



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair  
Saskatoon Riversdale

Mr. Larry Doke, Deputy Chair  
Cut Knife-Turtleford

Ms. Jennifer Campeau  
Saskatoon Fairview

Mr. Herb Cox  
The Battlefords

Mr. Glen Hart  
Last Mountain-Touchwood

Mr. Warren Michelson  
Moose Jaw North

Ms. Nicole Sarauer  
Regina Douglas Park

Mr. Randy Weekes  
Biggar-Sask Valley

[The committee met at 10:06.]

**The Chair:** — Good morning everyone. Welcome to Public Accounts. I'm Danielle Chartier. I'm the Chair of Public Accounts. I'd just like to take a moment to introduce my colleagues here. We have Mr. Weekes, Ms. Campeau, Mr. Michelson, Mr. Merriman, Mr. Cox, Mr. Doke, and Ms. Sarauer. I'd like to welcome our Provincial Auditor, Judy Ferguson, and her officials.

Today, our agenda, we are considering the Provincial Auditor's report and issues arising from it — the *Special Report: Land Acquisition Processes, The Global Transportation Hub Authority and Ministry of Highways and Infrastructure*. I'd like to welcome the officials from the Ministry of Highways and Infrastructure here this morning. We have Mr. Govindasamy, the deputy minister for Highways and Infrastructure. And I'd also like to welcome today from the provincial comptroller's office, we have Terry Paton and David Langen. Thank you for being here and welcome.

Our first item of business as per the decision of the committee yesterday, we have a motion that had been adjourned back in November that is now before us again. So that'll be our first item of business. Ms. Sarauer.

**Ms. Sarauer:** — Thank you, Madam Chair. I'd like to speak a little bit to the motion before it goes to a vote. I wanted to have dealt with this motion yesterday. Unfortunately the rest of the committee did not want to do so.

We've had the opportunity to speak with Mr. Richards, who I see is here again today, on this matter back in November, and while he did a fine job in answering a lot of questions, unfortunately he didn't have knowledge of a lot of the questions that we had.

As everyone on the committee well knows, this is in relation to a series of events that happened within a very specific period of time. It's very important for the committee to be able to get the answers that they should be seeking to obtain, that we have the relevant officials here, and that we have officials who do have actual knowledge of the events that had occurred in order to not waste the good time of the officials as well as the time of the committee. It's important that we have those appropriate officials here.

So that's why this motion was put forward. That's why it's important to review this motion again after having the experience that we had back during the testimony in November, realizing that we weren't able to get a lot of the answers that we needed to get and should have gotten, that it's very pertinent for us to get the officials that we've mentioned in the motion. As I said, this is a very important issue. It's very important that we get to the bottom of this. It's been very clear that the Premier and the Sask Party have stated that they want to be open and transparent about this. We haven't been able to get a lot of the answers that the people of Saskatchewan have been asking in relation to this matter and as a result it's important that we get the appropriate officials and we get the appropriate answers here at committee.

If you look at the motion, because it was discussed and then adjourned back in November, there's a date that we'll have to amend. I think common sense will allow us to be able to amend it. I would suggest that we had said that we wanted these witnesses before us prior to November 30th, 2016. I think it would be fair and common sense just to change that or amend that to probably the end of February 2017, just in light of the fact that we've had to move this amendment. Debate was adjourned. Unfortunately we weren't able to vote on it like I would have liked to have seen back in November and now we're dealing with it now again.

**The Chair:** — Thank you, Ms. Sarauer. So are you moving an amendment to change the date from November 30th, 2016 to the end of February 2017? You're moving that amendment?

**Ms. Sarauer:** — Yes I am.

**The Chair:** — Do you have a copy of that?

**Ms. Sarauer:** — No. Okay.

**The Chair:** — So we'll just take a moment here to . . . So it's the same motion but just amended. Ms. Sarauer?

**Ms. Sarauer:** — Yes, I think we have the proper wording of the amendment to the motion. So I'd like to move an amendment:

That all the words after "held prior to" in the last line of the motion be omitted and replaced with "February 28th, 2017."

**The Chair:** — Thank you, Ms. Sarauer. Ms. Sarauer has moved:

That all words after "held prior" in the last line to be omitted and the motion be replaced with "February 28th, 2017."

Is the committee ready for the question? Mr. Merriman.

**Hon. Mr. Merriman:** — Thank you very much, Madam Chair. I guess a couple of questions on this. The motion was put forward for a specific date. The amendment to the motion I don't think is going to change anything. We haven't even heard from the ministry officials yet, and we're already trying to pull in other officials. We haven't dealt with the recommendations that the auditor has done.

The auditor has gone and talked to all of these individuals and come back and presented a report. I'm confident that the auditor has done their investigation, and I don't know why we would have to go back and review and pull up other officials when the auditor has already met with them, investigated with them, has on the record several times said that cabinet, that the officials were very helpful and forthcoming with all of their information.

I think that this amendment to the motion and the motion itself is no longer valid. The auditor has done their work, so I would say that I would be not voting in favour of the amendment.

[10:15]

**The Chair:** — Thank you, Mr. Merriman. Ms. Sarauer.

**Ms. Sarauer:** — Thank you. I'd like to comment on those remarks from Mr. Merriman. Our job at Public Accounts Committee . . . And we've had this discussion actually before, back in November, when we tabled this motion, which was tabled after the auditor's . . . well after the auditor had released the report and after we had made attempts to have discussions about the results in the report in the House, and after speaking with one of the officials and realizing that a lot of the questions that we had with respect to the report, the official was not able to answer because he wasn't around at the time of the matter in question.

It's our job at Public Accounts Committee to scrutinize these reports and scrutinize the auditor's report. It's never been a reflection of the good work that the auditor does, nor is this an example of us criticizing the auditor's work. It's always our job to scrutinize both the auditor's report and the inner workings of government; that's why a Public Accounts Committee exists. And there shouldn't be anything impeding that important role, and that's an important role that we have here at the Public Accounts Committee. It's really one of the few places where there is an open level of scrutiny and accountability within government processes.

So the questions that we're asking are simple questions in regards to things that were highlighted within the report that we need to ensure have been fully fleshed out and that changes have been in place to ensure that this isn't a situation that will happen again. But I don't know if we have a full understanding of exactly what happened at that time, and we won't unless we are able to speak to the officials that were around at the time and that have actual knowledge of the events that had occurred, which is what we have in the motion. We were asking for officials that are still, they're still government officials. So we're not asking for people that aren't within government. At least I believe at least most of them are, so it isn't difficult for them to come to committee and answer these questions. And as I said, there shouldn't be any attempts to impede the work of the Public Accounts Committee and provide that transparency and that openness so that we can . . . so that the members of Public Accounts can get the answers that we need to be able to do our job.

**The Chair:** — Thank you, Ms. Sarauer. Mr. Doke.

**Mr. Doke:** — Thank you, Madam Chair. I guess just going back to November 8th, we voted on this motion. We voted it down. Now we have an amendment and a new motion almost to the same thing. I would say that in no way was the auditor impeded in any way of carrying out her duties and I don't know what more can be added. We have full confidence that the auditor has done her job and we will not be supporting this in any way. Thank you.

**The Chair:** — Thank you, Mr. Doke. Mr. Michelson.

**Mr. Michelson:** — Yes, I would like to reflect on that as well. I think the member opposite talked about saving officials' times. I think they indicated that they do have the faith in the auditor,

but they don't. I mean the auditor did a long period of investigation, and I think originally they wanted some kind of an interim report before the last provincial election which was, again, was unethical. It wasn't the right thing to do. But the auditor did take considerable time over thousands of documents, had everything open to them, and did the work that they did.

Now if the opposition doesn't have the faith in the auditor then they may as well say that. But they're saying they do have and they don't, because that's why they're bringing this up, where the auditor did all the work that was necessary, that was asked for. It had full disclosure of all of the documents, came up with the report, and this is the report that we should be considering and working on the recommendations that the auditor has made. Thank you.

**The Chair:** — Ms. Sarauer.

**Ms. Sarauer:** — Thank you. We've said time and time again that this isn't a reflection on the work of the auditor, that the Public Accounts Committee has a role and a function, and that this is no different than any of the other committees' work that we've done in the past or the committee's work that we did yesterday, for example. The questions that we were asking as a committee to officials with respect to the recommendations that had been made in auditor's reports wasn't a reflection of the auditor's work. It's simply our role in Public Accounts. So I'm not sure why today would be any different at all.

With respect to some of Mr. Doke's comments, the motion that we are discussing now, that we had discussed in November was, we didn't . . . we weren't able to vote on it like I would've liked to have seen us vote on it. In fact a member from the Sask Party had moved to adjourn debate on it, and so we weren't able to have that vote.

We did have a slightly similar motion that was tabled a while back. The reason why we wanted to bring it forward again with some changes is that we had had, since then, the experience of being able to question Mr. Richards who, as I have said already, did a very good job answering the questions to the best of his ability but was not able to answer a lot of the questions that we had because he simply wasn't in that position at the time in question. So all I'm asking for and all we're asking for is to have officials present at Public Accounts, like we always do, who have actual knowledge of the events in question and can actually provide us some answers in terms of what happened and what changes have been made as a result.

**The Chair:** — Thank you, Ms. Sarauer. Is the committee ready for the question? Ms. Sarauer has moved that all the . . . has moved an amendment. This is the amendment:

That all the words after "held prior to" in the last line of the motion be omitted and replaced with "February 28th, 2017."

Is that agreed?

**Some Hon. Members:** — No.

**Ms. Sarauer:** — Recorded division, please.

**The Chair:** — Recorded division. Is that agreed? Raise your hands, please. All those opposed? That motion has been defeated 6 to 1. We now have the original motion before us, which we have a challenge with because it has a date in it that is . . . that we do now need to vote on the motion before us.

The motion is that the committee rescinds the following motion from the November 8th meeting:

That this committee requests the deputy minister of Economy, Mr. Laurie Pushor; the former CEO of the Global Transportation Hub, Mr. John Law; the former interim CEO of the Global Transportation Hub, Mr. Chris Dekker; and the current CEO of the Global Transportation Hub, Mr. Bryan Richards appear before the committee as witnesses at a meeting of the Public Accounts Committee held prior to November 30th, 2016; and further,

That this committee requests the deputy minister of Economy, Mr. Laurie Pushor, the former CEO of the Global Transportation Hub, Mr. John Law; and the former interim CEO of the Global Transportation Hub, Mr. Chris Dekker appear before the committee as witnesses, either individually or together, at meetings or a meeting of the Public Accounts Committee held prior to November 30th, 2016.

Is the committee ready for the question? All those in favour of the motion, agreed? Sorry, sorry, we don't need a recorded division yet. All those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay, sorry.

**Ms. Sarauer:** — I'm asking for a recorded division.

**The Chair:** — Yes, you're asking for a recorded division. All those in favour, please raise your hand. All those opposed? That motion is defeated 6 to 1. Thank you.

Now we shall get on to further business of the committee. Mr. Govindasamy, I don't know, Ms. Ferguson, do you have any comments prior? No? Okay, thank you. Mr. Govindasamy, if you'd like to make some opening comments.

**Mr. Govindasamy:** — Thank you, Madam Chair. I do have some opening comments with respect to the Provincial Auditor's report and the recommendations contained within that report which pertain to my ministry, Ministry of Highways and Infrastructure.

Good morning to all committee members, Madam Chair. When the Provincial Auditor first announced that she would be undertaking a review of our land acquisition processes, we welcomed that insight and input from her office. Today I'd like to take this opportunity to thank the Provincial Auditor and her staff and also to update the committee on our response to that review and the Provincial Auditor's special report.

I should point out that I have sent from my ministry to the committee a condensed version of the recommendations and the implementation phases for all recommendations that pertain to

the Ministry of Highways. In the Ministry of Highways, I'm proud to say that we have a very skilled team of men and women at the ministry, and we take great pride in the high level of service that we provide to the people of Saskatchewan. We always appreciate opportunities for third party reviews and input from respected entities like the Provincial Auditor's office so that we can continuously improve our business processes and procedures and bring better value to the citizens of Saskatchewan.

I believe that the record shows that we have consistently acted upon the recommendations of the Provincial Auditor in past audits of various processes within the ministry. I look forward to discussing her recommendations and the work we've done to address them.

I wanted to thank the Provincial Auditor for what from my perspective was a very thorough review of our land acquisition processes. The Provincial Auditor spent countless hours along with the very competent staff examining thousands of records within the Ministry of Highways and Infrastructure as well as interviewing myself and others within the ministry. And having done that, and having provided that report, she's brought forward some very important recommendations which we accept in full and agree with in full.

The Provincial Auditor also had several important findings in her report. It's important to note to the committee that the Provincial Auditor clearly found that the Ministry of Highways and Infrastructure generally had effective processes in place to acquire land for the Regina bypass in a manner that is fair and at amounts that reflect fair market value. And as we have consistently stated, she also found that my ministry followed its standard land acquisition processes for highway improvements when preparing for the acquisition of the land in question.

I can assure you, Madam Chair and members of the committee, that my ministry and I personally, as head of the department, place a strong emphasis on detailed processes and procedures that align with the legislation that we are responsible for and that we have to live with. This helps ensure that we are acquiring land in a fair manner.

My staff members involved in acquiring land are expected to have working knowledge of the ministry's land standards and guidelines, which were examined in full by the Provincial Auditor when she did the review. My staff are also required to undertake fair negotiations and use current appraisal methods. Ultimately when acquiring land, ministry employees are also expected to balance the use of public resources with the rights and needs of individual landowners.

I can assure you that all of my staff involved directly or indirectly in land purchases for the purposes of constructing highways and other structures understand, fully understand these dual obligations to the citizens of the province and take them very, very seriously. I was pleased to see the Provincial Auditor point out these things that we are doing well as a ministry.

However the Provincial Auditor also had some concerns regarding some of the processes that she had examined within the ministry and has made recommendations. I fully understand

and so do my staff that there are areas that we can improve the processes we have in place. Where the auditor found opportunities for improvement, we welcome those recommendations, and I am pleased to report to the committee that we're currently implementing them. In fact all of the recommendations, except for one that we continue to work on, have already been implemented. In fact of the eight recommendations the Provincial Auditor made to the Ministry of Highways and Infrastructure, I am pleased to report that seven of those recommendations have already been implemented and, as the Provincial Auditor mentioned, these recommendations that have been implemented will become the subject of another provincial audit a couple of years down the road. And the remaining recommendation, we are continuing to work on it, and we expect to be able to implement that remaining recommendation this year, in 2017.

[10:30]

I do want to take a few moments, Madam Chair, with your permission, time of the committee to review these eight recommendations in order to provide you with an update with more precision in terms of how we are addressing them.

In the first recommendation the auditor recommended that we explore alternate approaches to optimize the timing of land acquisitions for public improvement projects. Provincial interest regulations came into effect in the province in March 2012 which provided the Government of Saskatchewan and entities that operate as government ministries with the power to protect land by being included in the official community plan. Last year my ministry held a process improvement event to document the land protection processes that incorporate these legislative changes.

For our major projects, land purchases will continue to be identified through the annual budgeting and capital planning processes every year. However, as part of our early-stage planning, we will now consider land purchases and other methods of protection. To accomplish this, we have developed a very detailed risk-adjusted economic model to identify the most opportune time to be able to acquire land. This particular assessment and model is based on a number of improvements to our processes. They consider ministry process considerations such as early acquisition — the dos and don'ts, the risks and benefits of early acquisition — based on negotiated agreements, based on appraisals, not expropriation. The amount of land acquired would be based on anticipated minimum requirements based on the planning that we're doing for future projects, so excess land would not be acquired.

Financial considerations with respect to initial purchase of the land: land values that might impact overall project costs, and expected changes in land values; possible changes in the use of the land, either currently or in the future; the cost of borrowing money, the carrying cost of borrowing money; the cost of carrying the land with respect to the various payments that may need to be made as the government owns the land; and any revenues from potential leases prior to construction.

With respect to risk considerations, the fundamental risk that we all face in the Ministry of Highways and Infrastructure when we plan these projects is the certainty or the uncertainty of

locations versus the probability of location changes; and in fact the certainty or the uncertainty associated with whether or not a particular project will actually be implemented; the priority of the projects that we consider versus projects in other parts of the province; the entire prioritization process in the ministry with respect to how we identify projects and how we determine that they are priorities. These are the competing demands of infrastructure requirements in the province, and we have resources within the ministry that are focused on this issue.

I'm quite pleased. I've examined the model. It is in use now, and I'm quite pleased with the way that my staff have actually put this together and examined many of the factors that the Provincial Auditor has stated in her report. And therefore I consider this recommendation, which is a fundamental improvement in the business of the ministry, I consider this recommendation from the Provincial Auditor as having been implemented.

The second recommendation from the Provincial Auditor's report essentially required staff responsible for acquiring land to periodically document potential conflicts of interest. I'm pleased to report that this recommendation has been completed. My ministry worked with the Ministry of Justice and the Public Service Commission to develop a conflict of interest identification process which now includes an annual declaration for staff involved with land purchases.

All ministry employees involved in acquiring land now receive guidance on conflict of interest and are required to complete annual conflict of interest declaration forms. All 113 staff who are directly or indirectly involved in some way with respect to land acquisition have now completed these declaration forms. This is over and above the Public Service Commission's conflict of interest guidelines that are already in place for all public servants, that we are all required as public servants, to abide by.

Although we are undertaking these efforts to adhere to best practices and implementing the recommendations of the Provincial Auditor has provided us, I believe that it is extremely important to note to this committee that the Provincial Auditor, in her report and in the scrutiny of my ministry's processes, did not identify any conflicts of interest involving ministry staff. Nevertheless as I have stated, her recommendation is prudent and well taken and has been implemented, and that was done in the month of November.

The third recommendation was for staff to clearly document the results of reviews of appraisal reports used to acquire land. I am pleased to report to the committee that this recommendation has also been implemented. Again with the guidance of professional organizations such as the Appraisal Institute of Canada, my ministry and staff have now implemented policies and processes to ensure the appropriate documentation of review reports related to appraisals. In my ministry we rely on independent appraisal reports to assess land values when looking to acquire lands for major projects. Based on the Provincial Auditor's recommendation, we have now developed this review process to appropriately document our due diligence, not to influence the actual appraisal conclusions but to ensure that all of the documentation exists and is easily accessible with respect to our land acquisition processes.

The fourth recommendation was for the ministry to clarify its policy for paying permanent damages for partial takings of agricultural land and, as with the previous recommendations from the Provincial Auditor, I'm pleased to report that this recommendation has also been implemented. Ministry employees involved in land purchases have now received additional clarification about the application of the premium, and we will be preparing information for landowners, as suggested in the auditor's eighth recommendation.

Where the Provincial Auditor expressed concerns and identified individuals who may have been underpaid, that matter has now been resolved. That one case that the Provincial Auditor cited as a landowner with respect to the application of the policies not having paid what was appropriate, that landowner has now been paid.

Although this was not a recommendation of the Provincial Auditor, my ministry is now verifying that the damage allowances that are usually associated with the ministry acquiring land has been appropriately applied on all other Regina bypass land purchases. That process is also under way.

The fifth recommendation from the Provincial Auditor was to follow written, approved policies in effect related to determining compensation associated with land acquisitions for public improvement projects and to keep related supporting documents. I'm pleased to report to the committee that this recommendation has also been implemented and ministry staff will follow written policies.

If there's a unique situation, and sometimes with respect to land acquisitions there will be unique situations, it is now a requirement in my ministry to have a formal discussion and a formal policy deviation constructed and approved by the appropriate senior managers and the executive team in my ministry before such deviations are to be implemented. The required processes and file documentation requirements I have reviewed with my staff and with those directly or indirectly associated with land purchases. As well, I am pleased to report to the committee that we have now developed and fully implemented a checklist to ensure that each file contains rationale for the office along with supporting documentation.

I would like to spend a moment to provide the committee with some information with respect to what kind of documentation will be put in these files. The documents to be retained on file will include general information, including right-of-way detailed plans which are an integral part of our construction business; ministry's project references; an overview of the project itself; any market and route analysis as we determine general locations for particular projects. Landowner information will be included, including the identification of parcels impacted, verification of ownership, notice of intention to enter upon land. All of these are being done, but they will be documented and kept easily accessible on file for verification.

Any land and damage valuations that we may do internally or have done by competent people outside in the private sector will also be put into these files: the area of the parcels impacted; parcel-specific appraisals, including appraisal review notes; the ministry's value calculation; and any notes regarding the ministry's determination of land values and damages.

With respect to negotiations which normally take place with landowners: information regarding meetings that are had with the landowners; land purchase summaries; any pre-approval of offers; additional valuation information that may be requested by the landowners; any notes regarding any changes to the ministry's value determinations; any notes regarding why the valuations did not change; a summary of every negotiation; a history of any offers that are made; and any additional information provided to the landowner. All correspondence, both written and the record of any verbal correspondence, will be maintained on file as well as any mediation notices. In some cases, land acquisition processes go into the mediation phase and those notes, that would be kept on file.

Acquisition authorization, if acquired through an agreement, a copy of the fully executed agreement will be retained on file. If acquired through expropriation, we will require and we now require that all of the following information will be retained on file: a copy of the final offer; a recommendation of the regional executive director, the assistant deputy minister; a copy of the minister's approval in the case of expropriation; a copy of the notice of expropriation and post-expropriation negotiations; subsequent valuation information, calculations, and notes regarding any changes to the ministry's value determinations or notes why the valuations did not; any additional information provided by the landowners and a copy of the fully executed settlement agreement; final survey information, documentation regarding final survey information, with the appropriate information and the corresponding payment adjustments that may be required as a result of the final surveys, and copies of notices regarding any adjustments; any mediation or legal proceedings; notes and correspondences as applicable.

So all of this information that is existing in the ministry in various places will now be put together in detail on files that are easily accessible with respect to us being able to access information on any land purchase that the ministry may undertake in the future.

The sixth recommendation was to provide for an internal review of compensation performed by a second person other than the preparer associated with land acquisitions prior to making offers to landowners. The Provincial Auditor made this recommendation which I'm pleased to report to the committee has now been completed, and we've already started requiring approval of the proposed offers by the appropriate signing authority before the offer is presented to landowners. The approval of any proposed offer requires at least one person to recommend that such an offer needs to be made based on all the assessments, analysis, the appraisals, evaluations, etc., and a separate person to ensure that there's appropriate oversight and governance on the land acquisitions processes.

The approval process also requires a detailed breakdown of the offer components and the supporting documentation. Templates and guiding documents have now been developed in the ministry and training has been provided to my staff to ensure consistent documentation of information. This new process and template now combines multiple documents into a single summary.

In the seventh recommendation, the Provincial Auditor recommended that the ministry follow its delegated signing

authority and expressed concern that that was not appropriately followed in some of the cases that she had examined in the ministry. I take this matter very, very seriously as head of the ministry. We have a very detailed signing authority declaration and delegation in the ministry, and I expect my staff to follow it. We have now ensured that that particular recommendation has been completed and implemented to ensure that ministry employees follow that designated signing authority which is there for a reason.

[10:45]

Finally we get to our eighth recommendation and to publish information. The auditor recommended rightfully to publish information to help landowners understand their property rights and how the ministry determines due compensation for land for public improvement projects. We agree with this recommendation and are currently working to prepare easily understood and thorough information about our compensation policies for landowners.

The material that I have examined personally on my website is very basic material that is currently there with respect to providing information to the public and potential landowners who we may need to be negotiating with. And the material on our website actually essentially suggests to landowners and provides names of contact people, staff in my ministry, and phone numbers to get further clarification information.

The Provincial Auditor recommended that we follow best practices and that we examine practices in other provinces, other jurisdictions, as to how much and what kind of information would be valuable for the public with respect to land acquisition processes.

The Ministry of Highways operates under *The Highways and Transportation Act*, but we also utilize other Acts within government, including its expropriation procedure Act. Now there is information regarding that Act and the processes, etc., in other parts of government such as the Ministry of Justice, for example. But it's not all there in one place when people deal with the Ministry of Highways and Infrastructure with respect to land, and we are going to be providing that kind of information. We're working on it to make it robust and to be informative and to add value to the citizens.

Our current land standards is quite frankly hundreds and hundreds of pages of pretty technical material. It was really developed for ministry staff. It results in the use of, you know quite frankly, industry jargon that the layperson may not understand, acronyms, and detailed workflow descriptions and so on and so forth. So we've had to refresh those land standards. We separate information intended for internal use and have information that is readily available and understandable for external audiences, including landowners who we may be dealing with in the future. We are preparing that information. It's a fairly complex task in terms of making sure that information is described in a way that is easily understood. We're also comparing our own standards, as I said, against other jurisdictions to ensure that as we are reviewing and modernizing our processes, that we're ensuring they'll be using best practices.

So again, Madam Chair and members of the committee, we would like to, I would like to personally thank the Provincial Auditor and her staff, extremely competent staff, for the thorough review of my practices, our practices in the Ministry of Highways and Infrastructure with respect to land acquisition and the recommendations that her office has provided us to help us improve our processes. With seven of the eight recommendations already implemented, a number of changes have already taken place in terms of the policies and processes, and I'm pleased to report that as we followed through on the implementation, I can assure the committee that our business processes have indeed improved and is moving us to becoming much more efficient in terms of our business processes.

So, Madam Chair and members of the committee, in closing, thank you for this opportunity to provide some opening remarks and discuss the work within the ministry, the Provincial Auditor's special report, the recommendations that were made to the ministry, the state of affairs with respect to how we're implementing them. And I would be pleased to answer any questions from committee members with respect to the recommendations in the Provincial Auditor's report. Thank you very much.

**The Chair:** — Thank you, Mr. Govindasamy. I just want to note here that Ms. Sproule has substituted in for Ms. Sarauer. So with that, I'd like to open up the floor for questions. Ms. Sproule.

**Ms. Sproule:** — Thank you very much, Madam Chair. I was wondering if the deputy minister could take an opportunity to introduce his staff that are with him here today so we know who's here.

**Mr. Govindasamy:** — Yes, I certainly can. I have staff here to assist me with respect to responding to any questions. My staff here are Mr. Wayne Gienow, on my right here, who is my executive director of corporate services, and Ms. Rachel Ratch, who is a senior manager in the corporate services division of my ministry. I do not see any other staff that I have here.

**Ms. Sproule:** — Thank you. I note that there are other officials here, Madam Chair, but I assume that, my understanding is that this morning's debate or discussion is in relation to the Ministry of Highways only.

**The Chair:** — That is correct, yes.

**Ms. Sproule:** — And I note that Mr. Richards, who is the current CEO [chief executive officer] of the GTH [Global Transportation Hub], is sitting at the front table. Can Madam Chair explain why he's present?

**The Chair:** — You know, perhaps Mr. Govindasamy could.

**Mr. Govindasamy:** — When I was informed about the committee hearings this morning I was given ... my understanding was that I would appear before the committee and that Bryan would appear before the committee. It wasn't clear to us at that time as to whether or not we would appear individually or collectively. Since we were both going to be here and the matter at hand is similar, we thought we would save the committee's time, as well as with respect to responses



to questions, to have both Bryan and I appear before the committee jointly.

**The Chair:** — I'm getting advice from the Clerk that says Mr. Richards can be here too. If Mr. Govindasamy wants to refer to Mr. Richards, he can as well.

**Ms. Sproule:** — All right. And then my understanding is that . . . Will you be here this afternoon then, Mr. Deputy Minister, with your . . .

**Mr. Govindasamy:** — I can certainly make myself available to be in place this afternoon.

**Ms. Sproule:** — I think that'd be very helpful. It would make sense to have all the officials here. My understanding was only Highways this morning and only GTH this afternoon.

**The Chair:** — The questions this morning can be Highways-focused, and this is just an opportunity to direct what we'll be dealing with.

**Ms. Sproule:** — Thank you for that clarity. Then perhaps, Mr. Richards, you could introduce your staff at this point in time as well, and yourself.

**Mr. Richards:** — Certainly. Bryan Richards, president and CEO of the Global Transportation Hub. And in attendance with me is Matthew Schroeder who's our vice-president of finance and corporate services, and Kelly Brossart, our director of communications.

**The Chair:** — And just to clarify, Ms. Sproule, that the agenda does . . . Although we as committee knew who was coming when and who we could expect, the agenda is just the consideration of the report. So it doesn't . . . The agenda itself is open ended, and although members knew that we'd be expecting Highways in the morning and GTH in the afternoon, there is latitude in the agenda.

**Ms. Sproule:** — Thank you very much, Madam Chair. First off, thank you very much, Mr. Deputy Minister, for those opening comments. Certainly I think all members of the committee would be very pleased with the actions taken by your ministry and the seriousness with which you have taken the auditor's recommendations. And we know that that's something you always do as public servants. You take those very seriously.

And commendations to all your staff not only for making those recommendations possible but I think also for the serious amount of work that your staff undertook leading up to the finalization of the land parcels for the bypass, the Regina . . . [inaudible] . . . no small undertaking. And certainly given the fact that a P3 [public-private partnership] approach was chosen, I think it really condensed your timelines as well.

So again, kudos to all the public servants and yourself and all your staff for the very important work that you've done and certainly under some very difficult circumstances.

I think in many ways you might agree that the bypass itself was a bit of a perfect storm because I think it's the kind of project

that we have never seen the likes of before in your ministry's history and perhaps may never see for a long, long time in the future. And so in that sense I think it's very important in terms of Public Accounts Committee to get some clarity and maybe some further understanding of how decisions were made because as the auditor identified on page 42 of her report, the processes that were in place really exposed not only your ministry and the Government of Saskatchewan but taxpayers to incredible increases in land prices.

And certainly that is something that requires scrutiny I think on the part of the Public Accounts Committee, is to understand how the taxpayers were exposed to these increased prices. Certainly we know initial estimates of the bypass was \$400 million. And I believe, and that my question to you is, what is the current estimate of the cost of the Regina bypass?

**Mr. Govindasamy:** — I'm just making some notes so that I, Madam Chair, that I understand the questions clearly. And I appreciate the comments from Ms. Sproule with respect to the work that the ministry staff have done on this particular project as well as all the land acquisition processes.

I do want to make a reference to the fact that again the Provincial Auditor, having examined the processes in the ministry very, very thoroughly, has essentially said that the ministry has followed all of the processes and that we have effective processes except for . . . And she went on to make some recommendations which included improvements needed to better manage exposure to increases in land prices. That is the subject of the question.

I believe that to describe the Regina bypass project as a perfect storm . . . At least I wouldn't describe it that way. It is the largest infrastructure project in the history of Saskatchewan, driven by demand in the province. It is a project that is hugely complex. There has been planning under way for this particular project for the last 15 years as growth took place in the city of Regina and Saskatoon as well as the rest of Saskatchewan.

The impacts of that growth, the impacts of people moving into the province, the impacts of more vehicles on the road, the impacts of more trucks on the road had led to traffic congestion, more accidents on the roadways. Demand for the economic growth of the province with respect to connectivity to the rest of the provinces and to a port system, etc., to be able to provide access to external countries through our road system — all of these are factors that contributed to the early planning in this particular project.

And the early planning has now resulted in execution of a project that is going to bring multiple economic benefits to this region and to the province as a whole. It is complex. When you're designing a project of this size, and you're designing and executing it over a period of time that some will suggest is pretty ambitious, it is complex. And it is complicated to be able to take through all of the planning processes. Engineers will tell us . . . And I'm a non-engineer, just for the record, and so I take my advice from my staff who are engineers and experts in what they do: building teams together; making sure that the actual processes with respect to the procurement processes are appropriately identified; the sort of engineering work and the design work; the conceptual work; best practices around the

country; as well as the procurement processes. There's a whole system and series of planning processes that go into place, which is complex, which is complicated, which is challenging. But it's also extremely exciting to be able to be involved in — for both staff, for my staff and for the people that we are working with and the general public — quite exciting to be able to engage ourselves in a project that's going to bring multiple benefits to Saskatchewan people.

This is a fixed-price contract. It's a P3. It's a fixed-price contract, and the project is at \$1.8 billion. That's the cost of the project in terms of the Regina bypass as a fixed-price contract. Pretty pleased to also inform the committee and Ms. Sproule that the project is on budget and on schedule. We'd be also pleased to inform the committee that with respect to progress and . . . I'm pretty pleased to see the kind of tremendous progress that has been made on the actual construction — 40 per cent of that is already under way.

By October of 2017, which is this year, not that far away, we will be completed with respect to what I would call phase 1, and phase 1 would be Highway 1 East. The construction activities from Balgonie down to Highway 33 will be completed, with the interchanges at Balgonie and White City completed allowing for freer flow of traffic on that corridor. So the project is on time and on schedule. The overall project, the entire Regina bypass is on schedule to be completed by October of 2019.

Yes. Complex. Complicated. Challenging but exciting. It is a tremendous opportunity for young engineers who are joining the ministry to be involved in such a project and learn so much as they are actually helping in terms of execution.

**The Chair:** — Thank you. Ms. Sproule.

[11:00]

**Ms. Sproule:** — Thank you very much. And, Madam Chair, just for the record, I note that it's one hour into and I've had one question so far. So I'm going to put you on notice right now that I likely will not be able to complete all the questions I have for the deputy minister today in the time that's been allotted and will ask for an extension of time. So just have that on the record.

Thank you for your very thorough and detailed response, Mr. Deputy Minister. I want to clarify. When you say the fixed price is 1.8 billion, does that include the cost of the purchase of land?

**Mr. Govindasamy:** — The \$1.8 billion does not include land purchase costs.

**Ms. Sproule:** — Therefore, could you share with committee the total cost to the taxpayer for the Regina bypass?

**Mr. Govindasamy:** — The Provincial Auditor has some tables on page 42 of her report. So the approved funding with respect to land purchases over the two fiscal years '14-15 and '15-16 was \$115 million. And the actual spending up to the end of '15-16 with respect to the land purchases, fiscal year, was \$55.8 million. So every fiscal year we would, you know, roll up the numbers and report on expenditures on land. So we are now into the '16-17 fiscal year. So the tables and the numbers that

are represented, that have been reported on page 42 of the Provincial Auditor's report, are accurate.

**Ms. Sproule:** — And will there be any purchases in '16-17?

**Mr. Govindasamy:** — I'm sorry?

**Ms. Sproule:** — Will there be any land purchases in the current fiscal year?

**Mr. Govindasamy:** — Well I can report that all of the land that was required for the Regina bypass has now been completely acquired. We now have opportunities to fully construct the Regina bypass. So all of the acquisitions, either through willing seller, willing buyer basis, or through expropriation, have all been completed. We will not be needing to purchase any more land with respect to the Regina bypass.

As to the actual expenditures of payments for these land acquisitions — because it's an ongoing process; some of the land acquisition processes are still under negotiation with respect to the actual payments — I'm not really in a position today to report on actual numbers that have been paid to date because of the negotiation that takes place. But the numbers that are reported in the Provincial Auditor's report are accurate as of that date.

**Ms. Sproule:** — Yes, I'm sure they are. Thank you very much. Can you share with committee how long you've been with the ministry?

**Mr. Govindasamy:** — Thank you for the question, Ms. Sproule. I have been with the ministry for a little over three years, three years and four months.

**Ms. Sproule:** — So when did you join the ministry?

**Mr. Govindasamy:** — I joined the ministry in September of 2013.

**Ms. Sproule:** — Thank you. Who was your predecessor?

**Mr. Govindasamy:** — My predecessor was a gentleman named Rob Penny.

**Ms. Sproule:** — Okay. Thank you. At the time of the conception of the Global Transportation Hub, or the GTH, your ministry was incredibly involved at the time. I understand that they even expropriated land to establish the GTH and that there's a lawsuit in relation to that expropriation. Can you share with the committee what the status of that lawsuit is?

**Mr. Govindasamy:** — The Ministry of Highways and Infrastructure was primarily responsible for assembling land for the purposes of the Global Transportation Hub, which predates my arrival in the Ministry of Highways and Infrastructure in 2013. That's an ongoing process.

With respect to any land cases that are now the subject of any litigation, I'm not in a position to make any remarks or speculate or discuss any cases that are currently the subject of legal proceedings.

**Ms. Sproule:** — Can you advise the committee where any have been completed or settled?

**Mr. Govindasamy:** — Perhaps I would need some clarification, Ms. Sproule, with respect to the precision of the question. Are you referring to cases that have been settled with respect to land that was acquired for the GTH, or are you referring to something else?

**Ms. Sproule:** — GTH.

**Mr. Govindasamy:** — I will have to go and check on this. But now Bryan is assisting me with a better response to this: five out of the six have already been settled.

**Ms. Sproule:** — Five of six lawsuits in relation to MHI's [Ministry of Highways and Infrastructure] land acquisitions for the GTH have been settled?

**Mr. Govindasamy:** — I would like to take a moment to seek clarification with respect to this particular number from members of my staff, if I may.

So I want to be a little bit more precise with respect to where these things are. Some are statements of claim. Some of course have gone to trial. So I want to be clear in terms of what the question is, and I would need some time to check on the question itself. How many of these cases with respect to land assembled for the GTH have been settled? Can I take some time to get back to you on the precision with respect to the question?

Because sometimes there are statements of claims, as you well know, and sometimes they go to trial. Very few of them go to trial. So when we speak about settlement, is it settlement through trial? Or is it settlement, pre-settlement through statements of claims or through negotiations? So I need to have more precision in the response that I can give you.

**Ms. Sproule:** — Yes, we certainly are looking for that level of precision, so if you would like to make an undertaking to provide the committee with that information, we can move on to further questions.

**Mr. Govindasamy:** — I will be able to check with my legal counsel. Obviously Justice is involved in any cases with respect to land that may have statements of claim filed. I'll check with the Ministry of Justice, my legal counsel, and provide a response to that question.

**Ms. Sproule:** — Thank you very much. If you could provide as much detail as possible, including the date of settlement, whether it was settled in . . . outside of court or in court, any public information that could be shared in a summary report, that would be very much appreciated.

**Mr. Govindasamy:** — We'll certainly discuss with . . . I will certainly discuss with Justice with respect to the information that has been requested and the format in which it can be provided.

I do know, Ms. Sproule, that there are some cases, you know . . . typically there would be some cases, for example, that would be settled on the basis of non-disclosure costs, you know.

You're aware of that. I don't even know the legal terms. I'm also not a lawyer. I'm just a layperson when it comes to legal terms, so I have to let you know that in advance. But I will certainly attempt to get information that would be a satisfactory response to your question.

**Ms. Sproule:** — Thank you very much. I do want to move on now to the bypass itself, and I would ask the exact same question in relation to the bypass. How many lawsuits has the Highways ministry received or been involved in or named in as a result of land acquisition processes? And of those, how many have been settled, and how many are in what stage in the trial process? So if you want to undertake to share that with us and get that information at a later date, that would be perfectly fine.

**Mr. Govindasamy:** — We'll certainly look for that information that's been requested, and we'll undertake to provide what can be provided with respect to that question.

**Ms. Sproule:** — Thank you very much. Now in terms of the GTH timeline that the auditor provided, maybe we can refer to that at this point in time. Highways' first involvement was in November of 2008, where this was in the extensive, as you pointed out, discussions relating to the location of the bypass. And at that time, was the east parcels, which . . . Are you familiar with the east parcels when I say east parcels? It's the two parcels of land that the GTH purchased. Is it okay to refer to them as the east parcels?

**Mr. Govindasamy:** — If you are referring to the parcels that were purchased and that is now documented on page 14 and 15 and 16 of the Provincial Auditor's report as the east parcels, yes, I am familiar with them.

**Ms. Sproule:** — All right. Thank you. In 2008 was Highways doing any work at all in relation to the west bypass on those particular lands?

**Mr. Govindasamy:** — I'm sorry. I need clarification on the question. The 2008 reference with respect to the Provincial Auditor's report, and I stated earlier, the planning process for this particular project has been pretty long — 15 years. There's been various studies that have been done. The Provincial Auditor's looked at it. The auditor's transcript of the record of key events has November 2008 in it, and conceptually the functional planning study for Pinkie Road identifying a requirement for connection between the proposed GTH at that time and the new highway system was already in play in terms of discussions.

**Ms. Sproule:** — So at that time do you know whether the landowners of the east parcels were notified by Highways that you intended to acquire their lands?

**Mr. Govindasamy:** — I'm going to have to consult with my staff here. The 2008 reference of the Provincial Auditor in this table really references what was then the west Regina bypass, so I'm . . .

**Ms. Sproule:** — That includes these parcels.

**Mr. Govindasamy:** — West Regina bypass is what would be the auditor's reference. And I'm going to just . . . I'm just going

to consult with my staff to see if I can get a response.

**Ms. Sproule:** — Yes, thank you.

**Mr. Govindasamy:** — So, Ms. Sproule, our records show that there were land purchases for the west Regina bypass dating back to 2010 with respect to purchases of some portions of land for the west Regina bypass.

**Ms. Sproule:** — That's not my question, Mr. Deputy Minister. I wanted to know whether your ministry notified the landowners who owned the east parcels of your intention to buy part of their lands for the connection route.

**Mr. Govindasamy:** — If I can check with my staff again . . . So the landowners who at that time had ownership of the land were informed and portions of their land were purchased back in 2010.

**Ms. Sproule:** — Thank you. Between March 2010 and November 2011 the GTH was under your ministry's responsibility. When the GTH was under the Ministry of Highways, was there any discussion of purchase of those east parcels in that time period?

**Mr. Govindasamy:** — Again I'm going to have to take a moment to check with my staff on that particular question.

So the design of the interchanges and the design of the Regina bypass, you know, underwent a number of changes, and our records show, based on the assessment by the Provincial Auditor, that we first designed the Dewdney interchange and later replaced it with the design of the GTH interchange which obviously changed based on the demands, etc. So obviously the amount of land that was required by the ministry increased, and it was in September 2012 that decisions were made with respect to interchange construction. And I wanted to point this out because this has taken a number of years with respect to the planning process and the design process. I did not approve the final designs of the Regina bypass as a whole and the west Regina bypass until April of 2014. So the answer to the question, I believe that was the question, was that it was in September 2012.

[11:15]

**Ms. Sproule:** — In terms of the role of your minister in this process, between March 2010 and November 2011 when your minister was no longer responsible for GTH, what sort of updates would the minister give you and your staff in relation to the acquisition plans for those east parcels?

**Mr. Govindasamy:** — So, Ms. Sproule, I did not become deputy until September of 2013. So I was not the deputy of the ministry and was not with the Ministry of Highways and Infrastructure back in 2010, the time period that you are referencing. But I can tell you that as a deputy, by myself and my senior staff, I'm in frequent conversations with the minister's office on a whole host of issues that relate to the business of the ministry. We provide briefings. We respond to ministerial inquiries, etc. But I can't specifically say what sort of things occurred back in 2010 and 2011.

**Ms. Sproule:** — Rather than waste time then on asking questions prior to your arrival as deputy minister, I think I would probably do well to move forward to 2013 then and ask you some questions that relate to your actual physical presence as the deputy minister.

The auditor points out that between August to November 2013, your staff were actively preparing for acquisition of the east parcels. You've discussed acquisition schedule. You had an appraisal in October of 2013 with an appraised value of \$6.7 million determined using the direct comparison approach. We understand that you also communicated this with the minister. I believe the minister at the time was minister McMorris. Is that correct?

**Mr. Govindasamy:** — At that time the minister would have been minister McMorris, yes.

**Ms. Sproule:** — So was he aware of your active pursuit of acquisition of the east parcels at that time in that period?

**Mr. Govindasamy:** — You know, when we provide briefings . . . Like as I said earlier, I came on board in September of 2013 and proceeded to understand the activities of the ministry — the core business, the biggest business lines of the ministry — and it was normal practice for myself and my senior staff in the ministry to discuss issues with the minister's office, as I had mentioned earlier. So the record that has been provided here by the Provincial Auditor with respect to the particular parcels in question, there's always communication between my senior staff and the minister's office on various matters. So that's as I was arriving into the ministry. And of course, you know, as the Provincial Auditor has pointed out, we did have to buy land for the Regina bypass. These were part of the purchases that were being considered, and in October of 2013 there was an appraisal that was conducted with respect to these particular parcels.

**Ms. Sproule:** — So you're saying then that the minister was fully aware of your staff's activities and when you arrived in September 2013 and your staff's active pursuit of the purchase of the GTH parcels?

**Mr. Govindasamy:** — What I am saying is that most of the businesses of the ministry in a normal course of events, the business of the ministry is what you call discussed with the minister's office with respect to how we do our business and with particular inquiries in normal briefings.

**Ms. Sproule:** — Thank you very much. The appraisal that you're referring to I believe was done by a company called Canadian Resource Valuation Group Inc. It was prepared in October of 2013. I understand this was provided to your consultant, Vertex, who had signed an agreement with you in August to proceed with the land acquisition. Is that correct?

**Mr. Govindasamy:** — Ms. Sproule, that is not correct because I think you're referring to an appraisal that pertains to the GTH.

**Ms. Sproule:** — It's certainly in the lands that, the east parcels that we're talking about. Did Highways do any appraisals of the east parcels in your pursuit of acquisition of the land?

**Mr. Govindasamy:** — Yes, we did, but that was the parcel . . .

The appraisal that you actually referenced just now and the companies that you referenced were not the ones that did the work for our appraisal. That was for the GTH.

**Ms. Sproule:** — Could you provide the committee with a copy of those appraisals that were done?

**Mr. Govindasamy:** — So we are seeking clarification on which appraisals were you referencing. As the auditor's report suggests, we did appraisals. The GTH did appraisals on the same pieces of land.

**Ms. Sproule:** — Yes. I'm referring specifically to your ministry and any appraisals that your ministry did in relation to the east parcels.

**Mr. Govindasamy:** — Okay. I will have to check to see whether that particular appraisals can be made available.

**Ms. Sproule:** — Thank you very much. I appreciate that. In May of 2012 we received an email from Blair Wagar at the GTH to the former director John Law, or CEO John Law. And he identified there that there was a team, an assembly team that had been put together with representation from GTH, GS, which is Government Services; and the Ministry of Highway and Infrastructure. And that team, he identified it had been established to lead the strategic management of the project and execution of the plan. Can you advise the committee, upon your arrival in September of 2013, was that assembly team still in place and was it active?

**Mr. Govindasamy:** — So when I arrived in 2013, there was a team that was set up within the ministry to actually manage the project as a whole, the Regina bypass project as a whole. There was communication with various landowners, etc. That particular team that you are referencing, that was way back in May of 2012. That particular . . . I'm going to check with my staff here with respect to whether or not that original team that was there with respect to the Regina bypass continued to operate at the time when I arrived. And I'm just going to check with my staff with respect to how that team operated, if it indeed was in operation.

So I've received clarification from my staff and staff who are here from the GTH. That team was no longer active in 2013. I think it was . . . The team really was no longer active as of March of 2013. And so that's why when you requested whether I was aware of any team that had been put together with respect to land acquisition, I'm referencing the team that we put together in the ministry for acquisition of land and other matters related to the Regina bypass. My governance team, project management team, that I call . . . that is still active today.

**Ms. Sproule:** — Can you advise the committee . . . And I know you don't know the answer to this because you weren't there. But if you could go back with your staff . . . Madam Chair, there's a lot of conversation going on with committee members, and it's difficult to hear the answers sometimes. And she's conversing right now so . . . I would ask that other committee members keep their conversations a little bit quieter so we can hear the answers. Thank you.

Could you go back in your records with your ministry staff who

were there at the time, hopefully, to find out how many times the assembly team met, when it was established — this will all be on record in *Hansard* too — when the committee team was established, who the members were from your ministry, how many times they met, and why they were no longer active in March of 2013? Because it suggests at that time both your ministry and GTH were still working together on the acquisition of those east parcels.

So it suggests to me that something happened in March 2013 where you both went your separate ways because you were actively acquiring the land at the same time that Laurie Pushor was advised, as a special advisor for the GTH, to acquire the land. So this is really important that we understand where the breakdown occurred between Highways and the GTH and why that occurred.

So could you undertake to provide with the committee — I'll repeat that — a detailed description of who was on the assembly team, what officials, when they met, and why they were no longer active as of March 2013, and also whether or not your minister was informed of the activities of that team?

**Mr. Govindasamy:** — I will undertake to look to see what kind of records are available with respect to this particular team that you've referenced, and I'll undertake to find what information is available in the manner that you've suggested.

**Ms. Sproule:** — Thank you very much, Mr. Deputy Minister. In December of 2013, there were a couple of information items that we have just received yesterday from the GTH. The board had received some information items. I think your ministry is directly involved in this as well.

The first information item was a recommendation that went to the GTH board on December 3rd, 2013. In that recommendation, it was recommended that the Government of Saskatchewan acquire the east parcels to support the development of the interchange to access the Global Transportation Hub with the surplus lands being sold to the GTH for further development. So that was on December the 3rd, 2013.

So at that time were you aware that the recommendation would be that your ministry on December 3rd would be responsible for the purchase of the land?

**Mr. Govindasamy:** — The ministry was already actively engaged in doing appraisals to purchase land, including these parcels we've talked about, appraisals being conducted by the ministry. I became aware of circumstances and the interest of the GTH to purchase the land in late December of 2013.

**Ms. Sproule:** — So in late December of . . . Could you be more specific as to the date that you were informed that the GTH was purchasing the land?

**Mr. Govindasamy:** — I would have to check to see whether I have any record of exactly what date I was informed. But I do recall that it was in late December of 2013.

**Ms. Sproule:** — And who would have informed you of that?

**Mr. Govindasamy:** — My staff at that time were in communication with GTH staff with respect to matters related to land. So I would have been advised by my staff with respect to the intentions of the GTH.

**Ms. Sproule:** — So as far as you know, up until late December 2013, your staff had informed you and your minister was aware that your ministry was intending to purchase those lands?

**Mr. Govindasamy:** — I do know that my staff were actively pursuing the purchase of that land in October of 2013 and into November of 2013 and into December of 2013. At which point . . . And the record that the Provincial Auditor has after examining documentation of the ministry is accurate with the respect to the timing of the events.

**Ms. Sproule:** — So we know that on December 3rd, the GTH board was informed that Highways was intending to purchase the lands, in terms of the briefing note that they were provided, and that any lands that weren't used by Highways were going to be surplus off to the GTH. Is that correct?

**Mr. Govindasamy:** — I will take a moment to check the accuracy of that statement as well as the question, if I may.

[11:30]

So as of, Ms. Sproule, in response to your question, as of December 3rd, based on our records, we were continuing to look at those parcels as a potential acquisition by the Ministry of Highways and Infrastructure. We were also continuing to discuss with Justice with respect to how much land would be required. We hadn't actually begun any negotiations with the landowners at that time. So as of December 3rd, there were a few missing pieces in terms of the exact amount of land that was required for that particular interchange from the Ministry of Highways perspective, for the interchange construction. And so it was still in progress at that point in time, as of December 3rd, and as far as the ministry was concerned.

**Ms. Sproule:** — This briefing note goes on to say that the Ministry of Highways estimates they require 78 acres of the proposed property for the interchange. That's a very definite number in my view. So can you share with the committee whether that's correct or not, that by December 3rd you had already determined that you required 78 acres, or was that information that was provided to the GTH board incorrect?

**Mr. Govindasamy:** — You know, I'm aware of the briefing note that you referencing, and I think the word "estimate" is used. I will just point out that until the final designs are done and the surveys are done, it is usually not an exact number. Even in this particular case, the final designs were done and the surveys were done and the actual numbers changed slightly. Although slight, the numbers, the actual amount of land required for the interchange changed slightly. And I think 78 acres estimate, if that's what's in the briefing note, that is an estimate at that point in time. Now the acreage that was actually purchased for the purposes of the interchange are listed and referenced in the Provincial Auditor's report.

**Ms. Sproule:** — I'm aware and I'm on that page. Actually it's page 34. I will get to that. But as far as we know, your minister

on December 3rd, 2013 was fully aware that, and I assume the entire cabinet would've been aware, that Highways was going to acquire those lands, and it's listed at a price of \$105,000 per acre. So Highways was prepared to pay \$105,000 per acre for that land for \$21.447 million as of December 3rd, 2013, and your minister was fully aware of that.

**Mr. Govindasamy:** — As of December 3rd, 2013, one appraisal had already been done on that particular piece of land for our purposes, and we were preparing to acquire the lands. I would not characterize . . . As I said earlier, we base our negotiations with the landowners and potential sellers of land based on approved appraisal principles. We would've used the appraisals if this indeed had moved forward. From the purchase perspective from Ministry of Highways and Infrastructure, we would have followed our standard practice of using those appraisals as the basis of negotiating with the owners. So I'm not sure whether or not it would be accurate to say that Ministry of Highways was prepared to pay \$21 million for that land. We would have used the appraisals that we had conducted.

**Ms. Sproule:** — So when this note to the board of GTH says the Government of Saskatchewan would acquire the property for \$105,000 per acre, which ministry was going to acquire the land?

**Mr. Govindasamy:** — Can I ask . . . In the briefing note that you are referencing, was that briefing note prepared by the Ministry of Highways or somebody else?

**Ms. Sproule:** — I think only Mr. Richards can answer that question. Could you share that with the committee, Mr. Richards?

**Mr. Richards:** — Make sure I understand. Is that the item that was presented to the board in the December 3rd meeting?

**Ms. Sproule:** — The information item, item no. 7, December 3rd, 2013, that was shared with the board.

**Mr. Richards:** — So that particular information item was presented to the board, and it came directly from the Ministry of the Economy's office.

**Ms. Sproule:** — So that would be from Mr. Pushor?

**Mr. Richards:** — I cannot state that emphatically, but it came from the Ministry of the Economy's office.

**Ms. Sproule:** — And who was your Chair in 2013? Was it still minister Boyd?

**Mr. Richards:** — It would have been minister Boyd from November 2011 through to just this past . . .

**Ms. Sproule:** — I don't know if we should get into this with you this afternoon; perhaps I'll follow up a little bit more with that. Obviously when it says in there that the Government of Saskatchewan is going to acquire the property for \$105,000 per acre, that was not the Ministry of Highways, according to what Mr. Govindasamy has said.

**Mr. Richards:** — I would be purely speculating because I'm

not aware.

**Ms. Sproule:** — Okay. I'm going to move on then to the next briefing note that was provided yesterday to the committee. This is decision item 4 at the December 19th board meeting. At that point the recommendation is substantially different. In particular it's no longer the Government of Saskatchewan that's going to acquire the property, but it is the Global Transportation Hub, and the price now has dropped to \$103,000. And in this case the Global Transportation Hub was going to support the development of the interchange.

Now, Mr. Govindasamy, is this something you were aware of on December 19th, that the GTH was going to assist your ministry in developing the interchange?

**Mr. Govindasamy:** — The Ministry of Highways required a portion of the land that is the subject of this discussion for the interchange. The precise amount of that land was still being investigated. So with respect to the Ministry of Highways' interest in that land, it would have been for the interchange. Like I said earlier in my response, I did not become aware of the interest of the GTH in moving forward with the purchase until on or about late December.

**Ms. Sproule:** — So your minister was aware that you were actively seeking the purchase of the land. At the same time the Minister for the Economy, who was the Chair of the GTH, was instructing his own officials to acquire the land for the GTH so that they could support the Ministry of Highways. And you're saying at no point in time were you made aware of any discussions that the Ministry of the Economy and the minister and Laurie Pushor, his special adviser, were actively making offers to the landowners in this land.

**Mr. Govindasamy:** — And you know, in our assessment and discussions with the Provincial Auditor's office, many of the same questions were put to us with respect to the timelines and schedules, etc. It is, you know, it was pretty clear to us in the Ministry of Highways that we would have a need for some of that land based on the design and then changes in design, although we could not be precise about how much we needed in a particular point until the designs were done and the surveys were done and so on and so forth.

In late December we became aware of the GTH's interest in acquiring those parcels of land. I was not aware of any active negotiations with the sellers by any other person at that point in time.

**Ms. Sproule:** — I do have a number of other questions in relation to that, but in light of time I want to cover something else before we run out of time here at 12 o'clock. I want to move forward a little bit to the purchase of the borrow lands and the lands from the GTH, and that took place in 2014, described in great detail by the auditor in pages 34, 35 of her report from last June. My first question is, you identify, or she identified that your appraisal for the east, west parcels was between . . . well about \$35,000 per acre for the northwest quarter and \$30,000 per acre for the southwest quarter. Now we know the GTH paid a hundred and I think three thousand dollars per acre for those lands in December of 2013.

She also referred to the appraisal obtained by the GTH themselves, which one of the appraisals . . . I think there were earlier appraisals that had it much lower that were never finalized, and I'll be getting into that with the CEO this afternoon. But in her report we see that the southwest, according to the GTH appraisal, was 51,000, and the north was 65,000.

Now you've indicated your standard procedure . . . Although this wouldn't be a standard relationship because Highways was the head of the GTH and running the GTH and expropriating for the GTH up until about two years earlier. But you're saying you're treating them as a third . . . arm's-length third party and that you would use your appraisal value as the starting point for your negotiations.

Now you ended up paying \$50,000 per acre for those lands, which is very close to the early estimate that the GTH had received . . . Well not early — the late estimate the GTH received throughout the appraisal process. Can you share with the committee why you paid a value that was much closer to the GTH late appraisal as opposed to your appraisal of \$35,000 and \$30,000 per acre? These are taxpayers' dollars, by the way.

**Mr. Govindasamy:** — Right. So in terms of the practices of the Ministry of Highways and Infrastructure with respect to purchasing land, if we were dealing with the landowner we would typically do one and two appraisals. Landowners have an opportunity to do their own appraisals with respect to any land that we might want to purchase. Typically, as the Provincial Auditor has pointed out, the Ministry of Highways, in fairness to the particular landowner and in taking into account the kind of methodology provided in the appraisals, etc., would typically lean towards paying the higher value appraisal.

And the Provincial Auditor has actually reported on the numbers, which are all accurate, the two evaluations that we did on the northwest parcel, the southwest parcel, with 35 and 30, and the GTH did its appraisals for those parcels at 65 and 51. We had a discussion with respect to our standard practices and landed on a price of \$50,000 per acre for the 58.1 acres.

**Ms. Sproule:** — The Ministry of Government Services had also received appraisals for the land at \$20,000 an acre and \$15,000 an acre, respectively — \$20,000 for the northwest and \$15,000 for the southwest. Did you take those appraisals into account as well?

**Mr. Govindasamy:** — I would have to check with my staff. I am not familiar with the appraisals that may have been done for another ministry. Can I just take a moment to check with my staff with respect to other appraisals?

**Ms. Sproule:** — Absolutely.

**Mr. Govindasamy:** — The appraisal that you have referenced was done way back in 2012 for Government Services. The appraisals that we had done in the Ministry of Highways was much more recent with respect to the timing, October of 2013.

[11:45]

**Ms. Sproule:** — I'm looking at an email from Blair Wagar at

the GTH, Tuesday, March 19th, 2013, and this was a discussion with the appraiser at the time, Mr. Peter Lawrek from Lawrek Appraisals, I believe, is the name of the company. Sorry, there's a lot of paper that we were given yesterday. Yes, Peter Lawrek with LJB Lawrek Johnson Bird Appraisals. Yes, it was prepared in 2012 but was still being discussed as of March of 2013. Now this was at the point where we see you indicated that's when this committee of the various people was no longer active, in March of 2013. Those appraisals were commissioned by the Ministry for Government Services. I believe minister Heppner was the minister at that time. And this is the same time when Mr. Lawrek was, brought to his attention that the land had flipped to a Regina realtor. And in his email dated February 28th, 2013, he sent this to Alf Bernstein at Government Services, Nicole Anderson at Highways, Blair Wagar at the GTH, Doug Toth also from Government Services, and Murray Grapentine. I don't know where that person's from. And this is what he said:

Further to my email below:

And that was February 21st; this is February 28th. He said:

Nun's apparently sold for \$55,000 per acre but they did not take title.  
They flipped to Regina developer for ... [\$84,000] per acre ...

And this is in relation to a public title transfer that we all know about on February 26th, 2013.

The appraiser said:

Unbelievable but apparently true according to local realtor who was involved in only the first sale. McNally's: [and that's the other quarter] same flip and buyer from 45,000 per acre to \$71,681 per acre based on the title transfer.

Blair [is from GTH] suggested our group meet to discuss ... We need to decide how I finish [these] appraisals for the nuns and McNally's. [May] ... I use June 2012 effective date like I did for Kaminski?

And then he goes on to say:

These sales make Kaminski \$30,000 per acre purchase look like a bargain.

And just in reference, that's another parcel that the GTH purchased where the appraisal was \$15,000 an acre.

And then he goes on to say:

They are going to upset any negotiations with owners for bypass land and Granitewest will use it for ammunition in the court case.

And that's one of the court cases Highways was involved in for expropriation of GTH land. Mr. Lawrek goes on, a couple, March 18th. This is a furthering of it and at this point in time, March 18th, we get an email from Government Services, Mr. Bernstein, to Peter, and Blair from the GTH, saying:

Peter, as my ministry has not had any real involvement respecting this matter, I am having the three appraisal contracts assigned directly to the GTH. Once your work's been finalized the invoice can be sent directly to the GTH for payment.

So it's clear at this point that Government Services no longer wants to be involved in the deal. Can you advise why Nicole Anderson from Highways was in on this email exchange and whether that is when Highways decided not to be part of the subcommittee?

**Mr. Govindasamy:** — I'm going to check with my staff with respect to the actual question itself. Nicole Anderson who has been referenced here is my land manager for the southern region, and she's one of the principal people who's involved in land acquisitions, both for the Regina bypass and other construction activities.

I do want to point out that the references with respect to the parcels of land that the Ministry of Highways and Infrastructure actually did an appraisal on, those parcels that we are talking about, those appraisals were done by the same gentleman that you had referenced earlier, Mr. Lawrek. And it was that appraisal that we were utilizing with the dollar amount stated in the Provincial Auditor's report, with respect to the discussions with the GTH when we needed a portion of the land for the interchange that was to be constructed. So appraisals, depending on the timing of the appraisal, depending on the methodology of the appraisal, etc., the values can differ considerably.

**Ms. Sproule:** — I'm fully aware of that, Mr. Deputy Minister. What was the date of the appraisal that Mr. Lawrek did for your ministry?

**Mr. Govindasamy:** — October of 2013.

**Ms. Sproule:** — Okay. And so let's go back to the borrow materials. So you didn't really answer my question as to why Highways pulled out of that subcommittee in March of 2013.

**Mr. Govindasamy:** — I am not sure that I can characterize it as pulling out of the subcommittee. I want to further check with my staff as to whether or not the subcommittee or the committee still was continuing to function or whether it was no longer in existence. So I wouldn't characterize it as Ministry of Highways pulling out of any particular subcommittee. So I need to check on the existence of the committee at that time.

**Ms. Sproule:** — And Ms. Anderson is still working with your ministry?

**Mr. Govindasamy:** — Ms. Anderson is still an employee in the ministry.

**Ms. Sproule:** — Good. And at any point would your minister have been advised about any of this information that was shared with her in February of 2013?

**Mr. Govindasamy:** — I'm sorry. What information are you referring to?



**Ms. Sproule:** — The request by the appraiser; his commentary in terms of the land flip; the price that GTH paid for the Kaminski lands; and the fact that Government Services pulled out of the committee on March 18th, 2013.

**Mr. Govindasamy:** — I'm not aware of any sort of communication of those kinds of things with the minister's office. I'm not aware of it.

**Ms. Sproule:** — Sorry, one of the committee members seems to want to consult privately with one of your officials so . . . I just want to go back to a few things. Okay, so back to the purchase of the . . . [inaudible interjection] . . . you purchased . . . sorry, pardon me?

**Hon. Mr. Merriman:** — I said I liked his tie.

**Ms. Sproule:** — Okay, thank you for putting that . . . I don't know if you want to put that on the record or not.

**Hon. Mr. Merriman:** — Sure.

**Ms. Sproule:** — Go ahead.

**The Chair:** — Let's get back to the matter at hand here.

**Ms. Sproule:** — Thank you. Sorry, I'm a bit disturbed by that.

So you purchased 58 acres at \$50,000 per acre in 2014. I believe we were provided the actual purchase agreement yesterday. Now when you talk about the borrow materials, you said your standard at the time was 1.3 times the appraised value. Can you share with the committee whose appraised value you're talking about there?

**Mr. Govindasamy:** — I'll take a few minutes to find my notes on the actual agreement that was signed with the GTH. I do know that that agreement was . . . Justice drafted, helped us to draw up the agreement with the GTH, and I do know that these provided the calculations based on standard practices, based on the examination of standard practice of the ministry with respect to buying borrow land, and the figure of 1.3 was established for the purposes of buying borrow land from the GTH. But I'm also looking for some notes for further explanations in my binder here, if I may take a moment.

So the ministry actually pays up to one and a half times. So we went through our purchases that the ministry had made for borrow material from landowners for various projects and arrived at a figure of 1.3 which was examined by the Provincial Auditor with respect to borrow material for this particular purchase.

**Ms. Sproule:** — Yes, that's not my question, Mr. Deputy Minister. We know that your standard is 1.3 times the appraised value. In this case, which appraised value did you use to determine the value of \$3.5 million for the 55 acres of borrow?

**Mr. Govindasamy:** — Borrow material land was set at \$65,000, 30 per cent above the \$50,000 standard appraisal. That's 1.3 times because the land will have limited to no potential development if the borrow was actually removed.

**Ms. Sproule:** — Could you say that again? It was \$65,000 per acre based on what appraised value?

**Mr. Govindasamy:** — About the \$50,000 appraised value.

**Ms. Sproule:** — So you continued to use that appraised value rather than your own appraised value?

**Mr. Govindasamy:** — The purchase price that we paid to the GTH for the land.

**Ms. Sproule:** — You paid for the 58 acres. That was a separate negotiation? The borrow material, the 55 acres is different land, correct?

**Mr. Govindasamy:** — Yes, 58.1 acres was purchased at \$50,000 per acre.

**Ms. Sproule:** — Correct. Then you went on to discuss an additional 55 acres for borrow materials.

**Mr. Govindasamy:** — At \$65,000 per acre.

**Ms. Sproule:** — Based on 1.3 times the appraised value which was \$50,000. So you continued to use GTH's appraised value and not your own appraised value for the purchase of the borrow material. Is that correct?

**Mr. Govindasamy:** — I want to make sure that I understand the question, because the actual purchase value was at 50 . . . the appraised value was at . . . The value that we'd agreed with the GTH with respect to the value of the land was \$50,000, and the 1.3 figure was used to determine the cost of the borrow material because of the land having limited potential for further development if the borrow was actually removed. And I'm going to ask for confirmation of that interpretation that I have with respect to the agreement with my staff.

**Ms. Sproule:** — I'd like to clarify. I'm not sure you've characterized it properly, but you go ahead.

**Mr. Govindasamy:** — So the appraised value, the value of the land that we paid for at \$50,000 was based on the appraisals that the GTH had done and the appraisals that we had done, and we had agreed on a purchase price of \$50,000 because the appraised values of the GTH . . . the appraisal values the GTH came up with were higher than the ministry's appraised values, and we often do that with landowners. As I stated before, if the landowner has . . .

You know, we examine the appraisal. My staff tell me that the actual methodologies examined, they are reviewed, etc., before we land on a particular value. And it's standard practice for the ministry to use appraisals that are appropriately done, meet the methodology with respect to the . . . And if that value's higher, the landowner has a higher value, that value is used. So the \$50,000 purchase price that we paid for the land . . .

**Ms. Sproule:** — That's not an appraised value.

**Mr. Govindasamy:** — It's the purchase price that we paid for the land.

**Ms. Sproule:** — Right. Your standard process for borrow material is to use an appraised value, not a negotiated value. Your appraised value was 30,000 for the southwest quarter and \$35,000 for the northwest quarter. So I want to know why you deviated from your standard practice of 1.3 times your appraised value in order to purchase the borrow materials or make the agreement for the borrow materials.

**Mr. Govindasamy:** — So I'll have to take that question under advisement and repeat that we agreed to pay \$50,000 for the land that we purchased, and we used the figure of 1.3 per cent, 1.3, a ratio of 1.3 to determine the value of the land for borrow purposes.

**Ms. Sproule:** — So rather than using your standard 1.3 times the appraised value, you changed your standard in this case and used 1.3 times the negotiated price of \$50,000 per acre. Is that correct?

**Mr. Govindasamy:** — That is correct.

**Ms. Sproule:** — Thank you. Further on, the auditor points out that when you add up, there's some additional \$5.2 million, which is a considerable amount of money for borrow material, stockpiling it, hauling it, stripping, loading, and this all went to the GTH. So apparently the GTH has identified other parcels of land within the proper . . . GTH proper that was originally established, and I think there is a picture somewhere we got in one of these agreements where you could actually go and stockpile or borrow material or haul it and strip it and load it, and you're paying the GTH 5.2 million.

The auditor points out, on page 35, the final selling price and value that Highways obtained from the use of land for borrow materials, component of sale unknown. She says, ". . . on an overall basis, the terms of sale between the GTH and MHI approximates \$103,000 per acre (if all of the anticipated borrow material is used and hauled)." Why do you think she pointed that figure out to the committee, because we know that . . . or to the public, because we know that's the amount GTH paid for the land? Is there any explanation for that being the same or is that mere coincidence?

**Mr. Govindasamy:** — So, Ms. Sproule, when we were negotiating this particular agreement with the GTH, I want to point out that the purchase prices of the land, as we've discussed, were based on the appraisals and a negotiated price with the GTH based on their appraisals. Fifty thousand dollars per acre was the price that we had settled on, and the 58.1 acres that we purchased for the right-of-way for the interchange, and again the use of land for borrow material that we have just discussed. With respect to the particular agreement that we struck with the GTH, it is still an open agreement.

There's a couple of things here that we should note. One is, borrow material was required. At that time there was an anticipation of borrow material being required for the Regina bypass and perhaps other construction projects. It's also useful to point out at this point in time that when we had a selling price, an estimated selling price of \$2.9 million for example . . . sorry, \$1.5 million for further borrow material, the actual amount paid to the GTH for that borrow material, actual expenses was \$700,000. Our estimates of hauling of stockpile,

and the stripping, loading, and hauling of further borrow material at \$2.9 million actually came to an expenditure of \$2.1 million when the bills were paid to the GTH.

So at that time there were estimates made with respect to the total amount of land that was required, the cost of the land, the cost of the borrow materials that I will continue to maintain was based on standard processes used within the ministry, and that is an open agreement with respect to the rest of the borrow material that we have purchased from the GTH and with respect to whether or not that borrow material is going to be used in the Regina bypass.

If at the end of the day the borrow material is not required for the Regina bypass, which obviously is in the middle of construction and will continue to be constructed until October of 2019, the GTH and the Ministry of Highways and Infrastructure will negotiate a mutually acceptable agreement with respect to the land that was purchased, the 55 acres, for the use of borrow material. So it's an open agreement. It has not yet been concluded.

**The Chair:** — Thank you, Mr. Govindasamy. Being the hour of noon, this committee is scheduled to recess. But I just want to confirm . . . I know, Mr. Govindasamy, you said this morning that you'd be able to make yourself available this afternoon. I just want to confirm that the both of you will be here this afternoon.

**Mr. Govindasamy:** — I can make myself available, Madam Chair.

**The Chair:** — Yes. Thank you very much. This committee now stands recessed until 1 o'clock.

[The committee recessed from 12:00 until 13:02.]

**The Chair:** — Good afternoon, everyone. Welcome back to Public Accounts. We're still considering the Provincial Auditor's report, the *Special Report: Land Acquisition Processes, the Global Transportation Hub Authority and Ministry of Highways and Infrastructure*.

This afternoon we also have Mr. Richards with the GTH, the CEO of the GTH; and we still have Mr. Govindasamy, the DM [deputy minister] of Highways and Infrastructure here today.

So we will just carry on. I know you'd just been asked a question and responded. I don't know if Ms. Sproule has any further follow-up or if you're going to move on to the GTH now.

**Ms. Sproule:** — Thank you, Madam Chair, I'm just getting my papers sorted here, but I do have a couple of extra questions at this point for the deputy minister of Highways, if that's all right. And basically I did want to . . . I have to refresh my memory on where we were just before noon.

I did want to go back to 2012, where in May of 2012, we're told by the timeline that the auditor prepared, that the Ministry of Government Services and Highways were to manage the acquisition of the south and east parcels. When was Highways

advised that they were not going to be doing that?

**Mr. Govindasamy:** — So according to the timelines that the Provincial Auditor has referenced on page 14 of her assessment, the GTH CEO advised the GTH board in writing that the Ministry of Government Services and MHI were to manage the acquisition of south and east parcels. The Ministry of Highways and Infrastructure continued throughout that process up to the time that I mentioned, December of 2013, to continue to identify lands that were required for the Regina bypass and continue to procure lands through our normal land acquisition processes, including the parcels in question.

**Ms. Sproule:** — Thank you. At any point did you actually meet with Mr. Marquart, who had purchased the land in February of 2013?

**Mr. Govindasamy:** — I've had no direct dealings of any kind with Mr. Marquart on any issue.

**Ms. Sproule:** — So at no point did anyone in your ministry or the minister approach him about the acquisition? You were actively involved in the acquisition until December of 2013 but you never approached the landowner?

**Mr. Govindasamy:** — We were preparing the appraisals in anticipation of engaging whoever the current landowner was at that time, and that was the period that we just covered this morning, October to December of 2013. It's my understanding that the landowner, because we were still in preparation in terms of the appraisals themselves, that there was no contact with the owner of the land at that time, in that period of time.

**Ms. Sproule:** — Were you aware that the CEO of the GTH had approached Mr. Marquart in July of 2013?

**Mr. Govindasamy:** — I'm sorry. I didn't hear the rest of the question.

**Ms. Sproule:** — In July of 2013, the CEO of the GTH wrote a letter to Mr. Marquart expressing interest in purchasing the land. Were you aware of that?

**Mr. Govindasamy:** — I was not aware of that.

**Ms. Sproule:** — And at the same time your ministry was preparing to buy the land. So the CEO at the time was aware that the land would be purchased by the GTH, but Mr. Richards, you were only notified on December 8th that the GTH was going to purchase this land?

**Mr. Richards:** — December 19th, I think is the first time we were aware that the GTH was purchasing the land.

**Ms. Sproule:** — I understand that you were notified on December 8th after the December 3rd meeting. That's not the case?

**Mr. Richards:** — I would have to check our records. That is not readily in my recollection.

**Ms. Sproule:** — So your predecessor had told Mr. Marquart you were interested in purchasing it in July. You came in in

August, and you had no awareness of this letter from Mr. Dekker?

**Mr. Richards:** — None.

**Ms. Sproule:** — And your office provided us with this copy of this letter?

**Mr. Richards:** — It would've been part of the materials that were assembled for the provincial audit.

**Ms. Sproule:** — None of the officials in your office brought this letter to your attention at all. You had no idea that Chris Dekker had written to Marquart?

**Mr. Richards:** — In the terms of the transition of my appointment as CEO, I have no recollection at all of being advised of any dealings on that particular land.

**Ms. Sproule:** — Mr. Deputy Minister, you indicated you had your appraisal in October 2013 and you were making preparations. Why did you not purchase the land before December? Like, what was it in your preparations that precluded you from making an offer to the landowner?

**Mr. Govindasamy:** — Well as in all cases . . . And the auditor in her report talks about improvements in our processes at the ministry in terms of some kind of way to be able to either protect land that may be needed in the future or some kind of way in which we would assess all of the requirements and look at different methods by which we could, as a government, perhaps, you know, guard against price escalation. And the auditor has made a number of suggestions which I referenced this morning.

In this particular case, as I've said before, the planning process is extremely long. I did not sign off on the final design of the entire bypass, including the design of the interchange, until April of 2014. And as is normally the case in the ministry, until such time that we have firm commitments and firm priorities established with respect to any kind of construction project, we would not be buying the land without really knowing how much of that land may be necessary, whether the right-of-way is indeed the right one in terms of the functional design that needs to be done and the detailed design that needs to be done. So the answer to the question, Ms. Sproule, is that obviously we were still preparing but we were not quite ready to undertake any negotiations to purchase that land at that point in time.

**Ms. Sproule:** — So when the lands flipped twice in the months prior to you receiving your appraisal, that wasn't a flag for you to be concerned about the lands increasing in value even more? Because we know that the price increased dramatically in that period of time, and certainly your staff were aware of that. So when did you expect you would be able to make an offer for purchase on the land after you received the appraisal? What was the timeline?

**Mr. Govindasamy:** — As I was, you know, explaining this morning, normally in cases of land purchase, at least from what I have observed, practices of the ministry is that we would do at a minimum two appraisals. And then we would provide the land owner sufficient notification that we would be interested in

purchasing the land and then provide them with information with respect of the process and provide them with an opportunity to enter into discussions, also provide them with an opportunity to do their own appraisals if they so choose. So that takes some time. We normally would not be ready to undertake any kind of negotiations with a landowner until, at a minimum, that we have done two appraisals and that we have some basis for engaging with the landowner with respect to valuation of the land.

**Ms. Sproule:** — And when were you going to do the second appraisal?

**Mr. Govindasamy:** — The second appraisal was already in progress, in terms of that period of time that we are covering between November and the time that the GTH bought that land. The second appraisal was never completed.

**Ms. Sproule:** — So the escalating land values were really irrelevant to your procedures?

**Mr. Govindasamy:** — Land value prices are always relevant to us in terms of construction projects because it is a cost. It's a part of the cost of the project. But as I said, until we have some basis for engaging with a landowner, until we have the appraisals done, properly scrutinized, and an ability to be able to place a value on that land, it really would be premature to be engaging in land purchases.

As part of the recommendations that the Provincial Auditor has provided, she has provided a number of suggestions in terms of how we can improve our processes. And that's exactly what I was referencing this morning when I talked about bringing in all of these other risk factors into being able to, at least for internal assessment purposes, give a stronger indication of what land may be needed in the future.

But I would point out that in all of these projects, particularly with respect to a large, complex project like the Regina bypass, we do have an opportunity to be able to get decisions with respect to the go, no go sort of situation with any particular project. So in effect we didn't actually sign an agreement with the successful proponent until 2015.

**Ms. Sproule:** — Thank you. Mr. Richards and Mr. Deputy Minister, there's a lot of discussion in the timeline about the design plans for the west bypass, and I assume that both of your groups were involved actively in that discussion. It made sense that GTH had a lot to say about where it should be and Highways needed to understand that in order to make their decisions. Can you outline for the committee how many meetings you met together, GTH and Highways, and how often your respective ministers were advised of those meetings regarding the design plans for the west bypass?

**Mr. Richards:** — Ms. Sproule, in terms of trying to determine volume and regularity of those meetings, we would have to do some research on that. I know from the record, historical record, that they were frequent and reoccurring. I would expect that the only updates that would have been provided to our board, as an example, would have been done at quarterly board meetings in the way of a CEO update, but again, we would have to review the record.

**Ms. Sproule:** — I would appreciate that, Mr. Richards, if you could do that and provide that information to the committee.

**Mr. Govindasamy:** — Ms. Chair, with your permission, can I supplement that . . . [inaudible].

**The Chair:** — Certainly. Certainly.

**Mr. Govindasamy:** — Thank you to Bryan for providing clarification. On page 20, at the bottom of the Provincial Auditor's report, you know, there's language that provides a bit of a historical background in terms of engagement between GTH and the Ministry of Highways with respect to determination of the need for some land on the west bypass connection between 1 and 11.

[13:15]

The Provincial Auditor's report talks about the period between 2009 and 2012 where there would have been a number of exchanges between the GTH and Ministry of Highways with respect to studying the demand for access and egress out of the GTH. The particular design that was conceptually in place but had to be redone — and so the Ministry of Highways actually redid the interchange to the design that was finally approved by me in April 2014 — at that time back in 2012. And it did undergo more design changes, which is the reason why we were not specific with respect to the exact number of acres that that interchange would occupy until the designs were finalized in 2014.

**Ms. Sproule:** — Thank you for that detail, Mr. Deputy Minister, and indeed that is clearly laid out in the auditor's report. What I am specifically interested in is the number of times your groups met to discuss the west bypass and its location and any reporting up to your respective ministers.

So what I'm trying to establish here is what the Minister of Highways knew about these discussions and what the Minister of the Economy knew about these discussions. So I would like to know how often officials met and how often that was reported back to your respective ministers. That was my specific question. So Mr. Richards has undertaken to provide that information with respect to the GTH. If you or someone in the Ministry of Highways could confirm those numbers and share additionally what reporting up to your minister was provided as part of those discussions.

In June of 2013, we're told by the auditor that the GTH minister gave cabinet an overview of the land assembly activities for the east parcels, and at that time the minister of Highways suggested that Highways take a direct role in the acquisition because of its land needs for the west bypass.

So in June of 2013, we see that the minister of Highways, which would be minister McMorris, I believe, was still the minister at that time . . . Or was it minister Heppner? It was still minister McMorris, I think. So his role at cabinet was that MHI take a direct role in the acquisition because of its land needs.

Now we have, four months later . . . June, July, August, September, October, November — five months later, the minister of the GTH, the minister of the Economy, has gone

directly in opposition to that recommendation. Do either of you have any understanding why the Chair of the GTH thought that buying the east parcels using the willing seller, buyer approach was a better way than what the minister of Highways was doing?

**Mr. Richards:** — Ms. Sproule, that would entail a little bit of speculation on my part because, as you're aware and we've already established, that I assumed the position in August.

One of the key details, from my perspective, is the passage of Bill 81, which coincided with my appointment into that position. *The Global Transportation Hub Authority Act* was passed at that particular time. And I think the auditor has already detailed in her report that the opinion of the GTH probably changed at that point in time when the commitment was made that there would be a willing seller, willing buyer approach used in terms of all the consultations that happened to establish that particular legislation. But in terms of actually getting into that detail, I wasn't party to those discussions, but . . .

**Ms. Sproule:** — Would your deputy minister have been part of those discussions at the time?

**Mr. Richards:** — I'm sorry, my deputy minister . . .

**Ms. Sproule:** — Of the Economy. Your minister is the Minister of the Economy, correct?

**Mr. Richards:** — Correct.

**Ms. Sproule:** — Yes, so would the deputy minister of the Economy have been part of those discussions? He was appointed as a special advisor. He's never discussed that with you?

**Mr. Richards:** — No. I had no discussions at all with Mr. Pushor until that late December 2013 time frame.

**Ms. Sproule:** — Okay, take us to that discussion. Can you share with the committee what was discussed at that time?

**Mr. Richards:** — Actually to entail it as a discussion would be a misnomer. The first I received was the email that I think is in the record that they, the provincial audit that, you know, there had been discussions with cabinet and that we were going to proceed with the purchase of that. I did not actually meet Mr. Pushor until many months later,

**Ms. Sproule:** — When did you actually meet him? Do you remember?

**Mr. Richards:** — I would say sometime in the spring of 2014.

**Ms. Sproule:** — Spring of 2014. How often would you meet with your Chair?

**Mr. Richards:** — Most specifically prior to and at board meetings.

**Ms. Sproule:** — So what board meetings took place after you were appointed in October . . . or sorry, August of 2013 and

when the land deal was closed in December? How many board meetings would there have been?

**Mr. Richards:** — There was a board meeting I believe in the first week of my appointment in August and the next meeting was the one that you referred to as December 3rd.

**Ms. Sproule:** — So when the board met in December 3rd, the understanding was that the Government of Saskatchewan was going to purchase the land, correct?

**Mr. Richards:** — That was the way it was written in the item, yes.

**Ms. Sproule:** — Was there discussion at the board level about that? Was the board concerned that they weren't buying the land, or felt that they should be?

**Mr. Richards:** — I think my recollection is there was discussion at that, but the information was presented as received, as presented. And the fact that the government realized that there'd been a time of rapidly escalating prices and that action needed to be taken and you know, they were proceeding.

**Ms. Sproule:** — And so what was the board's understanding as to who was actually going to have control of the land when the Government of Saskatchewan purchased it?

**Mr. Richards:** — If I may consult to see if there is anything specifically in our record, otherwise I would be speculating.

I just sought to see if there was clarification in our board minutes from that point in time and no one can recall any specifically, an item noted along that line, so I would be purely speculating in terms of a response in that regard.

**Ms. Sproule:** — It appears that you had another meeting on December 19th, so that's out of the usual ordinary quarterly board meetings. Why was that meeting called on December 19th?

**Mr. Richards:** — To be absolutely clear on that, that meeting was called for an entirely different purpose. I called that meeting to discuss another agenda item, an item that I had been dealing with very consistently through from the time of my appointment in August 2013 and, you know, had been taking a considerable amount of time. And that was one of the discussions that I had with the Provincial Auditor and her team as to what was the focus of myself, you know, from August 2013, and there was several other items that were of importance. So I had called that meeting for that purpose. And there was an additional agenda item added, as noted by the Provincial Auditor in her report, for discussion at that meeting. And that was the item that has been detailed here and we've provided further information on.

**Ms. Sproule:** — Just for the record and to ensure that we understand what that item was: the item that was presented in December 3rd was almost word for word the same, except for the recommendation, to the one that was presented on December 19th.

On December 3rd, the recommendation was that the Government of Saskatchewan acquire the east parcels at a price of \$105,000 an acre. Then when it came back again in December 19th, the motion was quite a bit different. In this case it was that the Global Transportation Hub acquire the property described below to support the development of the interchange — not the Government of Saskatchewan. Was there any discussion at the board about where you were going to find that \$21 million or how you were going to pay for it now that the recommendation that you buy the land came forward?

**Mr. Richards:** — My recollection is there was definitely discussion at that meeting in terms of how do we proceed. We knew the strategic value of that land; it was important land had been discussed repeatedly per now many years. And we had a plan to go forward and procure. So my staff and myself, we took the direction of the board and the cabinet and proceeded to undertake to put that plan or that land into our footprint because it was absolutely needed. There was resources within our budget and within our land sales for it to proceed in that regard, so we just took the direction and moved ahead.

**Ms. Sproule:** — Were those resources in relation to the purchase of 140 acres by SaskPower?

**Mr. Richards:** — That was partly the resources that were available; some from land purchase sale to Morguard.

**Ms. Sproule:** — You said direction from cabinet. So did cabinet direct the board to purchase the land then? Was it cabinet that made that direction?

**Mr. Richards:** — I think that has been covered in the record that, you know, cabinet considered the item and approved it, and then it was presented to our board. That information item has been presented. And when I say that, that was, to me, the approvals had been put into place by both the board and cabinet, and I just moved to exercise those.

**Ms. Sproule:** — And yet we discussed this morning that the Minister of Highways did not advise his deputy that that plan had changed until after this meeting happened. Is that correct, Mr. Deputy Minister?

**Mr. Govindasamy:** — You know, I just want to point out that, you know, that the record . . . Well a couple of things. One is when the Provincial Auditor was examining this issue, she had access to material, you know, cabinet confidential material and other material, material from ministries, etc., etc., that then translated into some of the key events that are listed here. I'm not privy to any discussions that occur at cabinet, and neither is Bryan. It's pretty clear that ministry staff, you know, between August and November of 2013, have communicated with the minister's office on acquisition plans for Regina bypass lands, including this, as a matter of briefings, etc. And that's what the record says, and that's what was determined by the Provincial Auditor.

And so I mean, in terms of when we knew what, these conversations that are recorded, I have talked about late December this morning, and Bryan's talked about December in terms of approvals. The OC [order in council] obviously, as you know, is the official cabinet authorization which came out in

February of 2014.

**Ms. Sproule:** — Thanks, Mr. Deputy Minister. And I appreciate that that is the process, and I think the auditor has made that very clear as well. And what I'm trying to establish here is what communications your ministers had with you as officials, because a lot of decisions were being made.

Your officials were busy working on the second appraisal, full steam ahead to purchase those lands, as had been the request from GTH for a long time. And yet at no time before the GTH board made the decision to purchase land were you advised by your minister that that was a change in plans.

So I just want to make sure that that's on the record, that at no time did your minister communicate to you as the deputy minister that cabinet had made a change of plans and that they had decided the GTH would purchase the land, not the Ministry of Highways.

So you're telling me he did not communicate that to you until late December, and Mr. Richards has communicated that he was basically told by his Chair that the GTH would be buying this land, knowing that they now had the sufficient assets with the SaskPower and Morguard sales to pay for it. So that is a complete reversal in terms of everything that's been outlined in the timeline to date, where it seems all along, until the GTH Chair decided in December 2013 that he would purchase the land through his special adviser for \$103,000 an acre.

Do you know, Mr. Richards, why the price dropped between the recommendation on December 3rd and the December 19th from \$105,000 per acre to \$103,000 per acre?

**Mr. Richards:** — I do not know first-hand that, no.

**Ms. Sproule:** — Was that of interest to the board members when that was presented in December 19th?

**Mr. Richards:** — I don't recollect a specific comment along that line, no.

**Ms. Sproule:** — And did minister Boyd highlight that or discuss anything about the change in the price?

**Mr. Richards:** — I really apologize but we're going back several years in terms of verbal discussions. But I do not recollect that, no.

**Ms. Sproule:** — Do you recall any comments that the minister may have shared or the Chair of your board may have shared with the board in regards to the change in plans?

**Mr. Richards:** — Again, I apologize for the delay. I'm just trying to review that in my mind. I know there was a good healthy discussion about the strategic value of this land, how important it was to us and that we now had a plan to proceed. But in general, no, I don't recall anything, you know, specific, other than it had been determined that we needed to move on this, that everyone was aware of the rapidly escalating prices, and we were in a willing seller, willing buyer environment and had negotiated an opportunity to buy this land and we needed to get on with it.

[13:30]

**Ms. Sproule:** — I'm sorry, I'm going to jump around a little bit because we got a whole stack of documents yesterday. So I apologize for bouncing around a little bit but I want to make sure I touch as much as I can in the time that we have. I don't think I'll get through it all but there are certain things that jump in my mind. So I really do apologize for bouncing around and thank you for that last answer.

**Mr. Richards:** — I had an apology in my opening statement, which was very eloquent, by the way, but I didn't get an opportunity to read it. But since we're well into it, we do apologize. We tried to get that information together as much as possible, but if we can answer as many questions . . . Although certainly reflect again that's information that was within the purview of the Provincial Auditor and I think really does reside within the audit itself and the report. But by all means we'll try our best to . . .

**Ms. Sproule:** — Maybe, Madam Chair, we could afford Mr. Richards the opportunity of providing his opening comments at this time, if he'd like to. I'm sorry, we jumped right in.

**The Chair:** — You'd be welcome to do that. The reason I didn't give you one this time is because you'd appeared before us before and would've made an opening statement then. But you're more than welcome to do that if you'd like.

**Mr. Richards:** — I spent so much time writing it, I feel . . . No. My team is excellent in terms of . . . I did want to reiterate, you know, thanks again and for the committee members asking us back. We did have our previous appearance, and I will not go into detail, but we really do want to move ahead with the recommendations that are made by the provincial audit and how much we embrace the challenges that they identified. And we continue to go over, you know, those communication challenges. We've already accepted the fact that there was distinct problems at that time and we, Nithi and I, talk about that on a regular basis. How can we improve that? There's specific processes, but in general, the relationship.

I did get an opportunity to introduce my officials this morning, so I won't do that again. I do apologize; I have a very sore strep throat. So I'm just warning anyone, if they walk out of here with some germs, I apologize in advance. But again please let me reiterate that we tried to get as much information from the November 28th to you and on as timely a basis as possible. So again if there's any comments that, or any questions that we can try to answer in that regard, we would be pleased to do so.

**Ms. Sproule:** — Thank you very much. And certainly there is a number of comments that do arise out of the materials that were provided, and I'll do my best to try and cover some of that today. Also I guess perhaps I would offer you an opportunity to reflect . . . As you recall, last time we met there were a number of questions that you weren't able to answer. Were you able to go back after that meeting and review files further? And is there anything else you can share with us that you weren't able to answer to the questions back in November 28th, I believe?

**Mr. Richards:** — I would answer that in the materials that we tried to and into the specific questions that you asked, Ms.

Sproule, we tried to give as much information as possible. The record does not retain, I think, some of the intent to the questions that you were asking before as, you know, what were people saying or how were they relating to it and . . . So I don't think I could add anything further than what we did here in terms of actual information. So I would be purely speculating, and I think that would be unfair.

**Ms. Sproule:** — Okay. So I'll start my jumping around. In August of 2013, August 26th, there was a consultant agreement between the GTH and Vertex, I believe. And can you just sort of share with the committee what the intent of that contract was for?

**Mr. Richards:** — Again I came into that in the middle, being appointed on August 12th, 2013. That process had already begun. And I think, as the auditor has already pointed out and her staff in the report that, you know, there was not sufficient and robust enough processes at the GTH for acquisition of land. And the need for a land agent was identified and there was an RFP [request for proposal] created and went to the marketplace and a particular potential applicant was identified and proceeded to finalize that arrangement and that contract with him. And I think that has worked out well from our perspective. I think the auditor went on further in the report to identify that significant changes happened after that time with that land agent in terms of improvement in processes, so I think that was a good step forward.

**Ms. Sproule:** — Were they involved in the purchase of the east parcels at all?

**Mr. Richards:** — They had only one involvement and that was to assist us in securing an appraisal. I believe that's the one that you referred to this morning from CRVG [Canadian Resource Valuation Group Inc.] in terms of that. So they worked with us to get that appraisal done and get that back to us in a timely fashion.

**Ms. Sproule:** — Do you know why they weren't used in terms of the actual acquisition?

**Mr. Richards:** — No, I do not.

**Ms. Sproule:** — At what point were you informed that they would not be used in the actual acquisition?

**Mr. Richards:** — I was never informed that they would not be in any way shape or form. That was the only request that was posed to us, and we proceeded to undertake that request and get the information to the minister, the Chair of the board.

**Ms. Sproule:** — Have you acquired any lands at all since you came into your position?

**Mr. Richards:** — As CEO, no, I have not.

**Ms. Sproule:** — And I think there's a note in the auditor's report that you've decided . . . There were six other potential acquisitions, but you decided because of the price you wouldn't go forward. I can find the page.

**Mr. Richards:** — I know exactly the reference. I think there

was a significant number of reasons rather than just price that we made the consideration of not proceeding. Strategically there is a number of pieces of land surrounding the GTH which are of note, and they continue to be of note. And I think it's prudent for all of us to consider the same challenge that we faced in terms of acquiring the east and the south parcels. You know, speculation will and possibly continue to occur. There's a very, sincere understanding of the potential industrial development. I know of the city of Regina's master plan map that I, reviewed not just a week ago still continues to identify lands north of Dewdney and to the west of us as potential industrial development land. So as that east parcel was identified for a number of years on both the west industrial land plan for the city and within some of the business plans you refer to the GTH as an opportunity for industrial development, you know, we needed to consider those and look at it.

And for a number of reasons — the placement of Dewdney Avenue, the placement of the Regina bypass and the way that was going to ultimately be designed, and the fact that Dewdney is actually going to be misplaced to the north to allow the bypass to be built for reasons of access — there's a number of reasons why we looked at each one of those parcels of land and decided whether they were economically or industrial . . . commercially developable, and made a decision not to proceed at that time. But you know, certainly price was a factor.

**Ms. Sproule:** — In the appraisal report that Vertex received in October of 2013, was that report shared with your board at any point?

**Mr. Richards:** — No.

**Ms. Sproule:** — So when it was provided to the auditor, it would have been provided by Vertex?

**Mr. Richards:** — No, it was within our files for sure because they sent it to us. But we had provided it to, and it was requested by the Ministry of the Economy office and that's where it was provided by us.

**Ms. Sproule:** — Sorry. So when Vertex got the report, the appraisal, they provided it to the Ministry of the Economy?

**Mr. Richards:** — No, they provided it to GTH, who in turn . . . It was their request that we have this appraisal done. We in turn passed it to staff at the Ministry of the Economy.

**Ms. Sproule:** — And at that point the board was never advised of the northwest evaluation at \$65,000 an acre and southwest at \$51,000 an acre?

**Mr. Richards:** — No. As I say, the board meeting was August and December, so there was no interim communication to the board.

**Ms. Sproule:** — Were you given any information why the \$103,000-per-acre purchase price was the same for both quarter sections, or was that of any interest to you?

**Mr. Richards:** — I was not given any . . . Do you mean . . . When you say . . . Sorry, I apologize. Sometimes I wonder if you're talking to me or the GTH or the board. Was the GTH

given or was me personally given any information as CEO?

**Ms. Sproule:** — Well I think you personally because you're the only one that can tell me what you know, so yes.

**Mr. Richards:** — So I think we're on the record here of saying the first indication we got was on December 2nd in terms of the communication of that. I think the auditor has gone into great detail about the fact that you had opposing actions going on in terms of the Ministry of the Economy's office and MHI's [Ministry of Highways and Infrastructure] office. So first communication to me as CEO was on December 2nd when I became aware of that particular item.

**Ms. Sproule:** — 3rd.

**Mr. Richards:** — I think I received it on December 2nd.

**Ms. Sproule:** — Oh, okay. Fair enough.

**Mr. Richards:** — It was discussed at the December 3rd board meeting, sorry.

**Ms. Sproule:** — And was there any discussion with you and your staff, with you and government officials, or with the board of directors of the GTH that the price per acre of 105,000 or \$103,000 did not reflect the fact that the northwest lands were consistently valued as more expensive than the southwest lands which is detailed in every appraisal?

**Mr. Richards:** — No, the information that was presented was written up in the item that you see, and that was what was considered by the board in terms of the information and the negotiation that occurred to arrive at 103. So I can't speculate beyond that. That's the same information I received at the same time as the board.

**Ms. Sproule:** — You had the information of the appraisal report though. You were aware that the northwest quarter had been evaluated by your company, but at 65,000 in October, and the southwest at 51,000 in October. And it didn't strike you as a question to ask? Why is this 103,000 per acre being applied for both quarter sections? That didn't come into your mind?

**Mr. Richards:** — You know, honestly at that point in time I was taking the approval of cabinet and the approval of the board to proceed with this purchase of this land, and I exercised the direction.

**Ms. Sproule:** — So you basically did what cabinet told you to do.

**Mr. Richards:** — I was advised that it had been approved at our board level based on that meeting of December 19th, and we proceeded to take action. I think that's in the record that we proceeded to prepare an offer to purchase and moved ahead.

**Ms. Sproule:** — I'm concerned about some, what I would consider to be inaccurate information in the Vertex report. And I'm just wondering if you noticed that or were concerned about it as well. When they did their appraisal in October of 2013 — I just have to find the reference — it was when the discussion for the highest and best use of the property. And they indicated



that, this is on page 15 of the Vertex report, paragraph G.11:

Per discussions with Saskatchewan Ministry of Highways, an interchange is proposed for the east side of the subject properties for the west bypass roadway. A design for this bypass has not been finalized. Condie Road right-of-way is located on the west boundary of the subject properties.

So according to this report, the east side of the . . . on the east side of the properties that the bypass would not even take part in those 204 acres. That's what they're suggesting in this report. I'm not sure . . . Were you concerned about that? Because everything I've seen from 2010 forward suggests that the bypass would go through the east parcels.

**Mr. Richards:** — May I review that? I think we have that information here . . .

**Ms. Sproule:** — Yes, for sure. Yes.

**Mr. Richards:** — But I'm not sure exactly . . .

**Ms. Sproule:** — And I just got it yesterday, so I could be reading this wrong. I just got it, yes, yesterday. And, Madam Chair, I'd also refer the officials to page 24, H.12 as well. It's actually more clear there — H.12, page 24.

[13:45]

**Mr. Richards:** — Just in reviewing that sentence, the way it's described and discussing it with Highways as well, in all of the open houses, all the consultation, it had been clearly identified that the pathway of the bypass would be on the east side of those east parcels, if you will. So within the 204 acres, the eastern portion of that would be where the bypass would proceed, and I think that's what it's referring to. Not that it was outside of the east parcels, but that the placement would be on the eastern-most edge of that.

**Ms. Sproule:** — What concerns me is paragraph H.12 which says: An interchange for the west bypass is planned for development adjacent to the property's east side. So the implication there in terms of this valuation is that it would not be on those parcels at all which would significantly impact the valuation, wouldn't it?

**Mr. Richards:** — H.12, H.12.

**Ms. Sproule:** — H.12 . . . or H.11: "An interchange for the west bypass is planned for development adjacent to the property's east side." And then they come in to their conclusion of a non-adjusted average price of \$54,000 per acre.

**Mr. Richards:** — It could be purely grammatical but that . . .

**Ms. Sproule:** — Okay.

**Mr. Richards:** — I don't think there was any question from anybody's discussion. The designs that had been done and presented, you know, in those many meetings that we're going to try to determine how many were that that was going to be the pathway of the . . . and it would be contained within those particular parcels of land. But I understand why you read it that

way, but I can't speak to . . . It didn't cause me concern. It certainly didn't jump out at me at that time.

**Ms. Sproule:** — All right. And you never verified with Vertex whether they understood that it was actually within the property. I guess they weren't your direct . . .

**Mr. Richards:** — Vertex engaged the appraisal company, so no, I did not consult with CRVG on it.

**Ms. Sproule:** — All right. Back in 2011, and I guess go back a little bit further, in 2009 we know that Highways, on behalf of GTH, expropriated a parcel of land that's now subject or was in a lawsuit. I don't know whether it's been settled or not. I'm looking at a story from February of 2016, and Highways was being sued because of the appraisal values for that particular property. So in 2009, Highways offered about \$10,000 an acre, and Granitewest had it on audit or appraisal for \$38,000 an acre. So that's the subject of the lawsuit.

Now part of the counterclaim or Highways justifications was they also indicated . . . I have to find that page. Apologies. It's here somewhere. Here it is. The article goes on to say that the government made allegations against this gentleman, Harvey Granatier, because he was at the time a director of the Regina economic development authority, RREDA [Regina Regional Economic Development Authority] now known as Regina Regional Opportunities Commission.

And I just want to set this up because it leads to a question for you in relation to another GTH client. So the government, Highways has said that they played an integral role in the development of the GTH plan so that he was actually privy to confidential or exclusive, detailed information regarding development of the land, and in that sense, that's why he went out and bought the land in order to make a profit. I mean those were pretty clear allegations on the part of Highways.

I just have a question for you in terms of an announcement that the GTH made in 2011 that Alliance Grain Traders was going to locate a pulse plant on the GTH lands. Subsequent to that it appears that hasn't happened. We do know that the owners of that company have now established a pulse processing plant on Tower Road where the east bypass has been located.

And I guess this is more a question for Highways. I know that some of the people that were involved in your stakeholder discussions for the west bypass included these individuals who formed a company in 2011 called Long Lake Investments and actually purchased land along the Tower Road portion of land where they're now having sold some of that land to AGT for establishing its pulse processing plant.

When you allege against Mr. Granatier that he had privy to confidential, exclusive, detailed information regarding development of the GTH, did you have the same concerns with Long Lake Investments? Because I understand some of those principals were also part of stakeholder meetings that Highways had in terms of location of the east bypass.

**Mr. Govindasamy:** — So I'm just going to make a couple of references to any kind of litigation. If a particular case is in court, and you've already mentioned the name of one of them

as part of litigation, Justice acts on our behalf. Any documentation whatever is put together by Justice, so Highways doesn't allege anything in any sort of form. Justice takes full control and is the lead agency for either defending or prosecuting through their mechanisms.

I also want to make a comment that with respect to the location of the bypass — the general location, the functional plan, detailed design, and actually the construction that's taking place — the Provincial Auditor did do a thorough review of the location to determine how that location was . . . what were the sequence of events leading up to the actual general location and functional plan and detailed design and concluded that — it's a publicly available Provincial Auditor's report — and concluded that, and I can't remember the exact words, said there was absolutely no undue influence in terms of the choice of the route and that Highways had acted in a professional manner providing information to all and sundry at the same time with respect to the open houses and consultations that we have to undertake as part of our process in determining the route. I'll make those two comments.

I'm not in a position to actually comment on any particular individual purchasing land or speculating and so on and so forth at this point in time.

**Ms. Sproule:** — Why aren't you in a position to comment on individual files? You're the deputy minister of Highways.

**Mr. Govindasamy:** — With respect to the actual land acquisition process, I've explained this morning, that when we are interested in buying a piece of land, the market is the market. We have our processes that the auditors examined in detail, and we rely on our processes, which have now been strengthened, to make a determination as to what the offer should be in terms of the value of the land. The market will behave as the market behaves.

**Ms. Sproule:** — As you pointed out and as the auditor pointed out on page 42, we know that the approach that you used left taxpayers exposed to increases in land prices. And one of the things that the auditor identified with your approach was that the approach avoids preventing private sector development of adjacent land because you waited until the final design was in place. Can you tell us whether or not . . . Are you in any lawsuits right now with Long Lake Investments Corp?

**Mr. Govindasamy:** — I'd have to, I'd have to check the record to see. Earlier this morning we had a conversation and you'd requested some data with respect to what kind of statements of claim had been put forward with respect to our land purchases, and I'll have to check the files, consult with Justice in terms of what's out there.

But I also want to make reference to page 43 where the auditor was very specific, and she said, "While MHI's approach was pragmatic in terms of minimizing the risk of acquiring unneeded land, it made . . . [the Government and MHI] vulnerable to changes . . ." She did describe our current processes as pragmatic.

So we have followed a pragmatic approach. There is no ideal way of doing this. The auditor's rightfully pointed out that you

have to consider other factors, particularly in rising, escalating markets, in being able to, you know, really take care of the . . . or take into account the risk factors involved. And we have — and I talked to the recommendations this morning — put into place processes within the constraints that we have to live with. As ministries of government, we have to approach all purchases of land from a budgetary perspective. We have to get budgetary allocations and so on and so forth as part of the broad budgetary process.

I'm comfortable with the pragmatic approach that the ministry has been taking. Now we are going to have to enhance that process by taking into account all the other factors that lead to determination of land values in determining how we want to proceed.

**Ms. Sproule:** — Thank you. I think you also need to refer to the auditor's comment at the bottom on page 44. It says:

While MHI cannot reasonably be expected to control all factors contributing to the value of land, we did not find evidence that it had actively taken sufficient steps to reduce its exposure to increases in land values during its planning for the Bypass.

The auditor goes on to talk about what the city of Calgary did in the 1970s, and they used one of the two common preservation techniques. Why did Highways not use a preservation technique that was well known to MHI because of what the city of Calgary had done?

**Mr. Govindasamy:** — So I just want to, you know, make a couple of comments as part of the response. Our process, as the Provincial Auditor has pointed out, is not foolproof. We certainly can improve the process, which is exactly what we are trying to do. We do use the right-of-way preservation techniques under the provincial legislation, and we have used it under *The Planning and Development Act*. This is not something we have not done before. But the other thing is that . . .

**Ms. Sproule:** — So why didn't you do it in this case?

**Mr. Govindasamy:** — Well part of the examination of the Provincial Auditor's report resulted in a reminder to the ministry to be able to look at that and other mechanisms with respect to how we can protect government from risk in particular situations like the Regina bypass. But the Provincial Auditor has also pointed out that, generally speaking, because of annexation, for example, by the city, land prices had escalated or increased almost 900 per cent in value from 2012 to 2015.

So as a ministry of government, really it is difficult, and in fact we don't actually sit down and try to speculate on private transactions that may be taking place every day. Speculators, as part of their business, would be speculating because land is a commodity for their own purposes. They're part of the market. What the auditor pointed out is you could be doing more to be able to protect yourselves from any added risks, and that's exactly what we are doing with this new assessment process that's being put into place.

**Ms. Sproule:** — Yes. I think my question was why you didn't use those preservation techniques for the bypass itself. However, I can move on.

**Mr. Govindasamy:** — Sorry, I'll just respond. From the Provincial Auditor's report, I guess I just . . . You know, the provincial interest rate registration Act and the ability to be able to register interest on the land for protection purposes came into effect in March of 2012. In 2013 the Ministry of Government Relations reviewed the official community plan for the RM [rural municipality] of Sherwood with us and as part of the review, considered the possible land requirements portion in the south. And so it has been used, but perhaps not to the extent that it could have been used with respect to providing added protection to the government, and we are taking steps to make sure that we can do that.

**Ms. Sproule:** — Yes, and I think you should read the next sentence into the record as well. "We did not see [the auditor did not see] that MHI explored buying or protecting land related to other portions of the Bypass design that remained virtually unchanged . . ."

So you only did that for the, I believe it was portions of the south Regina bypass. And secondly, that's the second preservation technique that the auditor referred to, but the first preservation technique is that that was used by the city of Calgary. However I do want to move on because time is quickly slipping by and I have some questions for Mr. Richards.

In 2011, when the GTH announced that AGT [Alliance Grain Traders] was going to locate on GTH lands, what happened that it decided to remove itself from that announcement and relocate to the Tower Road portion of the bypass?

**Mr. Richards:** — I'm not trying to deflect, Ms. Sproule, but you would really have to pose those questions to the principals of AGT. Internally, it was an announcement that was made, but there was not a signed land sale agreement, so they were not obligated to move forward within the GTH. And that's certainly processes that we have changed subsequently. But I really could not comment on their internal business decisions.

**Ms. Sproule:** — I guess that's a question for them. We know that Brightenview, last year there was a couple announcements, particularly before the election, that they were going to locate at GTH and they . . . I think it was expected in last fall that the announcement would be finalized. Can you update the committee on the status of that deal?

[14:00]

**Mr. Richards:** — I certainly can. At that point in time we initiated a draft land sale agreement with Brightenview, so considerably different than the reference you just pointed . We had an agreement. We have that agreement in place and that agreement is . . . continues to be exercised between the GTH and Brightenview. I have no concerns about the progress on that, and we will continue with them and are quite excited to have them as a potential client.

**Ms. Sproule:** — Would you say the announcement about fall of 2016 was just premature then?

**Mr. Richards:** — May I just refer to it and make sure I understand what was determined for fall of 2016?

**Ms. Sproule:** — I'd have to pull up your webpage, so I don't . . . I might have it here. No I don't have it printed. It's on your website. I think the Premier referred to it as well during the election.

**Mr. Richards:** — Without understanding exactly the reference, Ms. Sproule, from our determination we have always said that it would be culminated by the end of the fiscal year. The fiscal year for us is going to be ending in March 2017. So if it was interpreted to be the end of the fall period or something like that because it was a calendar year, I'm not sure.

**Ms. Sproule:** — I'll find the references to that and we can tighten that up a little bit. There was also an announcement that the Yanke Group was going to move to the GTH. Is that still happening or is that deal off?

**Mr. Richards:** — That deal was finalized in late 2013 I would believe, or early 2014. There was a draft land sale agreement by the Yanke Group of Companies. Some may be aware that I was on that side of the fence at that point in time that . . . and we made the announcement standing in a canola field many years ago. But the development plans were stayed when the Yanke Group of Companies was sold to a US [United States] company, and then negotiations ensued as to the resolution of their ownership of that particular land, which was culminated in 2014. So the new ownership did not exercise the opportunity to move forward with the development. I think primarily, it being a US company, they didn't see the need.

**Ms. Sproule:** — Also Kal Tire was announced as a new tenant, and I believe there was even a member's statement to that effect in the legislature. Do you know whether that's still ongoing or will that, is that . . . I think they relocated to Edmonton as far as I know.

**Mr. Richards:** — I have no . . . Obviously that predates my time there. I have no information to be able to add first-hand on that if there was a member's statement or otherwise but . . .

**Ms. Sproule:** — There was another, your quarterly report, or Tuesday, December 18th, 2012, you made — I think this is the same one — an announcement about the commercial services centre. And I believe at that . . .

**Mr. Richards:** — Was this 2012? Sorry, to make sure I understood. You said . . .

**Ms. Sproule:** — September 2012.

**Mr. Richards:** — So this, you, you're talking about the GTH? As opposed to me?

**Ms. Sproule:** — Yes, I'm sorry. The GTH had begun planning for a new commercial services centre. Although I'm pretty sure you're familiar with that commercial services centre, I just want to clarify. At the time, it was anticipated it would be at the Dewdney Avenue entrance, because that's where we thought the bypass was going to go. It's now being relocated to the Rotary Avenue location. Is that correct?

**Mr. Richards:** — That sounds absolutely correct from my perspective. It is now based off Rotary, which is going to be our main entrance in . . . off that interchange from the . . . and back in 2012 I would absolutely believe that the interchange was determined to be Dewdney, without consulting with my colleagues to the right here. So that sounds fair.

**Ms. Sproule:** — I guess that just leads to the actual question itself. And in your newsletter, or GTH's newsletter, it said, "Phase 1 will sit on 15 acres of land with construction due to commence in 2015." Can you advise the committee whether construction has commenced on that yet?

**Mr. Richards:** — We have begun the process of preparing the land in terms of roadways, undergrounds, and services. But to be perfectly frank, it has been difficult to work our way through getting clients to proceed on as timely a basis as we might have imagined at that point in time, given the length of time it's taken to get the interchange signed off. Matter of fact, it's great from that perspective that the P3 effort has, as Nithi described at length this morning, has proceeded in the timely fashion it has. But that particular portion of the . . . the west portion of the Regina bypass is not slated to be completed until October 2019, and that's still three years hence.

So it's difficult to close that gap in terms of clients wanting to put their development in place and then, you know, perhaps not have the volumes or the access that they would like. So it is a work in progress for sure, but it is a frustrating process.

**Ms. Sproule:** — So back when GTH announced in 2012 that construction would start in 2015, was the anticipation that the west bypass would have been completed by then?

**Mr. Richards:** — At that point in time, you may recall that the west Regina bypass was fairly clearly defined from the interchange at Pinkie Road at the No. 1 up through the overpass being built across the CP [Canadian Pacific] Rail and into the interchange at Dewdney. So you know, that was one of the very first initial discussions that the deputy minister of Highways and I had when we were both assumed to that position, is how do we proceed on that. And you know, we have a bypass coming; it's going to be a completely different design. So I would speculate, and I shouldn't speculate, but in 2012, their anticipation of what it looked like in 2015 would have been considerably different.

**Ms. Sproule:** — All right. And the people that own the land that the commercial services centre is going to be located on, which company is that?

**Mr. Richards:** — There was a RFI, request for interest, that went out prior to actually my arrival. And one of our current clients took up that RFI and purchased 13 acres for development in that particular commercial services, and that's Emterra.

**Ms. Sproule:** — Emterra owns the land right now?

**Mr. Richards:** — Correct.

**Ms. Sproule:** — And where are they from? What kind of company is that?

**Mr. Richards:** — Emterra, you may know, is a client of us as well. They do the curbside recycling in the city of Regina, but they are also very active across the country. And they do, they have done CNG [compressed natural gas] and LNG [liquefied natural gas] commercial fuelling stations and etc. in Mississauga as an example, and they are the proponent at this point in time that we're working with.

**Ms. Sproule:** — Thank you. I'd like to go at this point in time to page 32 of the auditor's report, and this was the decision making for the east parcels, as identified by the auditor that the information that was given was inconsistent with the negotiation strategy and incomplete. So she stated the following:

While Cabinet and the GTH Board received information to enable them to assess the recommended offers to buy the East Parcels, the rationale for the offers differed in one key aspect from the negotiation strategy explained to us by the Senior Advisor and did not contain complete information . . . [So] the Board did not have much time to review the information [she goes on to say].

Have you ever been able to get an explanation by the senior adviser, which would be Mr. Laurie Pushor, the deputy minister of the Economy at this point in time? Did you ever get a reason from him why it didn't contain complete information?

**Mr. Richards:** — I personally have not posed those questions to Mr. Pushor, as I understood it that he interviewed and was asked completely during the audit process, and this information is clearly defined here. I did not pursue that in any way, no.

**Ms. Sproule:** — And you have no intentions of pursuing that with him in the future?

**Mr. Richards:** — I did not have a plan. I will seek guidance from my minister's office as to maybe the appropriateness of that.

**Ms. Sproule:** — Okay. Thank you. As the auditor pointed out, "To make informed decisions, decision makers need robust information and must have sufficient time to review and assess the information." When your board was presented with the information on December 19th, I think you identified that they would've only received it the day before. When did your board members receive that information?

**Mr. Richards:** — It was identified that there was not sufficient time. My recollection is that it was approximately one half-hour before the meeting.

**Ms. Sproule:** — In your experience as a CEO and as a businessman, is it your view that that's not sufficient time?

**Mr. Richards:** — I would encourage any particular staff member or myself to ensure that the appropriate information is given on a timely basis. As a matter of fact, I think the auditor went into great detail to describe how we changed our processes thereafter to ensure that all information was given to the board at least 7 to 10 days ahead, and we continue to adhere to that particular process. So yes, that would be a best practice process, for sure.

**Ms. Sproule:** — And I expect you probably knew that was a best practice process before this half-hour information package occurred. Did you raise this as a concern with your board members at the time, or did you discuss it with the Chair of the board or the deputy minister of the Economy? In particular, Mr. Boyd or Mr. Pushor?

**Mr. Richards:** — I did not discuss that with them at that time, no.

**Ms. Sproule:** — So you have no idea why Mr. Pushor chose not to fully disclose the information?

**Mr. Richards:** — Unfortunately I cannot add anything further to that.

**Ms. Sproule:** — And unfortunately we are not able to ask those questions from Mr. Pushor. So is there anyone you think that would be able to add additional information about why Mr. Pushor didn't disclose all this information to the board?

**Mr. Richards:** — If you'll allow me to consult for a second, I'll see if there's another option that perhaps somebody else can think of. I'm at a loss to think of anyone.

Thank you, Ms. Sproule. We cannot identify any other option for obtaining that information, no.

**Ms. Sproule:** — Could you undertake to have that conversation with Mr. Pushor and report back to the committee?

**Mr. Richards:** — I can certainly pursue that and consult on that and advise the committee, yes.

**Ms. Sproule:** — Thank you. The auditor went on to say that:

The information that Cabinet and the GTH Board received from the GTH Minister and Senior Advisor in . . . 2013 was essentially the same. The information:

Explained how essential the East Parcels were for the GTH

Discussed past land acquisitions for the GTH and major highway projects in the Regina area including litigation resulting from disagreements over prices

Highlighted key aspects of the Regina industrial lands market . . .

Explained some key differences between the GTH's October 2013 appraisal and 3rd Party C's appraisal . . .

Summarized the proposed acquisition price.

So that's the information the cabinet and the board received. I would assume it's part of these meetings in December.

She goes on to say though, "However, the information provided to Cabinet and the GTH Board was not fully consistent with the negotiation strategy or complete." She tells us that:

. . . the information provided to Cabinet and the GTH

Board did not fully explain the Senior Advisor's negotiation strategy. The information provided did not indicate 3rd Party C's appraisal was viewed as irrelevant . . . Without this information, Cabinet may have viewed 3rd Party C's appraised value as relevant to the agreed-upon selling price. Some GTH Board members indicated that they understood both appraisals . . . were important considerations when approving the motion to purchase the East Parcels.

Can you explain for the committee what your board members felt was the importance of both of those appraisals?

**Mr. Richards:** — Again I'm trying to recall December 19th, 2013. I think the information item that was presented was fairly clear in terms of all of the items that the auditor has indicated here as per the information that was put forward. And I can't put myself in the mind of a board member per se, but it was indicated that there was two appraisals and a negotiation took place and a dollar value was established. And that's my recollection of the discussion.

Looking at it as we are here and an opportunity to review it all, and then I think a bunch of the . . . sorry, shouldn't use the word bunch. Some of the discussion in the auditor's report, if I can paraphrase, was based on the interviews that she subsequently had with all of those parties involved, including board members and Mr. Pushor, and is getting an assumption, or not an assumption, a determination based on all that information. That clearly wouldn't have been available for us on December 19th, 2013. So at that point in time, we just took the information at face value and moved ahead.

[14:15]

**Ms. Sproule:** — What was your understanding personally, at the time, of the strategy that Mr. Pushor was using?

**Mr. Richards:** — I think we've been clear, Ms. Sproule, that I had no exposure or knowledge of what Mr. Pushor was doing at that time, so I really cannot answer that.

**Ms. Sproule:** — The auditor goes on on page 33 to say, secondly, the "information was incomplete." This again is the information provided to the cabinet and GTH board, I believe, from Mr. Pushor. "It did not clearly identify that 3rd Party C's appraisal only considered one of the two East Parcels — the NW quarter . . ."

And she goes on to say, "As described in Section 3.7.2, the GTH's October 2013 [land] appraisal had assigned the NW quarter . . . a value that was just over 20% higher than . . . the SW quarter." And that's . . . We've gone through that. "Absence of this information suggested that 3rd Party C's appraised value applied to both of the East Parcels."

So when you were presented the information on December 19th that the value of the acquisition would be \$103,000 per acre . . . I know I asked you this earlier, but again, was the assumption that the value for both quarters was the same, despite the fact you knew that the appraisal had come in at different values? Like, was the board led to believe that it was the same?

**Mr. Richards:** — I believe, based on the information here, that it was indicated that there was two land values — one, the appraisal, and then the second appraisal. We've identified that there was gaps in that particular one to this point in time, but at that point in time I don't believe that it existed. So you know, to determine today that there was incomplete information I think is what the auditor has pointed out to us. But on December 19th, 2013 I think, you know, the presentation of the item as you've read it and you've seen it and that was put forward and a negotiated price had been established based on those two reference points.

**Ms. Sproule:** — And the board would not have seen the appraisal that you received in October of 2013? I know you told me that earlier, but I can't remember.

**Mr. Richards:** — Let me consult one second, would you?

**Ms. Sproule:** — Yes.

**Mr. Richards:** — Sorry, Ms. Sproule. To make sure, one more time, can I just review your question again? Were you specifically asking . . .

**Ms. Sproule:** — Whether the board of the GTH were informed of the appraisal of October 2013 and the land values that were found in that appraisal, the recommended purchase price.

**Mr. Richards:** — Again, reviewing the item of record, it clearly identifies appraisal A and appraisal B, so I would have to answer yes, the board was advised of two appraisal values.

**Ms. Sproule:** — Can you refer me to where you're seeing that?

**Mr. Richards:** — This is decision item number 4, land acquisition, December 19th, 2013.

**Ms. Sproule:** — Decision item number 4 . . .

**Mr. Richards:** — Page, potentially, 17 of the documents.

**Ms. Sproule:** — Right. And where's the reference to the appraisal?

**Mr. Richards:** — So there's considerations, the lands in question, then it goes to the next page, total purchase is, summary, approximately . . .

**Ms. Sproule:** — Two appraisals were considered. That's diligence, at the bottom?

**Mr. Richards:** — Well in . . .

**Ms. Sproule:** — Oh, appraisal A and appraisal B.

**Mr. Richards:** — In my document.

**Ms. Sproule:** — And appraisal A, you know that that 60,000 per acre is based only on the northwest parcel?

**Mr. Richards:** — I'm at the top of the third page of this document. It says February 26, summary of closing date, southwest property consisted of, total purchase cost and then

summary appraisal A and then appraisal B.

**Ms. Sproule:** — I'm not sure I have the same thing as you. I have summary appraisal A, that's at the top of the page, approximately \$60,000 per acre. But we know that's just for the northwest quarter. And then appraisal B, what is exactly, what is appraisal B? Can you share that with the committee, what that was?

**Mr. Richards:** — That appraisal . . . Appraisal A would have been, my belief, the one done by Canadian Resource Evaluation Group.

**Ms. Sproule:** — Right.

**Mr. Richards:** — And appraisal B would have been the one that was presented by the landowner at that time.

**Ms. Sproule:** — The third party.

**Mr. Richards:** — The third party.

**Ms. Sproule:** — And appraisal . . . I want to find that appraisal now. There it is. Yes. According to that appraisal, the northwest is 65,000, the southwest is 51,000. So where would that figure for \$60,000 have come from?

**Mr. Richards:** — I cannot provide a response to you because I certainly didn't write this document, so . . .

**Ms. Sproule:** — Who would have prepared this document?

**Mr. Richards:** — I don't have first-hand knowledge of that.

**Ms. Sproule:** — It was just handed to you by the minister?

**Mr. Richards:** — Yes, it was sent to us by the minister's office, yes.

**Ms. Sproule:** — So we can only ask Laurie Pushor or some of the ministry officials for the answers to those questions?

**Mr. Richards:** — Correct.

**Ms. Sproule:** — So basically the board was given inaccurate information then. Would you agree?

**Mr. Richards:** — I think the Provincial Auditor has clearly defined that in her statement on the page that you referenced.

**Ms. Sproule:** — What do you think, Mr. Richards?

**Mr. Richards:** — Pure speculation on my part because I wasn't involved in the preparation of all of the documents.

**Ms. Sproule:** — Were you ever given a copy of appraisal B?

**Mr. Richards:** — Yes, we were provided a copy of appraisal B.

**Ms. Sproule:** — Is that something you can share with the committee?

**Mr. Richards:** — That was the subject of a freedom of information request, and the Privacy Commissioner determined that the GTH should not have been in possession of that particular document and it was their request that we destroy all copies, which we proceeded to do. So no, I'm not in possession of it today.

**Ms. Sproule:** — And the auditor can't comment on it because it was outside of the scope of the audit. Okay. And that was \$84,000, we know that . . . Or sorry. It identified the price per acre as \$129,000 per acre and would have been done in the same time frame. Well okay. Just allow me to gather my thoughts for one second here.

So under diligence on that same decision item no. 4 from December 19th, two appraisals were considered. See attached as well as the actual purchase price from February 2013. Certainly this had been before the cabinet for sure a year earlier, before that February 2013 price. At any point did your board discuss when it would be too much to purchase? Was that ever discussed with your board?

**Mr. Richards:** — I do not recall a discussion of a high level if that's what you're referring to.

**Ms. Sproule:** — How much was too much? They never said how much was too much? Although as I understand and I think you've pointed out, subsequent to that you certainly have identified how much is too much — I've got to find that again now — after March of 2014. I guess it was phrased in this way. The GTH management, after March 2014, advised the auditor they did not, you did not proceed with those other purchases given your analysis that GTH may not have had a sufficient profit margin at the proposed sale price. Is it your view that you will have a sufficient profit margin for the purchase price for the east parcels? Will you be able to sell them for a profit?

**Mr. Richards:** — We've looked at that from day one, when we proceeded with the purchase of that to integrate that into our total footprint. We have already established, I think, clearly, that the strategic value of that and the need for it for the interchange was without question. And the remaining acres that could be developed, which again we've discussed here today, that's a bit of a flexible or fluid discussion because we're not sure on borrow; we're not sure on pipelines that transect the land as it goes.

But we fully believe that we can recover some of those acres and work it into the overall cost of the project. The project is now up to 1,871 acres. And if we were to continue to work on selling the land at the land level, the sales level that we've been achieving in the last few years, 230 to \$250,000 an acre, we fully believe that there's an excellent return on . . . opportunity for the province and for the citizens of Saskatchewan, given even that \$103,000 an acre was spent.

Overall that cost is probably spread across, you know, the 1,800 acres at a relatively much smaller level. And take as an example, if we can develop other projects the size of, an example, Loblaw's on 85 acres, there's a significant amount of infrastructure that is avoided to be built in terms of underground roadways, etc. So there's a lot of factors that go into the overall opportunity within the project and many variations in, you

know, the scope of many millions of dollars that can change based on how much infrastructure, how much servicing you have to put into play.

So it's going to be only in, you know, the years to come where we'll really begin to understand what the return is here. But no, I am not the least bit uncomfortable that we will not be able to make good use of that land and work it into the overall footprint.

**Ms. Sproule:** — Of the 55 acres that have been identified as borrow lands, I read somewhere that if in fact project co. or the P3 proponents determine to use it for borrow land, that in fact these 55 acres would likely be used for lagoons and water retention. Is that correct?

**Mr. Richards:** — We've considered many possibilities for that. The number one issue that you probably don't want to be left with is necessarily a storage pond per se, that could become a haven for ducks because we are on, you know, the pathway for the Regina airport. So birds and other issues are going to arise from that perspective. So it is again another strategic discussion we're going to have, should that be needed for borrow.

We need to put aside municipal reserve as part of our overall structure of our facility and part of our development plan. So that's an opportunity. Parks, dog parks. I mean, you know, we could go to a lot of different directions in terms of what we need to do with that. But there is other opportunities for fire flow prevention, reservoirs, other access points for . . . So there could be a number of potential avenues that we'll go down should that land have to be used for borrow.

**Ms. Sproule:** — Madam Chair, I hate to disturb you but I have a question. Madam Chair, just a quick question. I would beseech you to provide me with a three-minute break if that's at all possible.

**The Chair:** — You bet. Is the committee agreed to take . . . actually how about a five-minute recess? Actually make it a 10-minute recess. Let's make it a 10-minute recess. Is the committee agreed?

**Some Hon. Members:** — Agreed.

[14:30]

**The Chair:** — I think 10 minutes. We'll be back here at 2:40.

[The committee recessed for a period of time.]

**The Chair:** — Welcome back, everybody. Sorry for the delay. Following the recess, I need a motion. We are going to move in camera to have some discussions. Could I have a motion to that extent?

**Mr. Doke:** — I so move, Madam Chair.

**The Chair:** — Mr. Doke. Thank you. We will move in camera now.

[The committee continued in camera from 14:52 until 15:19.]

**The Chair:** — Welcome back, everybody. Just to note, Ms. Sarauer is back in the chair on this side of the table. Mr. Doke, you've got a motion?

**Mr. Doke:** — Yes, thank you, Madam Chair. At this time I would move:

That the Standing Committee on Public Accounts meet with officials of the Global Transportation Hub and the Ministry of Highways and Infrastructure on February 13th, 2017 from 1 p.m. until 4 p.m. to conclude considerations of the recommendations in the *Special Report: Land Acquisition Processes*.

**The Chair:** — Thank you, Mr. Doke. Mr. Doke has moved:

That the Standing Committee on Public Accounts meet with officials of the Global Transportation Hub Authority and the Ministry of Highways and Infrastructure on February 13th, 2017 from 1 p.m. until 4 p.m. to conclude considerations of the recommendations in the *Special Report: Land Acquisition Processes*.

Is the committee ready for the question?

**Some Hon. Members:** — Question.

**Ms. Sarauer:** — Can I just have a moment, please.

**The Chair:** — Ms. Sarauer.

**Ms. Sarauer:** — Do you mind if I take a look at the copy of the motion? Thank you.

**The Chair:** — Okay. Do you have some comments?

**Ms. Sarauer:** — I do, and more so, I think a question and a little note of concern. Do we know who will be the witnesses at the next meeting?

**The Chair:** — We do not.

**Ms. Sarauer:** — Okay. Well I guess I would just note a concern that any potential of concluding discussion on GTH without being able to see or speak to all of the witnesses that are pertinent to this issue.

**The Chair:** — It's duly noted. Thank you, Ms. Sarauer. Mr. Merriman.

**Hon. Mr. Merriman:** — Thank you, Madam Chair. We have talked to officials and everybody that is here today will be available on the 13th to be able to discuss it for a further three hours.

**The Chair:** — And in camera, I won't mention who, but you said you would agree to ask a further question.

**Hon. Mr. Merriman:** — Yes.

**The Chair:** — Yes, okay. Thank you. Is the committee ready for the question?

**Some Hon. Members:** — Question.

**The Chair:** — Question. Mr. Doke has moved:

That the Standing Committee on Public Accounts meet with officials of the Global Transportation Hub Authority and the Ministry of Highways and Infrastructure on February 13th, 2017 from 1 p.m. until 4 p.m. to conclude considerations of the recommendation in the *Special Report: Land Acquisition Processes*.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Ms. Sarauer.

**Ms. Sarauer:** — Can I note an abstention, please?

**The Chair:** — Yes. That concludes our consideration today of our agenda items. Thank you to the officials here today for your time, and to the auditor and to the Provincial Comptroller and to members here. Could I have a motion to adjourn? Mr. Merriman. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — This committee now stands adjourned until February 13th.

[The committee adjourned at 15:23.]