: — Thank you. So there'll be contracts in place. I guess my question is, is it always the carry-overs created by bad weather or are there other factors that there's a carry-over? And what is put into contracts that, well to guarantee or to have the projects done on time other than obviously weather concerns, and what are the implications in the contract or what is the wording in the contract around weather and other aspects that create the carry-over?

Mr. Law: — There are typically two issues that we deal with, generalizing now in terms of the reasons why we wouldn't get finished. The most significant is usually related to weather conditions. The second, we sometimes have issues associated with contractor progress where contractors may have more than one or a couple of projects to finish in which there may be some issues associated — and we will be working with the industry on this — but issues associated with the timing of individual projects and when those can be completed. In those circumstances our contracts have specific provisions associated with the completion dates, and generally speaking there are both penalties for sort of non-performance with respect to the timing. So if a contractor doesn't get it finished by the time that we've set out in the contract, there are punitive damages in the contract that will penalize the contractor for not meeting that deadline.

In some instances we also provide some bonuses for earlier completion dates or incentives are sometimes provided to the industry. And that really takes me to a related issue. In the last two years as we've been trying to ramp up industry capacity, there is an adjustment period that we've been very conscious of in working with the industry, where the increase which in relation to our standard sort of traditional level of funding over the last five years being around 300 million, we're now up significantly from that amount.

And so part of our work with the industry has been to figure out how we can ensure that we get the industry to ramp up in terms of perhaps bringing on additional human resources, additional equipment, that sort of thing in a way that will give us good value on behalf of the taxpayers and at the same time allow the industry to grow. So that's perhaps a related or a third factor that we're trying to manage now that's relatively new for us in the last two years.

Mr. Weekes: — Is there a standard penalty clause and a bonus and incentives that apply to all contracts?

Mr. Law: — We do have standard clauses that we use, but it's not a one-size-fits-all. Generally speaking we will look at the urgency of the work in relation to our capital program, traffic

activities, and so on, and establish the penalties in line with individual projects. So we have standard wording, standard clauses with respect to the amounts of the damages generally. But we look at the individual projects and make individual determinations on a case-by-case basis typically.

Mr. Weekes: — Thank you. Well this leads into my next question about a situation that's in my constituency or close to my constituency — Highway 4 south of Biggar, between Rosetown and Biggar. I've asked questions about this before and I believe my colleague from Rosetown-Elrose has as well. And I believe from the questions and your responses in the past that there was basically a failure on that stretch of highway. And I know I just drove over it the other day and it has huge potholes and they're getting worse.

First, related to the penalties, I believe you had said that the contractor was going to be looking after this because there was a failure that was their responsibility. What kind of penalties are there in this particular type of project when there's a failure? And maybe if you could elaborate a bit more on the amounts of the penalties generally and in this particular case.

Mr. Law: — We're just deliberating over whether the problems that we experienced on Highway 4, Mr. Weekes, were more related to quality-related issues in terms of the standards, the riding comfort indexes and other things that we establish. And on Highway 4, that is our recollection of the nature of the concerns that we had with that particular initiative.

As to the specific details, I can get them for you. I don't have them off the top of my head as to what the values of the penalties were and the specific nature. We can provide that by way of follow-up for you.

Mr. Weekes: — Thank you. I appreciate that. On that same line of thought and questions, how does the department physically keep track whether the specs are being met on a project? Could you elaborate into that, how you actually physically do it and how checks are done?

Mr. Schmidt: — Thank you. There's many specifications on the different projects and they're all unique to a paving project or a grading project, a seal coat project. So each project has a unique set of specifications. And what we do is we develop what we call general specifications that are included in each contract and then we include the appropriate specifications right within the contract.

And within the specifications themselves, they're broken up to components that speaks to the specifications that must be met, the testing procedures, how often the tests are done, the payment penalties for not meeting it, and all those various activities. So say, for example, on a crushing contract, we're going to have specifications for the type of aggregate that they're going to produce. And then we would have different specifications there for the sieves, on the gradation of the sieves. We'd have specifications there for what we call sand equivalents and fractured faces and the amount of deleterious material in there.

And then there's different bands that they can operate within. And then if they're outside of those bands, depending on the

range, there's penalties or shutdown and then they have to, material could be rejected and no payment made on that material because it's out of specification.

So that's just in generality speaking. And there's different testing procedures, asphalt, concrete — we'll have different testing procedures for the oil content, for the air voids, for the density on the road, and all kinds of different things which are all outlined in the contract itself in that specification.

So the contractor is aware what specifications need to be met, the testing procedures. Our department staff are aware of the testing procedures. So it's all outlined in great detail within the contract itself.

Mr. Weekes: — Thank you. What per cent of projects would fail in a given year?

Mr. Schmidt: — I don't think I can speak to a percentage of projects that fail because it depends what the definition of failure is. I think what we do have is there are always instances where there is material or product that is produced outside of the specifications that needs to be dealt with according to the contract. In some cases, there's bands that there's a penalty. In other cases, it may be total reject, where the material and product has to be removed from the road or not used in the road and new material has to be either provided to the contract at no additional cost or no incremental cost.

So I'm not sure I can speak to a percentage that has failed. Before we do accept a project and make 100 per cent final payment, it has to be accepted and meet all specifications and all contract requirements. So there are criteria within the contract that will allow for holdback or partial payment until such point in time as all specifications and all contract requirements — not only specifications but other contract requirements — have been met by the contractor before what we would call final payment and final acceptance of the project is made.

Mr. Weekes: — Has there been a concern . . . Whenever there's times of tight funding, naturally I assume the specifications are given — and I guess I'm asking this; maybe I shouldn't assume that — are specifications given on the low side to still be within the range of putting in an adequate highway or whatever project's being done? And have you come across situations where possibly the specifications were a little too low and in turn a contractor may just meet the specifications or just be that little bit short, still within the range and given the combination of pushing the boundaries, that would have a higher rate of failures in projects? Is that something that you've witnessed in the department?

And I guess, on the other side of that issue, if specifications were higher, obviously the cost of the project would be higher. But would the length or the durability of the project be greater and longer in length over the years?

Hon. Mr. Lautermilch: — I'll ask Mr. Schmidt to respond to the technical details. But I think it's obvious that, over a period of years, the department developed specifications based on the needs and based on, you know, the type of road and the type of system that we were attempting to design. And, you know, I

think those are in some ways fairly standard specifications not only here but in other areas. But obviously it's more than specifications. When there's road failure it could be the material used is insufficient. It could be contractor error and obviously it could be underdesign, but I think that is something that the department would monitor on a regular basis. I can tell you that as the minister responsible, when there is a failure in a road that has recently been repaired, we hear about it.

And so obviously those are the questions that will be asked of the officials. And I think the review of specifications is an ongoing process that the department has done for many, many years. And obviously when they believe there to be deficiencies or if they're having difficulties with one particular contractor, they have the responsibility to ensure that those issues are corrected. But I can allow, ask Mr. Schmidt if he would like to elaborate on some of the technical details, or Mr. Law.

Mr. Law: — On the specific approach the department takes in terms of funding, we have a standard that is established based on national standards that is, I guess, a minimum threshold approach where, irrespective of how much money's available, we're going to engineer roads to a certain standard and we're going to continually monitor and update our standards in respect of the national standards such that things change over time. Traffic patterns and traffic volumes will change and those things will have a bearing on what we do.

But to give you a couple of examples, we will engineer our paved roads to ensure that they are engineered on the basis of a 15-year standard which with appropriate maintenance can be extended to 25 years, and those are the kinds of things that will be established for us irrespective of funding level. If in an ideal world we were to have unlimited resources, our ability to perhaps thicken the amounts of pavement for example, or to engineer them to a higher standard, we would certainly look at that. But the determination's been made based on our soil types, our traffic patterns, and so on in relation to national standards and those are regularly updated by staff at annual discussions that we have on those subjects.

Mr. Weekes: — Thank you. It's interesting though, national standards. We have certainly a much more challenging environment in Saskatchewan and in Western Canada than anywhere else in Canada or North America, so a national standard just may not be adequate. What is your comment on that?

Hon. Mr. Lautermilch: — Well I can comment on that. I think the work that happens interprovincially is important. And I think weather conditions in the Maritimes are obviously a little different than . . . There would be different challenges there than there will be here. We'll sustain a period of 40 below. But I think overall the deficiency that I've seen in our transportation system is not to do with the engineering, but it's had to do very much with the kinds of changes that our national government has imposed upon this province with rail-line abandonment. And I think you'll agree to that.

The 10,000 kilometres of TMS roads that are now carrying the grain that you haul, and other of your colleagues haul to market, obviously were never designed for that. And if there is a deficiency it's not been one of under-engineering, but it's been

one of transferring responsibilities from the railroads to the provincial Department of Highways and Transportation budget. That's where I would see the deficiency.

In terms of standards I think engineers are on an ongoing basis discussing these issues. And if you can point to a series of deficiencies in engineering, I'd like to hear from you on that. I haven't heard that yet. Nor have I heard that as I travel around this province, as you do. But I certainly have heard about the deficiencies of the TMS system that we're working to redesigning and that's what Transportation for Economic Advantage is all about. It's realigning what we do and it's realigning the heavy transportation to roads that can manage it. And it's allowing the department the opportunity to upgrade for lighter traffic some of those TMS roads.

But in terms of a deficiency on engineering, if you can point to an example I'd be more than pleased to have the officials respond specifically to that. But I think in general terms it's fair to say that this department does a very good job in terms of the, not only the in-house engineering, but the consulting engineers and the people who are contracted who are professionals and who make their living designing this infrastructure. I think they're doing a very good job.

But obviously if you can point to a deficiency for me it may be — or an example of a deficiency — it may be that we should discuss that this evening. But I think that the department does very well. I think the profession itself is doing very well, the consulting engineers and, you know, I think for the most part we get good work for the investment that we put in.

Our problem is the infrastructure that we invested in 30, 40 years ago that isn't designed to do what we're asking it to do today. That's the problem. And that's why Transportation for Economic Advantage has the six pillars, one of them being to work with SUMA and SARM on Clearing the Path, developing a new series of interconnects as our population is growing and as our economy is growing.

If you can point to a deficiency with respect to engineering, I'd be more than pleased to have the officials discuss it with you.

Mr. Weekes: — Thank you. Were your officials going to reply to my question on the technical side?

Mr. Law: — On the challenges that we face in Saskatchewan as opposed to other jurisdictions, there are perhaps three or four comments that I could make in terms of what we do that's different here as compared to other jurisdictions.

The point I was trying to make in my earlier response is that we do attempt to customize our solutions for our environment in Saskatchewan and to respond to the circumstances that face us in Saskatchewan.

So if I use a couple of examples: in areas of Eastern Canada, perhaps in and around the larger metropolitan areas, they may have traffic volumes that would be in the 60 or 70,000 vehicle per day category. And they need to design their roads to accommodate that level of traffic. We would not have anything that would come close to those volumes and so we would make adjustments on the basis of our traffic volumes as one of the

things that would be reflective of the circumstances here as compared to there.

We have also differences in terms of things like the sources of materials that we use here. In Ontario, for example, the aggregate that they would use comes from quarries that give them a different kind of source material for their work on asphalt paved roads than what we would use. And so there are differences in terms of the inputs and the raw materials that we use which are again reflective of our circumstances here in the province.

We have also customized our system on the basis of the kinds of weights that we expect it to carry. So our primary weight system in the province has been designed on the basis of ensuring that what we're providing is something that is sustainable over the long term. Some of the expansions that we've announced recently are done on a nine-month basis to accommodate the spring conditions that are sometimes more damaging to the system as well. So all of these things tend to be unique in terms of how we design the system in the province. And so from that perspective, I think it's a customized and unique system for our province.

Mr. Weekes: — Thank you, Mr. Chair. Mr. Minister, quite frankly, if I didn't intercede, my colleagues wouldn't give me, as critic, much time to ask questions about the budget. They would be asking questions about highway problems and failures and deteriorating roads and highways in their constituency, and they will soon be asking those questions tonight and in the future.

I'd like to move to again Highway No. 4 north of Biggar. This is between Biggar and Cando, specifically begins at the Salter Road north of Biggar and goes on to Cando. Your officials, your Highways department is out there working at it, but I had a call just today and saying that the conditions are so deplorable that the signage isn't accurate. It's not a matter of slowing up or even going 60 or 40 kilometres. The person I talked to said 20 kilometres an hour is too fast to go through this area. He said the whole width of the highway is . . . The pavement is gone; it's down into sand and gravel; the vehicles are bottoming out.

First, are you aware of that situation and what is being done? I believe the first thing that should be done, I think the travelling public should be made aware through signage that it's much worse than maybe your officials, your Highways department officials first thought. And what is the plan to fix it and well, even temporary, get it to a position where people can travel at normal speeds?

Hon. Mr. Lautermilch: — Mr. Weekes, I think that this is an annual discussion that has taken place in this Chamber for many, many years, probably many before we came here and there will be for many after you and I both leave here. I think it's no doubt spring breakup, spring thaw creates road conditions around the province where you've got potholes and you've got a deficiency, and it's always a difficult time for the department because they attempt to grade and they attempt to maintain it as best they can until the conditions are dry enough that they go in and do the repairs.

And for the most part, that is what happens with a delay at this

time of the year. Sometimes we have good weather and the roads will dry and we can get the crews out and they can put a meaningful maintenance to the road and repairs to the road. I think it's interesting to note, in this year's budget we have the largest amount on maintenance and preservation that this department has ever had by a long, long shot.

And I'm going to ask Mr. Law to share with you how much more we're putting in, in maintenance in this fiscal year. But I'd also like them to describe for you what the work plan is for Highway 4 north of Biggar. And so, Mr. Law, I can ask you start and then maybe Mr. Schmidt would want to carry on.

Mr. Law: — Our maintenance budget this year, planned maintenance budget, is going to be increased to about \$102 million. That's an increase I think of in the neighbourhood of about 28 per cent over last year. And we began a program last year where, as opposed to doing just the surface maintenance, we've attempted to make investments that we hope will last over a longer period of time. The nature of those repairs requires us to intervene a little bit more than we normally would do to try and dig out some of the really difficult spots and do more permanent kinds of repairs that can last. And our approach this year has incorporated that as part of our base approach to enhancement and to deal with some of the spring conditions.

As to Highway 4, I'll have Mr. Schmidt elaborate a little bit more on that.

Mr. Schmidt: — Thank you. As both the minister and the deputy described, the wet conditions in the spring do cause challenging conditions for the crews and some of our pavements that are a little older, such as the one from Highway 4 north, when it is wet like this and the moisture penetrates into those cracks in the road and especially when it was wet in the fall like we saw — going into such a wet fall — the moisture penetrates into those cracks and then it freezes in the winter. You get those ice lenses forming underneath the pavement.

And as we know, the ice expands and it will cause the pavement to shift and to heave up and down and then in springtime when those ice lenses melt and the water starts draining away, there creates a void underneath there. And then as the traffic goes over, what happens is the pavement collapses into those voids, and that's when we start seeing some of those potholes.

So what our crews will be doing is, as you mentioned, they're out there flagging and marking these holes as best they can. They do that on a regular basis. They do surveillance on the road. They report the conditions regular to the highway hotline which has now been switched over to our summer conditions. And then they repair the worst ones as best they can for public safety. And then as conditions dry out they'll use various different patching techniques there, depending on the type of failure.

And the work crews have already put into place their work plans for this year, and planning the resources. And so then they will prioritize them, based on the conditions of the road and the various highways classifications, and they'll do various things where they'll do either what we call a deep patch, which is digging out the failed area and replacing it or backfilling it with granular or sand material, compacting it, and then putting either

hot mix or double seal coat back on to restore the dust-free surface.

Some cases, all it will require is either some hand patching or machine patching with some cold mix material or hot mix material. And in other cases, it's just a matter of seal coating and crack filling again to seal those cracks to keep that moisture out from the subgrade.

So I'm sure Highway 4 will be a combination of those various activities undertaken by the crew as conditions allow and they'll be, you know, getting at that, as I mentioned, as soon as things dry out — and in the interim flagging, signing, doing public safety repairs as quickly as they can.

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told if one would search the highway hotline you would find on that stretch of highway this evening is the following:

8 kilometers north of Biggar to 13 kilometers south of Cando: Under Construction, Reduced speed required, Surface breaks, Rough, Heavy and rutted, Loose stones, One lane traffic, Watch for equipment and persons working, Flagpersons in attendance, Be prepared to stop.

So I think it's a very valuable tool for all of us in the spring. One can never determine what those conditions will be but I think the work that the staff do in posting updates and warnings, as has happened on Highway 4 and as appears on the highway hotline, is very worthwhile.

You know, it may be that someone's interpretation of a 40-kilometre speed limit is too fast and it could be or should be reduced to highway 20. But I would want to say when you have people out working on the roads, I would want to urge all of the Saskatchewan motorists to be cautious. These people are doing an important work and obviously when there's traffic flowing back and forth it can be dangerous. So it's important that people recognize the people who are working on these maintenance jobs.

And I would want to just conclude by saying they . . . I think the motoring public this year will find inconvenience probably to a larger degree than they have in previous years because of the magnitude of this budget. When you have that much capital and preservation work, and when you have the construction industry working flat out along with the department officials, there is going to be some inconvenience and motorists are going to be probably slowed down due to the enormous amount of construction that's going to be taking place over the summer.

Mr. Weekes: — Thank you very much. The person I was talking to certainly recognized it was fairly serious. And as I'd mentioned, highway crews were working and they were certainly doing the best they could at the time. Of course that was yesterday so possibly they've, as you mention, maybe updated the status of the problem.

Just one question. You'd mentioned the highway hotline going to summer conditions. Is the flooding and the washouts of roads and highways, including grid roads, is that on the highway hotline?

Hon. Mr. Lautermilch: — Yes it is. I can give you an example. Highway 0505 at 52.2 kilometres, culvert on municipal road. This is a municipal road. And duration of the water crossing . . . It says, “water’s washing out a box culvert on a municipal road. Approach road will be closed until water level goes down.”

So I mean they do go through a list. I have a list here that was updated 3:45 p.m. this afternoon. They will indicate in one instance a bridge is out. They will ask that you use an alternate use and they’ll articulate what that route is. They will articulate a washout. So I think it’s really a matter of prudence that motorists, if they’re travelling roads that they’re not familiar with or in areas of the province that they aren’t familiar with, check into the highways hotline because it can certainly save you some inconvenience.

When there is no ability to protect driver safety other than to put people physically out there and roadblocks and that sort of thing, the department as well does that.

Mr. Weekes: — Thank you. I’m glad to hear that. We’ve had some calls and there’s been some confusion about whether this information was on the highways hotline. Now this isn’t your department, but is this information also on the Corrections and Public Safety . . . or does the Corrections and Public Safety have a similar website? Because people could be confused about where to go to look for this information.

Mr. Law: — Mr. Weekes, you’re correct. There is a coordination that takes place between the Department of Corrections and Public Safety who overall are responsible for general updates on flooding conditions. And they have incorporated, sort of, the more urgent information from the circumstances around impacts on roads usually as part of their website. But it is, as I recall, linked directly to the highways hotline so that if you were to go to the Corrections and Public Safety site, it links you back or refers you back through their site to the highways hotline in order for people to get the information consistently.

Mr. Weekes: — I see. Okay thank you for that. I’d like to move on to another situation. And I’ve been in contact with your office, Minister, and you did reply in a letter. This is concerning flooding in the Asquith area, both in the town and just south of Asquith. Your department did lower a culvert, and it did help the situation with the dairy farmer south of Asquith. I visited both the dairy farm yesterday and the two homes in Asquith and spoke to them and saw the damage, quite frankly, that was done.

The situation in Asquith is such that their basements are flooding. They’re pumping their basements out, but there’s considerable damage to the basements in particularly one house. And they’re really concerned about the future of, well first of all, the value of their property because of the flooding and the wet areas. And in both cases, they said when they moved there they haven’t had a flooding problems for years. There was virtually no water in which is now a slough.

I would like you to just give me an update on what else . . . I assume you’ve been in contact with the RM and the community of Asquith. I understand the town of Asquith purchased some

pumps and were pumping some water. To add to that, I guess from what the people are saying, they pumped the water to the point where the culverts have stopped running. And that’s fine; it’s not going to advance any more, but the water table is so high that their basements are still flooding. And next year obviously if the water level in the slough stays where it is, there’s going to be flooding not only next spring. If there’s heavy rains, it’ll flood again right now.

They were told there’s a possibility of blocking three culverts that feed into this area that comes close to the house and diverting the water around to more of a natural flow. Could you give me an update of what your department has been doing concerning this flooding in Asquith and around Asquith?

Hon. Mr. Lautermilch: — Mr. Chairman, I will ask the officials to give more detail in terms of Asquith and that specific issue. But I think, just to say in general, we’re seeing some circumstances in Saskatchewan that we haven’t seen before.

Some of your colleagues were asking questions today about water conditions of the Minister for Public Safety, about water conditions at the Fishing Lake area, and I just happened to view the evening news when I went home for the dinner break, and it is a pretty daunting problem. The people are saying that they have never seen water levels of this nature in that area. One reads *The Globe and Mail* today, and articulated in an article is the flooding circumstances in Saskatchewan. So a global newspaper picks up on some of the flooding conditions in our province.

And at the same time, as Vice-president Gore who was in Regina today making a presentation indicated, our province in some corner is facing drought and in other corners facing some pretty severe weather conditions. And so I think what that leads me to is to the belief that, even if one doesn’t believe in global warming and climate change, there are some circumstances that are happening around us that will need to be managed. And I think Mr. Gore’s warning as it relates to our environment is one that we would do well to heed as a province and as a nation and as a world.

As you say, Asquith . . . And these are not anecdotes. These are things that are happening. And where people are indicating they’ve lived in a community for 50 years and have never had water in their basement, I think that says something. And obviously when there’s some concern about the value of property because of flooding that has never happened before, one can understand the people’s fears. But our reality is that we are now in a changing climate in this province. And we have water problems where we didn’t have water problems.

Red Earth First Nations, this is the second year in a row they’ve been evacuated. And so, obvious that people who have spent their lives on the land and people who have spent their lives making their living from the land and who chose to locate their communities just north of Highway 55 and, two years running, are flooded to the point where they have to be evacuated, you know, it would say to me that we need to be monitoring this very, very closely. And we need to be recognizing that some things around us are changing. And the Asquith issue that you raise is just indicative of that, and it’s happening around our

province in the North. I would ask Mr. Law, he's had some opportunity, I think, to review the work that's been happening around Asquith, and I'll ask him to share that with you.

Mr. Law: — Just, Mr. Weekes, your update with respect to the discussions at Asquith are accurate. We have undertaken to do some work on the culvert which we understand has helped alleviate some of the current pressures. As to the alternative options that can be put in place to mitigate this in the future, where we look at diverting natural flows, the only cautionary note that I can sound on what you've described, because we have had some discussions about those options, is that if in fact we look to make an alteration, it will require a formal approval from the Watershed Authority. We can do a certain number of things within our legislation with respect to alternative roadways and so on. But in terms of actually changing the flows and so on, we will have to work with at least one other, and in some instances two other agencies, to get formal approvals to make those changes. So those are things we'd have to work with the communities on.

Hon. Mr. Lautermilch: — I think, Mr. Chairman, I think that one thing we can all agree on is that the water isn't going to go away. It'll evaporate or sink into the ground at some point in time, but it won't go away and if you have a plan for a diversion obviously somebody's going to have to assume the responsibility for that water, which is the role of the Watershed Authority to determine how it might work so that it doesn't impose upon other landowners and other homeowners.

And I mean it just, it's a prime example of what we talked about today at Fishing Lake, where the level of that is still to gain another foot. And there has been some money put in to study to determine a solution, and there's a solution as I understand it that works for the people around Fishing Lake. But the people downstream don't see that as being the solution and agreement couldn't be found. So what you have is a landlocked lake that's rising, and the water has nowhere to go. There was some mitigating action taking place I guess last year, but I mean that's the problem.

Whenever you make a decision to divert or to open up the flow of water, someone has to be on the other end receiving. And I mean that's partly the difficulty sometimes is trying to keep the community whole to protect one landowner and to ensure you're protecting whoever it is that lives downstream. So it just, it's a complicated thing when you're trying to move water around.

Mr. Weekes: — I appreciate that, Mr. Minister. Just in this particular situation in Asquith, has your department or will your department make representation to the Watershed Authority about diverting water around Asquith, or what would be the process for these people to follow?

Mr. Law: — My understanding, Mr. Weekes, of where we are in terms of the specific options for Asquith is that we've had some informal discussions with the individuals in the community about what we might be able to do with respect to effecting closures of some of the culverts and so on that could create the diversion. But those have been informal. We haven't formalized those yet. Typically when an application is made to do that, it's not one that our department would make, although

we might be prepared to assist with that. That would typically be made by the local jurisdiction, and they would apply to the Watershed Authority for that change of routing and so on that would be necessary.

The Chair: — Mr. Brkich.

Mr. Brkich: — Thank you. Question is going to deal with Highway 15. You've got two situations there. I'll ask questions about your first situation which occurred two weeks ago with the washout. It was about 20, 25 feet wide. That water's pretty well done flowing. That was a local issue. Are you going to put a bigger culvert in there? You had a 20-inch in there before.

Hon. Mr. Lautermilch: — Mr. Chairman, the officials are reviewing the situation, and they're going to determine whether or not it's such an extreme circumstance and a 20-inch would, you know, manage it under normal circumstances or whether it would require a larger culvert. But they'll be making that determination as they're looking to put the road back together.

Mr. Brkich: — I hope they . . . When you assess it, do you remember what a culvert costs and what it's going to cost to repair that particular piece of highway? And it's deep enough that you can put a bigger culvert there.

Still dealing with that one, it's basically done flowing there. I was there this morning. There's a trickle going through there. And last week your officials were saying that it would be six weeks to eight weeks that they would actually start actually doing a temporary repair there. Is that still on schedule for six to eight weeks?

Hon. Mr. Lautermilch: — Well I think it's fair to say that the officials will get in as quickly as the ground conditions and the soil conditions will allow them to. Mr. Law may have more detailed information on that specific piece since we're doing casework.

Mr. Law: — We will have to get you an update on the latest time frames for exactly when the repairs will begin. I can tell you that it's definitely our interest in trying to get the road open as soon as possible. Part of our challenge has just been in terms of the general busyness of our staff on a variety of things. We instituted a new five-point plan this spring to deal with the flooding conditions which I can provide more detail on if you're interested. But one of the challenges is our ability to redeploy crews to projects like this, which is a priority for us in terms of trying to get to it is being affected by, you know, in some cases the surveillance, flagging, and signing work that is going on elsewhere.

And as the minister points out, the other challenge will be . . . and the assessment of whether the subsoil conditions and the water levels are such that we can actually make a lasting improvement at this point in time versus at a point when the conditions are a little drier.

But we will get further information for you on the exact timing. I don't have that today in terms of the exact date, but we can provide that for you right away.

Mr. Brkich: — Thank you. The concern right now is to open it

temporarily. If you're going to wait for it to dry, yes, it's going to be June if you know anything about highways and how long it's going to take there. You can do a temporary fix dumping gravel in right now and packing it.

The question will be . . . you mentioned department but are you also looking at tendering some of these quick fixes out? I know that there's a construction outfit in Watrous. I'm hoping that you're looking at tendering some of these quick fixes that can be tendered out quickly.

Hon. Mr. Lautermilch: — If I could respond. I mean obviously if you look at the magnitude of the budget and the amount that we put into this year's budget, there is more room than there has been in the past. Part of the problem is capacity, and as you will know the Department of Highways and Transportation doesn't have the system for construction that it had some years ago; that equipment was moved onto the private sector.

But do we contract? Absolutely. The problem is, for the most part is capacity. And are we shifting crews from one area to the other? Absolutely, because there are some areas where the weather conditions haven't been as severe and so the department employees would be moved into areas to help speed up the maintenance. But I mean, in the event that you have wet weather and floods like we have and . . . mother nature or father nature or whoever it is that looks after the weather is going to have to co-operate with us so that we can speed up some of these repairs.

But the department does, they move people around. We use private tenders or private contractors, obvious.

Mr. Brkich: — Because that highway right now, you're looking at a detour if you're going to Nokomis of 300 miles. That's a huge, huge detour for a section of highway that, I raised in question period, shouldn't have washed out. You should have had a bigger culvert there. You rebuilt that three, four years ago, and what would a culvert cost compared to that section that's going to be washed out or was washed out?

But dealing with the second situation on Highway 15 right now is, you have a quarter mile of highway that is a potential of being washed out. The water's flowing over it as we speak right now. As dinnertime, you had the shoulder was already starting to go on it, and that water is coming from the Humboldt area.

Now I know some of that, some of that . . . well it is all runoff. But I'm going to ask you . . . You've been in contact with SaskWater; did they close off the access for the water drainage to Manitou Lake? Did they close off that runoff from that particular creek that's flowing over Highway 15 right now? And did they open another lake by Humboldt putting more water into, basically, that water run that's flowing into Last Mountain Lake right now, that's basically going to wash out a quarter mile of highway?

Mr. Schmidt: — On the Watershed Authority information you requested, we're going to have to follow up on that. I'm not sure if more flows have been let through or what the details are, so we'll follow up on that and get back to you.

On the situation we have now, you're right. I think there's a section of highway; it's about 650 metres long where the water is flowing over. That is a situation there where these are extreme conditions. And if you look at hydraulics technically, from a technical perspective there, what we have is a channel that is very difficult to deal with, in that it is wide and shallow as far as channels go. And what you have then is to get enough culverts through the highway to move that flow of water is very, very difficult if not impossible to do because you just don't have enough head on the one side. And you've got the tailwater effect on the other side that totally submerges the culverts. And so in fact what you have is it's quite a difficult technical situation to move that volume of water through culverts.

So I mean to have a bridge 650 metres long too is not practical either there. So what you have is the solution where we design a roadway for a 1-in-25- or a 1-in-50-year flood to accommodate those levels. And when you get extreme conditions like this, it would be in some cases next to impossible to have enough culverts, 650 metres length of culverts there, to move that, from a technical perspective. So that's where on our designs we look to, as I mentioned, the 1:25 and the one-in-year flood frequencies out there.

Mr. Brkich: — Thank you. The concern is yes, you're right; you're not going to be able to accommodate that particular flood. The problem is though is SaskWater. If they're going to keep pushing extra water down there . . . This is the second time. This is the second year it's flowing over there. And because SaskWater is doing some adjustments further up the line that's affecting this particular section of highway, it's not just runoff. It's because they're opening some lakes, closing some off to move some extra water to Long Lake this year or Last Mountain Lake — I call it Long Lake, the locals there call it and that's why I call it but . . . Last Mountain Lake was down a little bit in water. So now they're bringing this excess water out of some closed systems that normally wouldn't flow that way.

And it's basically going to cost your department a lot of money to rebuild a quarter to half a mile of highway. And you may have to build it every year if SaskWater keeps diverting water down that way.

Hon. Mr. Lautermilch: — Well, Mr. Brkich, I do appreciate, you know I do appreciate your expertise in these matters, obviously. But I think what I would like to do is have the officials check with SaskWater to determine what the facts are. If in fact this is a repeating occurrence, obviously we will look at ways where we can alleviate the problem. No one wants to see a road washed out.

I think Mr. Schmidt has indicated to you the difficulty with that kind of a creek bed. You know, I mean it's wide, wide, wide. You can put a half a dozen culverts there perhaps; I don't know if that will solve the problem. But I can assure you that we will check with SaskWater to determine if in fact, needlessly, they are flooding that water because I have no intentions of rebuilding roads year after year after year if there isn't a need for it. I think you can understand that. But we will check that out.

Mr. Brkich: — Thank you. I hope, because that's what . . . I was up there this morning, and I talked to some reeves, and that's what they're telling me. So I'm hoping that this problem can be addressed; it doesn't turn into a yearly problem. Because with that particular highway, if you're familiar with it, when you close it down and there is only two grids, you've got the Simpson Grid and basically what I call the Lockwood Grid, and other than that, if you can't go down them two, you're looking at 300 miles to get around that particular washout just the way the geography is.

Right now, the Lockwood Grid, they cracked it open yesterday with a backhoe . . . or Saturday. And you just mentioned a bridge update, and I guess that would be the bridge on Simpson. I was there this morning. I drove up to it, and it was just about going over. And they were driving stakes in the ground to not let vehicles, so they couldn't even go around, you know, your barricades because they were scared if a car crosses that bridge, it's going to collapse because they can't tell how much damage has been underneath.

So right now, I guess they're going to be looking for compensation, and I don't know if that's going to come from the Highways Department or if it is SaskWater putting extra water in or if it's just water is being diverted or held up. But I know that them RMs right now are looking for . . . and they're spending some time and some money and working around the clock trying to keep some kind of a road system anywhere out . . . Right now there is a couple of . . . basically the way the water flows is you're cut right off by 300 miles.

Any of the major roads . . . there is one elevator terminal there that basically says, you know, if we can't get 15 open or some access open anywhere, we might as well shut our doors down. So I guess the question is not only compensation, but is the Department of Highways willing to help with even some grid work out there once the water floods, gets done, and at that end of it, are they willing to do some help there?

Mr. Law: — Our department is willing to help in those situations, Mr. Brkich. We started a program last year where we've deployed our municipal engineers from the department to assist municipalities in doing assessments both from the perspective of the condition of some of the infrastructure and the culverts and the bridges and so on, but also in terms of mitigation strategies, and so that is something that we are prepared to assist with.

On the issue of damage claims, those are generally . . . those that are related to flooding conditions are generally handled under the Emergency Measures. There is a provision where RMs can apply for assistance. That doesn't come through our department, but is typically handled through Corrections and Public Safety.

Mr. Brkich: — Thank you. Basically just one more question. We talked about SaskWater and I've made some calls. I've made some calls to your department too. Right now is . . . The concern out there for the people is when is the flow going to stop. And I still haven't gotten that answer. And I know that, you know, they keep saying we're assessing it, both departments, and I'm wondering how close you're working with SaskWater because this water shouldn't be coming any

further than the Humboldt area. It doesn't feed quite back that far from up north, and northern Saskatchewan still has snow.

Right now they would like at least to know when the flow is going to slow down, and then the RMs can start looking at some temporary fixes. But there's no point in trying to affect that if there is more water being opened and run down that, basically down that . . . I call it a, it's not even what you call a creek. I don't think it's got a name on it. It's just a water run that runs in the spring.

I'm hoping . . . I don't know if this is a question. I don't know if you can answer it, but this is more a statement. I'm hoping that you can work with SaskWater, and as soon as you find out when them flows are going to slow down, if you could pass it on to me and I can pass it on to the RMs so at least they know what's happening in the area because right now we're not getting any answers how long this water's going to be rushing down there, and right now it's a full bore rush. It's like, it's coming hard. And if there's more coming, they're going to need know that even to do some more . . . They're going to lose some more roads along the way. Or if the flow's peaked today or tomorrow, and they're not, seems like they're not getting the answers from either department.

So I'm hoping that you can, if you're talking to SaskWater, if you could impart that or if you know if they've told you when these flows are going to be slowing down or when their peak is going to hit and start going the other way, so at least the RMs can . . . it gives them some idea, some planning, and the businesses in the area.

Hon. Mr. Lautermilch: — Mr. Brkich, it's been my experience that SaskWater, the Watershed Authority, the Department of Highways, and municipal governments, municipalities work closely together. I mean sometimes the information isn't available because it's unknown. But I can say that my experience has been there's a great deal of co-operation between the provincial government entities and the municipalities.

I think it's also fair to say when there's flooding conditions, there's a lot of frustration. And you know, I mean we all know what it's like when your roads are washing out and when your neighbours can't travel the road they normally travel. There's great frustration. It's very much similar to what happens in forest fire season in the northern part of Saskatchewan. When there's a fire, people are worried, and they're upset, and it's a natural thing.

And you know, I think it's fair to say that the department officials from Highways and Transportation, from SaskWater do the best that they can. Sometimes, as is the case now, when you have incredibly unusual flooding circumstances here in this province, there may not be the manpower to give the answers to you or, you know, as timely as you would want. But I would say that in this case that the answer would come from SaskWater. I can ask my officials to see if they can generate some more information. But I think it's been, as I said my experience and I hope yours, that there's a great deal of co-operation between municipal governments and provincial government entities.

The Chair: — Mr. Kirsch.

Mr. Kirsch: — Thank you very much. Of course my pet one, Highway 368, I'm wondering what is the status of 368.

Hon. Mr. Lautermilch: — Thank you, Mr. Chairman. I have met with representatives of the local communities along 368. And I think it's obvious — and I hope it is — that we have been working for a considerable period of time with local elected officials and business people in hopes to find a solution that can work for the people along that corridor.

I was out there with Minister Serby in September '06, and we indicated that it was our intention to ask our officials to work in a co-operative manner with that group. We had decided that we would move forward and attempt to find a solution that would make some economic sense for that area. And I'm told by my officials that for the most part we have moved forward on a process to develop a business plan which the Department of Highways and Transportation has contributed 50 per cent to look at what we might do there that would make some economic sense.

I think that's really a prime example of an area where a lack of co-operation hasn't been helpful. As you will know, right beside 368 is a heavy haul road built right parallel straight up, you know, past Lake Lenore and up to St. Brieux. And I think those are the kinds of things that we should attempt not to do again because we should be working co-operatively, municipalities with the province, and I think Clearing the Path and the transportation program — the \$5 billion program — that we've put together of the six pillars will go a long way in assuring that the one taxpayer who funds both municipal and provincial highways and road expenditures is getting top quality roads for the money that we're spending.

I'm going to ask Mr. Law to give an update in terms of the discussions that have taken place locally, and he can maybe outline what the cost to bring that whole section to a structural pavement . . . which I'm told is around 14, \$15 million and the work that's been going on. So I'll just ask him to give you more detail on that. Or Mr. Schmidt? Mr. Schmidt.

Mr. Schmidt: — Thanks, Minister. I can speak to a little more detail some of the discussions that have been ongoing between department officials and the local stakeholders. As the minister mentioned, after Minister Serby and Minister Lautermilch met with the group, we came to an understanding that we needed to work together on a creative and affordable solution.

And so department officials have been working with the local stakeholder group there with representation from the RMs, from the village of Lake Lenore, and from Bourgault Industries, and they agreed to engage the services of a third party, a management consultant, to help put together a business case that looked at the economic activity along the corridor and that would help build a business case for a level of investment.

And so that study was completed, and they looked at several options on that study — one of upgrading the remaining 35 kilometres of that corridor to a structural pavement which was approximately \$14 million, and another option which looked at upgrading the portion of 368 from Lake Lenore south for about

eight kilometres to connect with the 15 kilometres that was upgraded to a structural pavement and then constructing the portion between Lake Lenore and the section that goes about four miles south of St. Brieux up the Pleasantdale grid to a good gravel standard road capable of carrying primary weights. And it was that option that was costed out at about \$7.4 million. And when you looked at the economics and the benefit cost, that was what returned what we would call an equal return of investment, so it was slightly positive case. When you started looking at a \$14 million investment, it was somewhat of a negative case.

So that was the one that was pursued. And we've been in discussions with the stakeholders towards a partnership approach, investment plan, and a strategy to deliver that project, working with our partners there in delivering this in a partnership-type fashion. So we haven't reached an agreement yet, a partnership agreement or investment plan strategy yet. We have the principles in place, and we're continuing discussions. I think officials met as late as April 12 to further discuss details of the proposed partnership proposal and hopefully come up with one that could be submitted for consideration into future investment in future years, and as quickly as possible.

So we're continuing to work with stakeholders to put that investment plan together based on an economic analysis and a business case.

Mr. Kirsch: — Thank you. When you say \$14 million, I understand that . . . the reports I've heard that they're paying \$7 million a year in taxes already, that area. And you've got a stretch of paved highway, a stretch of paved highway, and we're going to connect them with a gravel road. Does that make economic sense when we're looking at the economic driver that this area has and when you look at the tourist trade that comes through there? People with \$40,000 fifth wheel trailers don't want to come down a gravel road to get to a golf course and a park. And the connection's all there. Both ends are done. Why don't we connect up the middle?

Hon. Mr. Lautermilch: — Mr. Kirsch, you know I listened with interest over the last weeks in this session, and I've asked my officials to keep a rough figure of the amount of money that members of the Saskatchewan Party are suggesting be spent. And about a week and a half ago we were at 700 million. That's a lot of money. And if you keep . . . you know, and I mean you can't do them all.

So what we've said is, why don't we sit down? Let's do an economic analysis of the area and try and figure out what a payback for the road is because you can't just continue promising and building roads the way we used to do in the past. That's how we're in trouble now. That's we got the kind of system we've got now.

And I mean look, you can make the argument . . . and the member from the southeast corner of the province around Swift Current makes the argument for Highway 32. I could go through the list. I haven't brought it with me tonight because everybody hears about it every day in question period. But the point is this. We've got a system that is far too large in terms of the amount of kilometres for this economy and far too large for

the amount of people who are paying for it. And it's going to have to change. If we're going to have a decent road system that can manage tourism and that can manage our growing economy, we're going to have to make some choices.

And Mr. Schmidt indicated to you that the economic analysis that was done by a third party showed the plan that you said doesn't work with just a slightly positive return. But expending twice that amount of money, you can't make an economic case for it. And I think you as a business person would want there to be a business case made for it — I would hope. And that's what we're attempting to do with these regional road systems.

So we're working with the local communities in an attempt to find an affordable solution that will serve the economic needs of that community. You can't go around promising the paved highway or a chicken in every pot. I mean it just, it can't work that way. We haven't got the wherewithal to do it all, and so we're going to have to make some choices. And one of the choices is to attempt to find an economic case, a business case for that investment before you make the investment.

You can argue that may not be the way to do it. Fair enough. I think we're going to make a lot of progress this year because we have developed the largest budget that this province has ever seen in terms of capital and in terms of Highways and Transportation. And it's needed. It's needed, and it's a multi-year plan. And we're going to take a multi-year proposal in order to get some of the solutions.

But we're working with SARM who are, by the way, very happy about this year's budget and have indicated to me. The road builders are building up capacity and very satisfied with the commitment that we've made to the transportation initiatives. And I think we've got people in the industry who understand we're going to have to ramp up our capacity, but we're also going to have to work together and make an economic case for the roads that we're going to invest in.

That's the approach that we take. Now that may not be the approach that you or others would believe should be used. But that is where our deliberations have taken us, and I think we've got a growing partnership and a building desire to work together with municipal governments, both urban and rural. The industry is, I believe, ramping up to the point where we can start expanding on what we're doing in the transportation system. And we're going to continue to work with people around 368 on a business plan and an option that will make some sense.

Now I'm going to just close by saying you can go out and promise pavement for every road, and I know that's what you people do. I know that and that's fair enough. You can do that. But I think what we have to do is be realistic about building a transportation system that will serve our economy north, south, east, and west.

And by the way if our friends in Ottawa — whom 12 of were elected in the last federal election — had been in the least bit successful in delivering some transportation money from Ottawa, I think we could accelerate everything that we're doing here. But obviously they haven't had that impact in Ottawa, and we really haven't been successful in having them partner with

the municipalities and with the province.

Mr. Kirsch: — Well, Mr. Minister, without getting into a long-winded political debate with you over what is, what isn't, they have a strong case when you look at the economic driver that that area has been. Look at that real seriously, and I don't think you have to make any ridiculous promises. They are one of the cornerstones of what's happening there.

And, Mr. Minister, you talked about a 50 per cent. What is that clause? I haven't heard . . . You mentioned just in your statement a little bit ago, you mentioned 50 per cent. What was that?

Hon. Mr. Lautermilch: — What I indicated to you was 50 per cent of the cost of the study was paid for by the province. And it was a third party analysis that was done independent of government and independent of the municipal governments to lay out an economic argument and lay out a case — not my case but an independent analysis — that indicated what made economic sense was a \$7 million fix as opposed to a \$14 million fix. So I mean this is the recommendation. We're discussing those options right now, and I'm hopeful that we can come to an agreement. And I think, you know, I think that we can.

Mr. Kirsch: — Mr. Minister, my next question is on Highway No. 20 and between the town of Middle Lake and Birch Hills junction on No. 3. In the . . . I mean it's gotten to the point where it's patch to patch to pothole. I don't know if there's any original pavement left. It's patches and potholes. I'm wondering in the last five years how much has been spent on that stretch of highway on repairs.

Hon. Mr. Lautermilch: — Thank you. The officials will generate those numbers; they don't have them now.

Highway 20 is another example of the TMS roads. And the water table is so high in that area, and I'm told they can't keep it together; there's no base. And they've been attempting when it dries out after the spring thaw to go in and patch it. But obviously it's not holding, and there's little option for a TMS road when it gets into that kind of condition which is why we put this strategy together, because what we need to do is look at the region to determine where we put our heavy traffic and where we put light traffic.

And I mean, I've had . . . the access road to my community at Murray Point on Emma Lake was a TMS road, and the community is growing, and there's more tourism, and there's more people out there in that community on a full-time basis. And the water table is creating a circumstance where the septic tank trucks and the water hauling trucks are pounding the dickens out of the road. And the water was full in the ditches in the fall, and it was again full in the spring last year, and there was little option but to start hauling gravel on it.

So we milled the route, and we hauled gravel to create a base so that you could at least drive on it, and that's what we've done in that circumstance. Now in terms of did anyone want to see that road converted? No. But it was far better than driving on potholes, and I think the people in that community are much more satisfied with the condition of the road now than what we

had in the past.

But my point is, we need to figure out which of these TMS roads we can rebuild to a standard that'll carry light traffic, which we have to put to a granular pavement standard. And there's 90-some hundred kilometres; it's \$2 billion worth of roads. I mean this is not a short term, and it's not a small fix. So we've got to determine which we resurface to carry light traffic, which we develop to a granular pavement status. And some of these roads will, for a period of time, be converted to a surface that you can drive one, a dust-free surface that you can drive on — to me makes much more sense than to continue to fill pothole after pothole after pothole. And I'm as frustrated as you are because I just see it as being a waste of money. And so we need to have this transportation system in place so that we can move the traffic in to where it makes some sense, the heavy-haul traffic.

Mr. Kirsch: — I'm wondering then, what is the plan for that stretch of 20 Highway for the future?

Hon. Mr. Lautermilch: — I'm sorry?

Mr. Kirsch: — I'm wondering now, what is the plan for that stretch of 20 Highway this year?

Hon. Mr. Lautermilch: — Mr. Kirsch, here is what I would see as being the process — that we would like to work with the area. We need to discontinue working with one particular road, but we need to look at a region. And we need to look at what we have in terms of an inventory there, what is designed to build or to carry heavy-haul traffic. And then we need to determine what our priorities are.

And as we've done in the Lake Lenore area, we have developed a business plan by a third party who will do an economic analysis and give us information as to what would make some sense as it relates to economic development, what would be the most cost-effective way of delivering service in that area.

And for Highway 20, I would see a similar process. Now it may be that there are no alternatives there. That could be. I don't know that. But I think we need to do this kind of a review in all areas of our province so that we determine how we best spend taxpayers' dollars on infrastructure for the longer term. And we would be and are willing to work with our regional people and with Mr. Schmidt's officials to work with folks in that community to determine where the best expenditure for that area would be.

But, I mean, obviously when you have this kind of moisture and this kind of water conditions and you've got high water tables, it's not only the province that's having difficulty keeping our roads together, municipalities are as well. And I think what we need, you know, we need to understand we've got a changing weather system here, and it's creating changing circumstances for us. And again we're hauling more and more heavy traffic on roads that were never designed to do it. With a growing economy, I guess, that's one of the challenges that we have.

Mr. Kirsch: — Now I'm wondering also on 20 Highway out of my constituency, but I use it when coming to Regina, I've got another stretch that's decent pavement on 20 Highway, and then

it's garbage again, and then it gets good, and that's the stretch between Drake and Lockwood on 20 Highway. I travelled to Regina and back on that highway, and that's the one stretch that's deplorable.

Hon. Mr. Lautermilch: — That's on this year's capital budget plan. So weather permitting, we should be able to have that and make it easier for you to get to work down to Regina here.

Mr. Kirsch: — That stretch on 20 from Birch Hills on, that's been in deplorable condition for a long time. It's not just the case of the water. That's been like that a long, long time, and it's not getting better with the water situation. And RM no. 400 has this evening declared disaster area. So it runs there too.

Mr. Minister, my next questions are on highway signs. Who decides where they go and what size they are? Who determines that?

Hon. Mr. Lautermilch: — I'm going to ask Mr. Schmidt to describe the sign policy for you as best he can.

Mr. Schmidt: — I'll generalize a little bit because we have many, many different types of signing. But when it comes down to what we call official highway signing which would be the green guide signs, the yellow warning signs, the tourist information signs, those types of official highway signs are . . . the standards are set by the department, but typically we would follow national standards for the highway signs because we want that uniform and nationally across the province as much as we can.

So we work through the Transportation Association of Canada, and that's the jurisdictions, all the ten provinces and two territories as well as Transport Canada, and we work together to, as best as we can, develop national standards. So we have what we call a uniform traffic control devices manual that we follow for signing size, the sizes of the letters, the colours, to keep that consistent across Canada as much as we can, and there are certainly some unique situations there.

Mr. Kirsch: — Does this also apply to national sites like national historic sites? Who decides those signs? And like I'm referring to Batoche.

Mr. Schmidt: — Yes, we do have national standards as well for what we would call national park signing or federal signing. Whether it's national historic sites or national parks, we try to be consistent at least with the colouring where it's the yellow on the brown, I believe. And now each province may have a little different type of policy where they place the signs, but as far as the signs itself, the standards I believe are the same across the nation.

Mr. Kirsch: — Okay now, Highway 2 when you reach the junction of Highway 312 by Wakaw, okay, and you're going from Cudworth going north, there's a sign that's 1 foot by 2 foot that says Batoche National Historic Site. And when you're coming from P.A. [Prince Albert] heading south, there is no sign.

This is national historic site. I mean the tourist trade, it's phenomenal. Every school in the country has seen . . . and we

don't even have proper signage for that site. And then when you go further down — you go 312 junction to 225 — there's just a small green sign. I mean there again this . . . you could have neon signs there practically.

This is a national historic site. I would really like to see more done for that Batoche site. And if you'd contact Mark Collette . . . and he's the administrator at the Batoche site. And even when you go past the Batoche site . . . I've been there and cars stop, back up, go ahead. They're not even sure that that's the right site to drive in.

Signage — not trying to be political — for our province if we could just, I mean like I said, we could go to the point of neon signs. This is big.

Hon. Mr. Lautermilch: — I drive that road often as well and I've never given it, I've just never thought about it. You drive and away you go. I'm going to ask my officials to check the signage to determine if there's anything that we can do to enhance what is there. And we can get back to you or talk to Mr. Collette. But obviously if there's a signage deficiency, we would like to be part of the solution to that.

Mr. Kirsch: — Yes. He has talked about it to me and says he's tried and hasn't had much luck or co-operation. So I'd very much appreciate it if you would contact him, and let's see if we can get some heavy signage up there.

Mr. Law: — I just wanted to add one brief comment. We will definitely follow up with Mr. Collette and do whatever we can to ensure that the signage is appropriate there. There's just one note that wasn't mentioned in the earlier explanation that I did want to include. On federally designated sites — although we typically provide the signs — those are paid for by the federal government. And sometimes there are issues associated with the funding that sort of come before it gets to our jurisdiction. I'm not saying that that's the case here because I don't know that, but I just wanted to make sure that there was an awareness that if there is some issue that is ahead of this arriving at our doorstep, that that's flagged — not to preclude our discussions there either, but just to let you know that.

Mr. Kirsch: — Thank you. I'm going to be waiting to hear that reply because I'm very interested in the site.

Also my next questions are now the bridge at St. Louis on Highway No. 2; what is the status of that project?

Mr. Schmidt: — I apologize for the delay in getting back. What we're doing is . . . You may be aware, over the last few years, an undertaking such as this requires quite a few years of preplanning work. We've completed some archaeological studies out there which had some significant findings in them which took more time working with the Saskatchewan Environment and even some of the federal agencies. So we've pretty much completed the archaeological studies.

As well I hope you can appreciate that any bridge crossing requires a significant pre-engineering on the geotechnical side, assessing the river conditions for pier foundations, assessing the river banks for landslides and the abutment construction. And we are in the final stages of completing the geotechnical

engineering as well. We've been working with the RMs in the community of St. Louis on the location and determining the proper location, not only for geotechnical assessment and for design phases, but as well impacts on communities and things like that. And we have the detailed location now; of course we needed that to do the geotechnical analysis and archaeological studies.

So what we are looking at doing now is moving on to the next phase which would be the detailed designed. And that is the information needed to put together the contracts and the tendered documents. And so we'll be moving into that phase shortly. Several years ago — I just can't recall the date off-hand — we did undertake some work on the bridge to extend the life. We made some strengthening on it and upgraded some of the components that needed work. And if I recall right, we've got anywhere in the three to five-year time range left with life on those improvements. So that's the type of timeframe we're looking at to look at, you know, starting the construction and having a new structure in place.

Mr. Kirsch: — Thank you. I've been told, and I'm wondering if there's any truth is, that it's the only winged bridge left standing in North America and thus an historic site. Does anyone know of any . . .

Mr. Schmidt: — You are correct in that. I can't speak to nationally, but it is a unique structure, and there's no other one like it in Saskatchewan. It was, of course as you know, it was first built as a railway bridge. And then through some engineering, we added on the, you know, the northbound lanes on one side and the southbound lanes on the other side. And then when the railway was discontinued, we started operating the centre for over-dimensional vehicles. So it's the only structure I know of in Saskatchewan. I have not heard any discussions about a historic site or anything like that. But it is a unique structure, and it's served very well for many years.

Mr. Kirsch: — When I was at the Madison, Wisconsin for the build training school, that's what one American said: you-all have the only winged bridge structure in North America. So I was wondering if this was a fact and if it is that's maybe something quite impressive.

My next questions are the status of the short-line railway that runs past Birch Hills.

Mr. Stamatinos: — Mr. Chairman, probably I could probably give you the latest status on some of the discussions that we've had with Carleton Trail Railways and some of the communities that have an interest in retaining that line for service for any future developments, particular the Iogen as you're aware.

Development is looking more promising. I can report that we're moving along with resolving some of the language that existed in a memorandum that you may be aware of with some of the communities and CTR [Carleton Trail Railway] as well as the department. Right now there is an arbitration that will be occurring some time in June. And with our latest discussions with Carleton Trail Railways and with the new developments now with the federal budget, they appear to be favourable to postponing, at least postponing, and perhaps moving towards a renewed discussion on the purchase of the lines. They've made

no commitment though.

Hon. Mr. Lautermilch: — Mr. Kirsch, if I could just add to that. I have just recently met with the mayor of Prince Albert who has engaged himself as well in . . . As you will know, the city of Prince Albert supported Carleton Trail's application some time ago when it was converted to a short line. And the discussion I had with the mayor was, I think, very positive. He's very supportive. He understands the potential that I guess the regeneration of Iogen's initiative may have. I'm told that that could produce the need for many, many cars if that were to take, if that initiative were to take hold.

You were briefed at the same time I was because I hadn't had a briefing from my official. And so I'm pleased to hear that they may be holding back on their desire to shut it down. That's helpful.

Mr. Kirsch: — Yes, I understand that could be one of the deal breakers or makers whether there is sufficient railway. Who owns that stretch of railway right now?

Mr. Stamatinos: — Carleton Trails Railways owns that stretch now.

Mr. Kirsch: — I think that's my questions for now. I thank the ministers and give the floor to Mr. Stewart.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you very much, Mr. Chair. Mr. Minister, I'd like to ask a few questions about the Riverhurst ferry. And I understand that you and your department have generously offered to give us a briefing, but I expect that that'll be more detailed than what I'll get into today. But I would like to get some answers on the record.

I'd like to start talking about the previous refit to the Riverhurst ferry. I think that was, if my memory serves right, was in the winter of '04-05. Is that correct? Okay, that seems to be a consensus. Do we have the total cost of that rebuild handy?

Hon. Mr. Lautermilch: — Just while the officials are looking for that information, the officials have prepared a document with which they would brief you. And I think Mr. Hermanson had indicated that he would like to have more information. And I understood that there was to be a briefing on Wednesday morning in which we can outline more detail, and you can get the Q & As, you know, the questions and answers in more detail obviously than they will have with them here tonight. They're still searching; '04-05 is a little way back in memory.

Mr. Stewart: — If that answer's not readily available, I'd be perfectly satisfied with having that supplied to me as other answers. I want to ask a few questions about that previous refit, so there may be other answers as well that'll be a little difficult to come up with. So if it's not readily available, I'll wait for it.

Hon. Mr. Lautermilch: — I would be very surprised if they have information going back to '04-05 of that detail. Normally during estimates it's the year under review and sort of go-forward intentions. But to go back three, four years, they probably don't have the information here. But they can

undertake to put that together for you for Wednesday.

Mr. Stewart: — Thank you very much, I appreciate that. I would like to get some more background information though. Can you come up with information as to how much money has been spent since that refit on maintenance related to the drive system on the ferry?

Hon. Mr. Lautermilch: — The officials tell me they can put together, and they would have that ready for Wednesday I believe. Or do you have it here?

A Member: — I got it here.

Hon. Mr. Lautermilch: — Oh he's got it here. Good.

Mr. Schmidt: — Okay. I can give you a summary just for the winch expenditures — 2004 was 185,868; 2005 was 211,683; 2006 we're still estimating at this time, \$693,052; and 2007 we're estimating \$70,000. So if you total those up, it's \$1,160,603. That is the winch expenditures. That would be all maintenance: parts, supplies, labour, everything that has gone into the winch since the retrofit in 2004.

Mr. Stewart: — Thank you very much for that. Can you tell me as well in that previous refit, what individual or company did the engineering for the drive?

Mr. Schmidt: — Excuse me. Just to clarify, this was for the original winch design?

Mr. Stewart: — No, the '04-05 changes. It was re-engineered during that refit, I believe, from a one-drum system to a two-drum system. I'm wondering what company did the engineering on that refit.

Mr. Schmidt: — That would have been S.H.M. Marine engineering, I believe they were called or S.H.M. engineering.

Mr. Stewart: — And where were they from?

Mr. Schmidt: — They were headquartered in BC.

Mr. Stewart: — Thank you very much. Was that engineering contract and all contracts around the '04-05 refit awarded to the lowest bidders?

Mr. Schmidt: — Mr. Stobbs will speak to that. He was involved in the engineering proposal.

Mr. Stobbs: — When we went to the market to find an engineering firm for the retrofit of the Riverhurst ferry or the reconstruction of it, first of all we contacted our local association of professional engineers and asked them for some guidance as to where we could find the engineering expertise for this particular proposal. They came back with a number of names. I believe there was about three different companies that could do this type of work, and we sent out a proposal to these three companies and asked for their proposal to do the work.

So in a tender process and a review of their proposals, we hired or we selected S.H.M. Marine.

Mr. Stewart: — Thank you. And were they the lowest tender or the only tender?

Mr. Stobbs: — They were the lowest.

Mr. Stewart: — Thank you. You know, I think that's as far as I need to go in light of the briefing that we're going to receive on Wednesday morning. We'll get the facts on the current refit that's under way.

But I would like to ask a couple of questions about my favourite highway, No. 19 from the junction of No. 43 to Elbow, the highway that services the Lake Diefenbaker area from the south. It's been in deplorable shape for several summers now. I know that the department patches it up, and the grade doesn't seem to be strong enough to hold the patches, and it pounds out very quickly again. I wonder what's planned for it for this coming summer.

Mr. Law: — Mr. Stewart, we would be happy to provide you with the current program that we have for this year. The reason that we took a little bit time with the response is that we have identified Highway 19 as one of the corridors that we are examining to support economic development in the Lake Diefenbaker area and have been undertaking some meetings in support of that. We are also working actively with our area transportation planning committee group which, as you know, has not only representation from the local governments and communities but also some of the industry interests to see whether or not we can incorporate this as part of the broader strategy that we have recently announced in terms of supporting economic development in the area.

I can't tell you that we have reached a point where we've finalized plans, but we are in active discussions right now, and we'll try and provide that update along with the current maintenance program that we have planned for the current year.

Mr. Stewart: — Thank you very much and I find that is very good news. I hope that you will pursue that program for Highway 19. It certainly is a road that is crucial to the economic development of that Lake Diefenbaker area, and I appreciate that.

One more theme, and that'll be maybe just one question regarding short-line railroads. The 800-pound gorilla in the room all the time with short-line railroaders seems to be insurance. Nobody wants to talk about it. They can't get enough. They admit that, but everybody just waits for the disaster to happen. You know, a flood takes out several trestles or even one major one and they'll be on the steps of the legislature here with their hands out looking for a lot of taxpayers' money.

I wonder have you, Mr. Minister or your officials, given any thought to helping short lines to acquire proper insurance in any way. I think it might be money well spent rather than pick up the pieces after a disaster, and we've been pretty lucky so far. Just wonder if you'd thought about that.

Hon. Mr. Lautermilch: — Mr. Stewart, it's part of the one pillar as it relates to short lines and to airports, and that's part of the discussion and really that's . . . You know, what you raise is

an issue that we need to put more attention to, and we recognize the change needs to be made, and obviously it's an important part for us. You know, the whole short-line scenario is one . . . It seems to me we're almost going the wrong way with rail lines. You know, we should be trying to figure out how we keep more traffic on the steel as opposed to how we keep less on.

I'd have to say that in dealing with the railroads in the last year and a half, it can be frustrating. But I also would have to say that some of the discussions that I've had with CP [Canadian Pacific] have been really quite fruitful. And I've indicated to them that it is my intention to build a good working relationship with them. We understand that they have economies that they have to meet, and they have to return to their shareholders a threshold that'll be set by their board.

On the other hand, they're doing business in our province, and we want their co-operation in terms of helping us to maintain our transportation system in a way that will support our farmers, support the potash industry, support others that use the rail because if we don't do that, we all lose. And you know, I'm hopeful that that kind of relationship can bring some positive things as it relates to transfer to some short lines, and I believe that it can.

I'm going to ask Mr. Stamatinos to maybe elaborate a bit on insurance and the work that he's doing on that.

Mr. Stamatinos: — Thank you, Mr. Minister. There's a couple of pieces I'd like to share with you. One deals with the insurance aspect. We've been working with a newly-formed short-line railway association to help them develop some options for obtaining reasonably priced insurance. And as you mentioned earlier, Mr. Stewart, it has been a challenge for them, and I believe we're making some progress. Our group is working with them and to see what kind of arrangements can be made.

The other piece which relates directly to our strategy, the sixth pillar of our strategy, speaking to short, regional short-line railways and airports is that there will be a program that will be available to short lines to provide them with some capital assistance that would allow them to make some of those safety improvements that should negate or certainly lessen the need for them to obtain the levels of insurance that they're now currently seeking.

So hopefully with those two, over the next several months, we'll make some progress.

Mr. Stewart: — Fine. Thank you very much, Minister, and officials. That's all I have. I'd pass on to my colleague.

The Chair: — Mr. Hermanson.

Mr. Hermanson: — Thank you, Mr. Chair. And good evening, Minister, and officials. A few questions, I'll try to make them as short as I can so we can cover some territory. I'm wondering about traffic counts, specifically on Highway 6, 2, and 4. Highway 6 at or near the Qu'Appelle River, Highway 2 at or near the Qu'Appelle River, and Highway 4 at or near the South Saskatchewan River — can you give me daily rates for those three?

Hon. Mr. Lautermilch: — Okay and what were the locations? Was it 6, 2, and 4?

Mr. Hermanson: — At or near the Qu'Appelle River and Highway 6, which is north of Regina; at or near the Qu'Appelle River at Highway 2, which is near Buffalo Pound; and at or near the South Saskatchewan River for Highway 4, where it crosses the river at the park.

Mr. Schmidt: — Okay. The information that I have here is, on Highway 6 near the Qu'Appelle Valley would be about 2,100 vehicles per day. And this is the average annual daily traffic. Highway 2 near Buffalo Pound would be 1,360 vehicles per day, and Highway 4 at the South Saskatchewan landing would be approximately 1,250 to 1,300 vehicles a day.

Mr. Hermanson: — What is the date that these counts would have occurred probably? Do you have any idea?

Mr. Schmidt: — Sorry this would be our 2005 traffic volume map.

Mr. Hermanson: — Thank you. I would just comment, and I mean I haven't sat and looked in the machinery, but I would speculate having driven all those highways — been a while since I've driven Highway 2 there, but I've driven the others quite often — that the Highway 4 numbers should be closer to the Highway 6 than Highway 2 for traffic count.

I wonder if I could get an undertaking from the department to perhaps review what those numbers are at the South Saskatchewan River and Highway 4 because I would think that that number is too low given the immense amount of traffic that I've seen which I would think rivals Highway 6. Could you tell me when you would be prepared to schedule another traffic count?

Mr. Law: — We will commit to give you the latest numbers, Mr. Hermanson, on the traffic counts. We do them each . . . we do them annually. I just have to check to see when our latest data will be available. If we have something current, we'll make it available to you immediately.

Mr. Hermanson: — Okay thank you. And I think you know the reason why I'm asking. There are passing lanes on Highway 6 and Highway 2 and none on Highway 4. And the grade on Highway 4 is longer and more dangerous than the other two. And I just want you to know that I'm doing everything in my power to prevent fatalities and serious injuries on that stretch of highway because there have been some in the past, and I can guarantee you there will be in the future. And as you know, it's a huge concern of mine. This project has been neglected for far too long. It's not on your work plans for the future, but it needs to be on. And forget politics and forget costs; it's just something that for the sake of human lives needs to be looked at. And I think we've got to be sure that that data's correct.

A question on Highway 4, I am told — I haven't driven this in the last few weeks — but I've been told that Highway 4 from the junction of Highway 31 to it's either the Plenty Road or the Ruthilda Road off of Highway 4, that's north of Rosetown, is in particularly bad shape with holes deep enough they could break an axle on a vehicle. And of course this is again a fairly major

north-south route between Rosetown and North Battleford. Can you tell me the status of that and how quickly that'll be repaired?

Mr. Law: — A good question though, the challenge was in terms of our ability to segregate the data down for that particular, those control sections. And we'll have to bring that back to you, Mr. Hermanson, in terms of the detail. We don't have the breakdown of the individual project components along that with us this evening, but we can provide that to you right away. It's just a matter of running the report.

Mr. Hermanson: — Okay thank you. You are then aware of the situation. All right. Next question is with regard to Highway 342 where it runs between Highway 4 and Beechy, and I'm thinking of a new stretch of construction that just was completed last year. At least I assume it was completed. It's east of Clearwater Lake a few miles. It would be . . . It's hard to determine exactly where it is in there, because there's not a lot of landmarks, but it would be near the boundary of Lacadena and Victory municipalities. The surface is breaking up rather badly. And again this was a brand new grade plus brand new surfacing. Can you tell me whether that project was completed or was that a temporary service? If it was completed, can you tell me why the surface failed?

Mr. Schmidt: — You are correct. We've been working with the local RMs there for several years in a partnership approach there to upgrade the corridor over several years. I don't know the specifics on where we're at right now, so what we'll do is we'll undertake to find out. The project you said was just east of Clearwater Lake?

Mr. Hermanson: — A few miles east of Clearwater Lake.

Mr. Schmidt: — Okay. We'll undertake to determine if that project is, like I said, maybe just a temporary surface on it till we could do the surfacing this year or if it was completed. And if it was, why the condition is the way it is. So we'll get that information for you.

Mr. Hermanson: — Okay thank you. I can tell you that the story going around this part of Saskatchewan is that the surface was put on when it's too cold, and that's why it's failing. And I don't know whether that's true or not. I can't even remember when the surface was put on, but I think it was fairly late in the fall. I don't know if that affects the quality or not or if this is just an urban legend in rural Saskatchewan, if you might.

The project was quite . . . [inaudible] . . . I believe they put down some special clay in the road bed, you know, there was a fairly extensive rebuilding project and it seems rather odd that the surface is breaking down so soon after it's completion, if it was completed.

Next question . . . And also I will look forward to the answer as soon as you can provide it. Next question follows from a question I asked in supplementary estimates which didn't really belong in supplementary estimates, but you did give me a bit of input, and that's on the overweight permits for hauling seed potatoes out of the Lucky Lake area. Can you give me an update on the status of that?

At the last report, it sounded like it was going ahead for this year, but there was some question regarding the weather. I also asked about your long-term plans because this is not just going to be . . . it can't be a year-by-year thing. The industry needs to know that it can move seed potatoes out in the spring when they're in demand. So can you give me an update on that situation?

Mr. Stamatinos: — Mr. Chairman, I can report a couple of things. First of all we did come to some arrangement for accommodating the industry regardless of the spring ban condition. There is a couple of routes that the industry can use. We made arrange for that to happen.

In the longer term, as Mr. Law mentioned earlier, that we are looking at a corridor system in that area that would accommodate the needs of that industry and other industries as well. And we are working with . . . [inaudible] . . . transportation planning committee to determine what their specific needs are, and we're going to evaluate that route along or against other routes that have similar needs. We hope to have some more information on that probably towards the fall.

Mr. Hermanson: — So you know, I don't want to put words in your mouth, but the goal of the Department of Highways is to have a long-term policy in place that has certainty so the industry will know that they can move potatoes out regardless of the weather conditions and the highway conditions. Is that a fair interpretation of what you said?

Mr. Stamatinos: — That's correct. It's putting in a policy context that we can apply to other parts of the province in a manner similar to what we would apply for the needs of that industry and in and around that highway . . . [inaudible] . . . area.

Mr. Hermanson: — All right. Just a few general questions on your plans for some other highways that are terrible condition in the Rosetown-Elrose constituency. What are your plans for Highway 44 from Macrorie over to Loreburn? And when it gets to Loreburn, it's in the next riding. But most of that . . . That's where the highway crosses Gardiner dam and then jogs down along the lake and over to Loreburn. That stretch of highway has been in bad repair for quite some time. Some patchwork or whatever construction was done on it last summer.

In fact I remember driving through there in a rainstorm and hitting a patch of mud with no signage whatsoever. It was just a splatter of mud over the window of the vehicle without warning. It was rather a frightening experience. But the highway is still in atrocious condition. What are the short-term and long-term plans for that stretch of Highway 44?

Mr. Schmidt: — I can speak to a little bit of generalities on the plan. Several years ago, we worked with the local rural municipalities there on actually a transportation plan for the area together with the Gardiner dam terminal where we did some rationalization of roads. And part of the strategy there was of course from Davidson over to Highway 19, that portion is weight restricted with the heavy-haul route to the North on municipal roads through a partnership program.

So we've been able to maintain the dust-free portion on 44 quite

well. And then as well we actually did a road swap with the RMs there, where Highway 44 used to go further north. And so that road was then reverted to a gravel surface to allow it to be the heavy-haul corridor. We took over the RM road, put a dust-free surface on it, sealed it from the junction of 19 back to 219. That road has undergone some challenges and deterioration because of course it was just a municipal road that we put a dust-free on. So we're working over the years to strengthen the areas that are causing the worst trouble, to maintain that as a weight-restricted, dust-free road.

The portion then from the dam to Macrorie, as you mentioned, there were some sections there that caused us a lot of trouble last year. So we were trying some new technology out there. We were working with Pavement Scientific International to try some subgrade-strengthening technology out there, and it was mush we were working in there to be honest, for a while.

So we continue strengthening the weakest sections there, maintaining it as best as we can from the dam up to Macrorie as a dust-free TMS that still runs at secondary weight — so continuing to work on strengthening the weakest areas, patching them up, maintaining it as best we can as a dust-free TMS for now.

Mr. Hermanson: — Okay thank you. That sounds accurate, but I can tell you that the highway is so bad that I would assume that I am not the exception but the rule in saying that almost everyone now is using the heavy-haul road simply because the highway itself is in such bad shape it's a hazard to drive on. Unless it's been repaired again in the last week or two, it was just atrocious, and everyone's taking the heavy-haul road over to Gardiner dam terminal and then likely taking the thin membrane over to Davidson because, as you said, that is in better shape. But that other highway is just apathetic.

Can you tell me — this highway's not as bad, but there are a lot of trouble spots — are there any long-term plans for Highway 42 from Dinsmore to Riverhurst ferry? I think the stretch from Mildred to Dinsmore is quite bad too.

Hon. Mr. Lautermilch: — Mr. Chairman, just while my officials are looking it up, I mean every road that you've articulated here is what we've been talking about, Mr. Hermanson — TMS roads that aren't designed, never were designed, to handle heavy haul. And as you've also articulated in some cases the municipal roads, the heavy-haul roads, are preferred by the people who are in the area. And I can understand that because potholes are, I mean they're not that comfortable, and nobody wants to be driving over potholes, which is why the new strategy that we've put in place is going to help us manage that in some of those areas. Because to fix TMS roads — and you've articulated a number of them here tonight — to bring those all to a paved standard is a \$2 billion touch. And I've not, you know, I've not seen a solution for a fix that's a lot less than that.

So that becomes our challenge. And that's why we've introduced the new economic strategy — because we're going to have to make some choices. We're going to have to make some choices where we put our heavy traffic. And we're going to have to make choices where we upgrade for lighter traffic, including tourism. And what you've said here tonight is just

exactly why we've put our economic plan in place for the highway system.

Mr. Hermanson: — Thank you, Mr. Minister. I think our time is up, so you can just give me the information on Highway 42 when you have it.

I would just conclude by saying that I heard you give this lecture to my colleague from Batoche, and I would suggest that you're putting the cart before the horse. The reason why we don't have a stronger economy and we don't have the tax base and the dollars to provide a better highway system is simply because we have neglected infrastructure in Saskatchewan, and so people have depopulated the province under your government's policies and plans.

And we are reaping the reward of an eroding economy and erosion of population. Quite frankly, the Lake Diefenbaker area which we've been talking about primarily tonight has the potential of attracting 2 to 300,000 tourists on an annual basis. It would probably put 5 or \$600 million into provincial coffers if there were decent roads to drive on.

But your government has neglected to provide that type of transportation for the people of Saskatchewan, and so you are challenged to find the dollars in your budget to provide those kind of roads. And that backward thinking over the last 15 years has caused Saskatchewan to be the laughingstock of the country and the world when it comes to highways.

And I just, I have in front on my computer screen, I have the road report. And it's all filled with rough loose stones, broken pavement, reduce speed, use alternate road, bridge out — it sounds like we're talking about some backwards country in Latin America or in some poor country in Africa where they don't have the wherewithal to provide decent roads. And I find that totally unacceptable. It's not proper that Saskatchewan people or tourists have to drive in mud and dust and corrugated gravel roads simply because there's not been enough foresight to build an economy, build a population, provide the infrastructure Saskatchewan people need.

Given that, I thank you for the time we've had this evening. And we look forward to continuing to try to solve some of the problems we have in the province.

Hon. Mr. Lautermilch: — Mr. Chairman, obviously I'm not going to let those comments go unchallenged. And I don't believe I should, and I don't believe I will.

We inherited the biggest per capita debt from his right-winged colleagues of the 1980s. We paid down debt, and we've lowered our taxes, and this economy is one of the strongest economies in this country. And that member and every one of his colleagues knows it.

The job numbers month over month over month have been record jobs numbers, and people who have left this province are coming back to this province. And those who see opportunity here are coming to this province to invest and make their home. And the only people who I see refer to this province as a laughingstock are members of the Saskatchewan Party. And I think for those who choose to want to build an economy, that is

unacceptable. And I am one of those who choose to want to build this economy. We are struggling with infrastructure because of the debt load that was left by the former administration, and anyone who would challenge that I would suggest is in the minority in this province.

With that, Mr. Chairman, I want to thank my officials for their support this evening. They have put together a plan with the largest capital investment ever in the history of this province for this infrastructure. And we will rebuild in urban and rural and in northern Saskatchewan this infrastructure. And we'll put those roads to support the economy.

The Chair: — Thank you, Mr. Minister. I want to thank your officials for being here tonight and sharing with us their wisdom and their knowledge. I want to thank the committee members. The committee now stands adjourned.

[The committee adjourned at 21:33.]