



# **STANDING COMMITTEE ON THE ECONOMY**

**Hansard Verbatim Report**

**No. 15 – March 10, 2009**



**Legislative Assembly of Saskatchewan**

**Twenty-sixth Legislature**

## STANDING COMMITTEE ON THE ECONOMY

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

Mr. Ron Harper, Deputy Chair  
Regina Northeast

Mr. Darcy Furber  
Prince Albert Northcote

Mr. Jeremy Harrison  
Meadow Lake

Mr. Warren Michelson  
Moose Jaw North

Ms. Laura Ross  
Regina Qu'Appelle Valley

Ms. Nadine Wilson  
Saskatchewan Rivers

[The committee met at 19:00.]

**The Chair:** — I'd like to call the meeting to order. We have one substitution this evening. Mr. LeClerc is substituting for Mr. Michelson. And this evening, we are here for consideration of the 2008-09 supplementary estimates, vote 16, Highways and Infrastructure — operation of transportation system (HI10), strategic municipal roads (HI15). And I would like to remind members that we are here for supplementary estimates and supplementary estimates only, and it is tradition we restrict our questions to the supplementary estimates that are identified in the Supplementary Estimates book.

**General Revenue Fund  
Supplementary Estimates — March  
Highways and Infrastructure  
Vote 16**

**Subvotes (HI10) and (HI15)**

**The Chair:** — I would like to welcome the minister and his officials. And, Mr. Minister, if you would be so kind as to introduce your officials and then we'll get started. If you have any opening remarks, you may proceed.

**Hon. Mr. Elhard:** — Thank you, Mr. Chair, and I welcome the opportunity to participate in this session of committee dealing with our supplementary estimates. To my right is Terry Schmidt, the assistant deputy minister of our operations division. To my immediate left is George Stamatinos, assistant deputy minister of policy and programs. And behind us to my left is Ted Stobbs, the assistant deputy minister of our corporate services division. And we have a few comments, Mr. Chair, that we'd like to address to the committee at this time.

Because of the importance of transportation to the economic and social prosperity of the province, it is critical that the system operates safely and efficiently. The supplementary estimates up for consideration today reflect on that imperative. This committee is being asked to consider supplementary estimates in the amount of \$121.65 million. Now as a landlocked province with a largely export-based economy, our ability to provide and improve on strategic transportation links is absolutely critical. And now more than ever, our government needs to ensure that we have the essential elements in place to support future economic growth and lessen the potential impact of the global economic crisis that is swirling around us.

The third quarter financial report released on February 27 indicates that the province's revenue is holding steady despite falling commodity prices and the global economic recession. This government has taken the approach to increase infrastructure spending as an additional tool to offset any negative impacts. Last month this government announced a \$500 million booster shot in infrastructure spending to ensure that our economy remains strong. By moving forward on much needed infrastructure projects now, we can help ensure economic and job growth throughout 2009. This in turn will ensure that we come out of this economic downturn even stronger in the years ahead.

Now of that \$500 million in new infrastructure spending, 17.65

million has been set aside for six transportation projects. This new spending being outlined today includes \$10 million to the city of Regina to support development of the Regina global transportation hub. This money will be used to service infrastructure, including water and sewer lines. Development of this hub will provide our businesses and export markets with efficient, state-of-the-art links to Canadian and international markets. Now considering that 70 per cent of our economy is driven by exports, this will make Saskatchewan even more competitive. It will also make Regina a more attractive place to invest.

The remaining \$7.65 million will go to urban road projects that connect to provincial highways under the urban highway connector program. This expenditure includes \$6 million for the Highway 1 and 4 interchange at Swift Current; \$750,000 in support of urban highway connector routes in the community of Lloydminster; \$540,000 for Highway 39 service road improvements in Weyburn; \$300,000 for Highway 6 improvements in Melfort; and \$150,000 for Highway 20 intersection improvements in Humboldt. Developing these important urban roadway connections to the provincial highway system ensures greater continuity to, from, and through urban centres.

The next component of the supplementary estimates I would like to speak about involves \$98.5 million in accelerated funding to the city of Saskatoon for the Circle Drive South project. This cash injection will kick-start one of the largest transportation infrastructure projects in Saskatchewan. The province has committed \$86.5 million toward the construction of a new bridge and roads to complete Circle Drive, as well as \$10 million toward interchanges at Lorne Avenue and Circle Drive South, and Idylwyld Freeway and Circle Drive South, for a total of \$98.5 million. This project will provide the final link of the existing Circle Drive system.

It will not only serve the needs of Saskatoon residents but motorists from across the province and across the nation. It will improve the flow of traffic and vastly improve efficiency for shippers connecting to national and international trade routes. The accelerated funds under the Circle Drive South project are also designed to keep Saskatchewan people and industries working in this current economic climate.

The third and final estimate I will speak to today is an additional \$5.5 million for the winter maintenance budget. Ensuring safe travel on provincial highways in the winter is obviously a priority for this government. Budgeting for winter snow and ice control is, however, difficult for a number of reasons. There can be a high degree of variability in the number of snow and ice events from year to year. The severity of snow and ice events affects the costs.

Weather systems that impact large areas of the province cost more than local events. The ratio of snow to ice events has an impact, with ice events being two to three times more expensive to treat. To deal with the variability and ensure the ministry has the resources it needs to provide winter maintenance, the government's policy is to provide a base level of funding that is based on historical costs. In addition to the \$24.2 million originally budgeted, \$5.5 million is requested for allocation to

the winter maintenance program over and above the base funding level.

In total we are asking for your approval for \$121.65 million in supplementary estimates. Our government was elected in part on our substantial commitment to transportation investment. Our commitment shows clearly that this government is focused on creating the conditions that foster economic growth today and in the future, ensuring the safety and security of Saskatchewan families.

Mr. Chairman, thank you very much.

**The Chair:** — Thank you, Minister. Questions? Mr. Harper.

**Mr. Harper:** — Thank you, Mr. Chair, and welcome, Mr. Minister, and your officials. It's a pleasure to have you here this evening, and we're looking forward to your very direct responses to the questions we may have.

Mr. Chair, I will turn the opening questions over to my colleague, the member from Athabasca. I believe he has some questions.

**The Chair:** — Mr. Belanger. And I'll remind members again, which I did at the start, this is restricted to supplementary estimates, which has been traditional that when we deal with supplementary estimates, we confine it to what's in the book on supplementary estimates. I briefed the committee at the start, and I would just like to remind you that that is the procedure that we will be restricting it . . . questions to the supplementary estimates in the book.

**Mr. Belanger:** — So noted, Mr. Chair. Thanks so much for the presentation, Mr. Minister, and welcome to your officials. Just a question. I've got some folks kind of watching this that are interested in politics and the study of how this system works, per se, but can you perhaps give me an idea as to how the supplementary estimates came about and how you're able to move your Highways and Infrastructure budget through this process? Maybe just for clarity, explain to the folks that might be watching.

**Hon. Mr. Elhard:** — You know, I think this is an historic approach to dealing with expenditures that are accrued to a ministry over and above what had been projected in the origination of the budgetary process that was constructed last year. I don't know that I can detail in any specific length, or to any specific length, the history of this, but I understand that it is traditional and has been approved as part of the budgetary process for a considerable long time.

The Ministry of Highways, like any other ministry, would design a budget for approval by the legislature in a given year. The expenditures of that budget are identified fairly precisely. And as the year unfolds, if there are unexpected occurrences that would impact the budget and additional monies required to address those unexpected incidences, that is provided for through supplementary estimates. And I think the requirement for supplementary consideration of estimates tonight is an example of just that type of situation.

**Mr. Belanger:** — So in a sense then, the supplementary

estimates and the money you're spending today, the 121.65 million, you obviously have to go through a departmental planning process. Is that correct?

**Hon. Mr. Elhard:** — The budget always is subject to not just a departmental planning process but a very thorough vetting by the Treasury Board and the Ministry of Finance.

**Mr. Belanger:** — So to clarify then, when you say a thorough vetting, you would say that the department planning is the first step, obviously. The second process is the cabinet or budgetary process. Cabinet and Treasury Board have to approve the money in order for you to spend it because legally you can't make announcement unless you go through the process of vetting through the process you outlined earlier, the 121.65 million. The department has to plan it.

And I just want to understand the process clear. Then cabinet and of course the Treasury Board, and that's the Minister of Finance, have to approve the spending before you get to announce it. And this committee stage is the last process in that long, kind of, way of getting this extra 121.65 million. Is that correct?

**Hon. Mr. Elhard:** — You know, not being a scholar on the niceties or legalities of the process, I would say that generally speaking you've probably described it correctly.

**Mr. Belanger:** — Okay. Well would you be able to clarify that with your officials that that's the proper process?

**Hon. Mr. Elhard:** — I would be happy to do that, but I think that for the purposes of our discussion tonight, that is the appropriate process.

**Mr. Belanger:** — Now prior to you making the decision to spend the 121.65 million, you have a fairly rigid process, I would assume, as a Minister of Highways before you're able to make the announcement that you did and to bring forward to this committee the planning for your supplementary estimates. Is that correct?

**Hon. Mr. Elhard:** — I would assume that that's correct, yes.

**Mr. Belanger:** — So what if six months from now, for some of the projects that you've announced, if another minister came along and said, well the money wasn't there. Would you say that the process was flawed or the next minister was flawed? Suppose there's a cabinet shuffle.

**Hon. Mr. Elhard:** — I think I know where you're going with this line of discussion, and I would suggest that it's not really pertinent to the discussion tonight. The reason I would say that is every minister will make decisions based on the information provided to him by his officials and by the Finance ministry, and every decision taken by the minister will be subject to cabinet approval at some point.

If I make a decision today, and it's approved by cabinet, and we have had the budget approved by the legislature, the money obviously was there. But a subsequent minister can make changes with the approval of his colleagues.

**Mr. Belanger:** — So, Mr. Chair, I just want to clarify on the \$121.65 million we're spending today, that that money that the minister announced or is announcing today, that there had to be a process to approve that money. I just want to clarify that. Am I correct in that, Mr. Chair?

**The Chair:** — Are you asking me questions?

**Mr. Belanger:** — Yes, if you're indeed the Chair I'm asking ...

**The Chair:** — Well I'm indeed the Chair. I don't understand what your question is for me.

**Mr. Belanger:** — Well the question I have today is that on the 121.65 million, I want to clarify that to the process of allocating funding that this committee is approving what the minister is asking for.

**The Chair:** — That is correct.

**Mr. Belanger:** — And prior to this committee deciding how the money is going to be spent in terms of the planning, they would obviously have to have cabinet and Treasury Board approval. Is that correct, Mr. Chair? Just to understand the process.

**The Chair:** — As I understand the process, that's correct. But our position here this evening is approve the allotted dollars or the dollars that have been asked for. And that's the position of the committee, is to question the supplementary estimates that are in the book that are outlined here. And we're not here to debate the process. We're here to ask questions about what's in the book and to provide approval for it if the committee agrees to approve the amount of dollars that is asked for by the ministry. And that's our reason for being here this evening.

**Mr. Belanger:** — Okay. Well that's fair enough. I'm not bagging the process; I'm just wanting to clarify the process. The whole issue here is to approve the one hundred and twenty-one six five million dollars that's being asked of us to spend today.

**The Chair:** — That is correct.

[19:15]

**Mr. Belanger:** — Okay. And that's exactly where my focus is here today. I'm just clarifying for the record that as a minister he can't make the announcement of 121.65 million without a prior process being engaged, and again Treasury Board, cabinet, and departmental planning being the pre-requisite process that he has to go through before he announces that. And I think the clarification was, yes.

So based on that 121.65 million, after you've gone through the process, you are now authorized to spend this money. Is that correct, Mr. Minister?

**Hon. Mr. Elhard:** — The expenditures have been identified. The announcements have been made, and we would anticipate that approval of this committee would be the final step in that process.

**Mr. Belanger:** — So if you were to mention the specific

projects that you spoke of as we entered the room ... and there's some very good planning process. I'm not arguing the planning process or the money, the intent of the money. And six months from now if there is a cabinet shuffle and somebody says the money wasn't there, that wouldn't be a correct statement, right? Because you went through the process and the 121.65 million that we're approving today in essence, the money is there. Is that correct?

**Hon. Mr. Elhard:** — It will be there when the committee approves the spending tonight.

**Mr. Belanger:** — And if it was not approved by committee as a final step, then you would not have been able to make the announcement. Is that correct, Mr. Minister?

**Hon. Mr. Elhard:** — We were able to make the announcement, but I don't think we made it without taking consideration into this whole process of all possible outcomes.

**Mr. Belanger:** — Thank you, Mr. Chair. That's all the questions I have.

**The Chair:** — Mr. Harper.

**Mr. Harper:** — Thank you, Mr. Chair, and welcome again, Mr. Minister. In regards to the first line item, which is the winter maintenance, would you please explain to me what is all covered by the term winter maintenance.

**Hon. Mr. Elhard:** — The response to your question, Mr. Member, is winter maintenance is a catch-all term to describe all material, all labour, all equipment, and all contracts that we might have with third party service providers. And I think that's particularly true in the North where winter maintenance is provided by individual contractors, so that would fall under that general description of winter maintenance.

**Mr. Harper:** — Is the winter maintenance costs this year greater than other years or greater than the average of other years?

**Hon. Mr. Elhard:** — You know, we can give you very specific information about that because we have looked at winter maintenance as an item over the last number of years. We can give you the 2008-09 forecast. We can go right back to 2003-04, and we can give you a five-year average. Now we can provide those figures on this chart to you directly, if you'd like, as opposed to me reading them into the record. Would that be helpful to you?

**Mr. Harper:** — That would be very helpful.

**Hon. Mr. Elhard:** — I'd be prepared to do that. The figures that are represented here, however, while they provide a fairly good view of the costs on an annual basis, year-to-year inflation has to be taken into consideration. So the numbers here do represent the inflated cost on a per year basis.

**Mr. Harper:** — Is there any significant increase in the cost of winter maintenance in different regions this year? For example, are certain regions higher, the costs higher this year than the average? Or would it be reflective of the average of other years?

**Hon. Mr. Elhard:** — I'm advised that the kind of winter we had this year produced some, you know, some pretty difficult circumstances, that it varies significantly from region to region but not to the extent that one region sticks out significantly more than others. You may have had one region that experienced a very difficult environmental episode and maybe didn't affect other areas quite as badly, and then subsequently another area was significantly impacted. So when you look at the whole, it doesn't strike you as being particularly regionally based, but it is in fact a situation where one region or another will experience a worse circumstance or situation than the others.

**Mr. Harper:** — I noticed this year . . . and it likely may have been done in other years, but I didn't notice it. But I noticed this year the department carried out a significant amount of ridging along highways, particularly Highway 11 and some other highways that I've seen. Has this been a common practice in the past?

**Hon. Mr. Elhard:** — To the member, the answer is that yes, it is becoming a more common practice. It's an appropriate and maybe cost-effective way of controlling drifting in areas of roads that are particularly susceptible to that kind of thing. Our area operators are asked to identify stretches of road that under ordinary circumstances might be more readily impacted by drifting than others. And wherever they've identified that problem area, we have tried to use ridging as a technique to prevent drifting onto the highways.

There are some extenuating circumstances as you can appreciate. In some areas it might be problematic for the landowner. They may not want the ridging to happen. I can imagine that in some instances . . . And I know one in particular along Highway 11 where there was a pretty significant flooding episode a few years ago which was probably exacerbated by the ridging that happened. But in some areas other than that, there may be a desire on the part of the landowner to have ridging because they want to trap more snow and provide better spring moisture conditions for their land. So I guess it really varies depending on the interest and the willingness of the landowners to have the Highways ministry on their land doing the ridging.

And the other of course the other mechanism by which we try to control serious drifting is the erection of snow fences, which is a science unto itself I think. And you sometimes look at, you know, an area where there is a snow fence and wonder how they ever selected that. That's usually based on long-standing experience with difficult conditions in that immediate area. But those are the two primary approaches we take to controlling drifting on the highways.

**Mr. Harper:** — So once the decision is made to enter into a ridging project, would you explain to me the process that your department officials would go through to gain access to the said property and what conditions that would be placed upon them as far as the landowners is concerned and what responsibility the department would have to ensure that they don't do any particular damage. Or if they do, how it's compensated. What would the entire process be?

**Hon. Mr. Elhard:** — If it's all right with you, I'm going to ask our assistant deputy minister to handle that question.

**Mr. Schmidt:** — Sure. Thank you, Mr. Minister. What we will do is we will approach . . . It can go both ways. Sometimes the landowners will approach us, that there's an interest in ridging because they're aware of the local conditions and there's maybe certain areas of the highway that are more prone to collecting snow than others. In other instances, our local crews who have identified those areas will approach the landowners. And it has to be a mutual agreement to undertake that. It has to be beneficial to the ministry before we would expense funds into ridging, and as well it has to be acceptable to the landowner, the conditions.

So when we've got that agreement, a mutual agreement to enter upon the lands, then we'll discuss what's the best method to do that. In some cases, the landowner may have the equipment that's better suitable to do the ridging. They may also be doing ridging for the RM [rural municipality] or have contracts to do other type of plowing work where they've got the equipment available. They can readily do it. In other cases, they may not have the equipment readily available, and then we will look to undertaking the work with our equipment.

So it has to be a mutual agreement and an understanding as well. As far as damages go, typically we would discuss those ahead of time with the landowner and ensure that we have the right to access, whether that means going through fences or whatever, to do things like that. So that all has to be agreed upon before we would enter into any agreement to do that type of work.

**Mr. Harper:** — And what has your department's experience been in this particular avenue? Would you say you have very good co-operation from landowners to facilitate ridging or . . .

**Mr. Schmidt:** — I would have to follow up on that a little bit more. I haven't heard any instances from my staff where they've run into difficulties. That doesn't mean there aren't times when differences do occur. So I mean if there's some specific issues, I'd have to follow up on those, but none have been brought to my attention that I'm aware of.

**Mr. Harper:** — So what would the — you don't have to have an exact figure for me — but what would the ballpark figure be of the cost of the winter ridging program be?

**Mr. Schmidt:** — I could get those specific numbers if you would like them, but it's not a big, big component. But typically if we were doing that with our own equipment, and we were using something like a grader to do that, I do have the hourly rates that we . . . You know, it's going to cost us about \$70 an hour for a grader, plus the operator. So you're probably talking 100 to \$110 an hour for equipment and labour to do that. And so if you would like more specifics, I could certainly provide those numbers for you on it because we do keep those records.

**Mr. Harper:** — I was just wondering what measuring stick you have to compare the cost of the ridging program versus the cost of snow removal or the extra snow removal off the highway.

**Mr. Schmidt:** — Without having the numbers in front of me, I would say that it would be a positive cost benefit because the more snow you can keep off, it's not only for the cost savings for equipment; it's providing the better level of service to the

public and the safer roads. So without having the exact numbers in front of me, I'm quite confident in saying that it is a positive thing or I know our crews would not be undertaking that type of work. They'd be looking at other methods to provide winter maintenance.

**Mr. Harper:** — Has the ridging program expanded this year as compared to other years, or is it about par? Because it seems like I've seen more ridging this year than I did in other years, but maybe I was just paying a little more closer attention. I don't know.

**Mr. Schmidt:** — Again, unfortunately I don't have those specifics with me, and I think it does vary from year to year. Probably a lot depends on the snow conditions. So I mean, the crews are not going to go out and do a lot of ridging unless the snow conditions dictate. And so I'm guessing that maybe this year you're seeing more because I think provincially we've probably got more snow cover over a lot of areas than we've had in last years.

I was just down in the southwest part of the province a little while ago, and they've got considerably more snow cover than last year. So it's going to be really a reflection of the amount of snow cover, and in a lot of ways, the amount of wind that we're seeing as well too is going to dictate how much ridging they do and the type of ridging they do. So a lot of it is dictated by the crews in determining what's the best way to provide that type of winter maintenance to the roads in their areas.

**Mr. Harper:** — And do you see the cost of winter maintenance this year as compared to the average of the previous, say, five years, do you see those costs being greater than the average or equal to or lesser than?

**Mr. Schmidt:** — When we provide the chart to you, you'll see that when we adjust the numbers for inflation — so we're speaking the same constant dollar value — the ranges are quite constant, anywhere from \$27 million to \$30 million, which is quite consistent when you look at the variability that there can be in winter maintenance.

So we still have one more month to go. And March is often our highest maintenance cost month because of the weather being near the freezing level, and it can dictate using a lot of salt and a lot of activity out there. So we'll still see where the numbers come in. But it looks like we're going to be maybe just a little bit higher than our five-year average, maybe a million, two million and a half higher than our five-year average, but still quite consistent with the other years.

[19:30]

**Mr. Harper:** — So then you're satisfied, I guess you would say, with the delivery of the winter maintenance program province-wide? Or has there been any situations that's been identified that could be improved upon for future?

**Hon. Mr. Elhard:** — I would like to answer that actually. Not factually but anecdotally, I think. One of the things that has pleased me as the minister responsible over this last winter is the number of calls and comments we have received about the level of maintenance and the appropriateness and timeliness of

maintenance. The problem is that given the vast number of roads we've got, we sometimes can't get to each road as quickly as we'd like, and that does create some inconvenience at times for some of our motorists. But by and large, we have a very consistent and solid record for quick response and appropriate response to weather conditions as they affect the motoring public. So I would have to say that we had virtually no complaints to our office. That's very unusual. And that would say to me that for the most part we did a good job.

Now that doesn't mean there isn't opportunities for improvement and that we aren't evaluating our response in various areas from time to time. But having said that, we have a system in place. We have a framework in place that identifies which roads get attended to first and which are done secondarily and what time frame they need to be addressed. And then those later roads that are attended to are low-volume roads.

And I think people understand we just can't be everywhere. We have a large number of trucks. We have a large number of staff on the roads in all kinds of weather, and they're doing the best they can under difficult circumstances often. So by and large I think we're quite pleased, but if there's opportunities for improvement, I'm sure that we'll pursue them as well.

**Mr. Harper:** — The amount here that's set aside in vote 16 for winter maintenance, is that money basically all spent on winter maintenance, or is some of that money used for communications of what road conditions or winter programming or anything like that?

**Hon. Mr. Elhard:** — I just wanted to be sure that my information was correct. The winter maintenance figures that we provide for consideration here tonight are strictly related to winter maintenance. I wanted to make sure that the highways hotline didn't come out of the winter maintenance budget. And I'm assured that it does not. It comes out of a different envelope entirely. This does include the Athabasca Basin road. It includes the ice roads in the far North. Those are the roads that we talked about. Some of those are maintained by third party maintenance contractors, but it is strictly winter maintenance.

**Mr. Harper:** — So it's not, none of this money goes to cover land or buildings or anything else that might be used strictly and only for winter operations?

**Hon. Mr. Elhard:** — It's strictly winter maintenance operations.

**Mr. Harper:** — . . . okay. Is any of the money mentioned here, is that any part of the \$500 million infrastructure stimulus package that you had announced earlier? Is any of this money part of that package?

**Hon. Mr. Elhard:** — I'm sorry. What was the first part of your question?

**Mr. Harper:** — The money that's here, allocated for winter maintenance, is any of that money part of the \$500 million stimulus package?

**Hon. Mr. Elhard:** — No, none of it is.

**Mr. Harper:** — I suppose on to the urban connectors. But this is primarily for the Circle Drive South project in Saskatoon. Am I reading that right?

**Hon. Mr. Elhard:** — We have several different projects associated with the urban connectors program. I think we'd like to identify first off the group of projects that come under the \$17 million amount. There is \$10 million that goes to the global transportation hub. That's not part of the urban connectors program. The balance of the projects identified in that amount are part of the urban connectors program.

And then when we move on to the \$98.5 million for the South Circle Drive project, that is also part of our urban connectors program. The funding, I guess, is a little different because it comes from a different envelope, but the agreement under which that money was advanced to the city of Saskatoon is covered by the urban connectors program criteria. Clear as mud?

**Mr. Harper:** — Yes, pretty well. I believe there's some work desired to be done by the communities of Battleford, North Battleford. And would that funding for their desired work be a part of this urban connectors allotment?

**Hon. Mr. Elhard:** — Well I think it would be fair to say that the work that is identified for The Battleford's area and also North Battleford, I believe, would, under the best of circumstances — and we still hope to achieve this agreement — but we would expect them to be done under the urban connectors program. At this point though we have not reached an agreement with those communities.

**Mr. Harper:** — What seems to be causing the inability to reach the agreement?

**Hon. Mr. Elhard:** — Well I think it varies from community to community. The offer has been made to 59 communities around the province that have populations of 1,000 or greater. And the uptake for the program has been pretty good by early standards.

You know, each one of these agreements with every one of those 59 communities would be unique representing the very unusual circumstances or specific circumstances unique to that community, so that you just don't have a template that you take from the city of Saskatoon and try and use that with the city of North Battleford or the community of Battleford. The circumstances in their particular situation would be significantly different in most cases.

Out of the 59 communities that we have approached, some have said we're not interested in this program; we don't think there is enough value in it to meet our needs. And we accept their determination at face value. There will be changing circumstances going forward, I'm sure, where some of those communities might want to reconsider.

I have communities in my own constituency that have taken diametrically opposed positions on the urban connectors program. One community said we want nothing to do with it, and the other community, when they realized the potential benefit to them, said, sign us up. Well we weren't prepared to just sign them up. We wanted to discuss the terms of that

arrangement with them. But two communities of almost identical size with very equal aspirations but two unique sets of circumstances in terms of how the highway services their community, its position vis-à-vis the community — does the highway divide the community? Does it go through the community? Does it skirt the community? What are the various factors that affect one community and not so much the other?

So I think that when you look at approaching this policy umbrella — which is what the urban highway connector program is; it's an umbrella — when you look at each individual community, you can understand why some of them would see greater merit in signing on where others may not see as much benefit for themselves to sign on.

Now you know, if as the economy changes, as communities grow, as they expand, maybe they'll move across a highway and develop an industrial park on the other side of the road. The circumstances may change significantly enough to justify them becoming part of the program. And we're open to that too. This is a voluntary program. Nobody's being compelled to join.

**Mr. Harper:** — The Circle Drive South project in Saskatoon. Where is it on your priority list as far as capital projects is concerned?

**Hon. Mr. Elhard:** — You know, that's a good question, and I think I would begin my answer by saying, it's not so much where it is on our priority list as where it is on the priority list of the city of Saskatoon.

You know, I can articulate tonight, I think, a lot of rationale, a substantial rationale for the need for that project from a safety perspective, from a traffic management perspective, from an economic development perspective, from just an ease of access to the city. You know, there's a whole variety of justifications that could be employed in substantiating and validating this particular project. But the city of Saskatoon sees this project as really significant to its own financial and economic success.

Saskatoon is ideally situated in the central part of the region as a hub for transportation of various types. They have some very important highways running to and through their community. They are served by CN [Canadian National] Rail, and the CN has utilized that city for a significant amount of traffic management on their railway. And Saskatoon, in many ways, is sort of the jumping-off point for a lot of our air traffic and a lot of our heavy industrial traffic that is going to be going north.

As you are probably well aware, most of the heavy traffic that wants to get from the east or the south side of the city can't get to the north or the west side of the city except by taking Circle Drive North and finding itself bogged down in a very congested traffic area or by being routed right down Idylwyld, through the centre of the city, which is very undesirable, especially for the size and the type of traffic that is often utilized today for industrial purposes.

So when we look at a new river crossing on the south side of the city, we are enhancing the city's traffic management capability, but we're also enhancing the capability of the citizens to get from point A to point B. We are going to expedite the movement of industrial traffic and a lot of

economic value that is associated with that traffic. We are going to be able to move it much more efficiently and effectively across the bottom part of the city to the west and have it moved, generally speaking, into the Alberta area or into the industrial northeast part of Saskatchewan.

So I think the city sees this as absolutely essential to all of those problems that are created by traffic congestion on the north side of the city, on the Circle Drive North or the Idylwyld stretch of road in downtown Saskatoon. And because of their interest in seeing those factors addressed, they are very anxious to see this project move forward.

Now having said all of that — and I hesitate here, but having said all of that — if we had to do it all over again or if the city of Saskatoon had to do it all over again, I'm thinking that they may have wished they'd have gone to a second north bridge and routed traffic around the north part of the city because there's so much growth on the north part of Saskatoon that would have been served by a different possibility.

**Mr. Harper:** — So are your officials in discussions with the city of Saskatoon in regards to this project and how soon it can be moved ahead or moved on?

**Hon. Mr. Elhard:** — One of the reasons why we are advancing them the ninety-eight and a half million dollars at this point is that that project is really in need of significant movement soon — sooner than later. We'd like to see that project move forward almost immediately. But when we say that, the automatic assumption is that an immediate start means that there is going to be earthmoving equipment on site this spring. There might be some preliminary work done. But this 98 and a half million dollars that we're committing to the project gives the city of Saskatoon the comfort that one of the major partners in this project has been prepared to put its money where its mouth is, and that money will allow the city of Saskatoon to aggressively move ahead with this project in terms of both full site design work . . . You know, the functional study, the location of the roadwork and the bridge have pretty much been identified, but that's only the very first preliminary step that has to be taken.

[19:45]

For a project of this magnitude, there are many, many additional engineering-related steps that have to be undertaken before the project actually starts. We want to see that project move forward quickly, and if there is going to be construction on that project within the next 9, 10 months or 12 months to 18 months, that preliminary design work has to become detailed design work. And contracts have to be designed and all the specifications around those contracts have to be identified. And there is quite a lot of work that has to go into that type of a massive project at the very sort of detail level, and that's what's expected to happen with this infusion of money at this juncture.

**Mr. Harper:** — So is the \$98.5 million a hard and fast set figure or if, after the design work was done and it was determined that the costs of the project was greater than what was first anticipated, would there be flexibility on that figure then?

**Hon. Mr. Elhard:** — I think the answer is, because Saskatoon

is a party to our urban connector program — which really is a partnership between the province and the city — if the outcome of that project was more expensive than we had anticipated, because of our relationship under the umbrella of that partnership, we would entertain additional cost sharing. The ratio of the project or the relationship won't change. You know, the percentages are sort of decided well in advance so that ratio of relationship would apply to overruns. I think the project as a whole has been identified roughly at \$297 million cost.

But I also want to make the point that by us advancing this money to the city directly and specifically now, it gives the city a very good opportunity to not just do the kind of detail work that we talked about a few moments ago. It also allows it to start nailing down consultants, and it gives plenty of opportunities for contractors to evaluate the project and their participation in the project. That allows them the freedom to price more competitively and hopefully to keep the project within the scope of expected cost. This isn't just a gift for them. This is an opportunity for them to utilize all the power that having this kind of money, all the leverage this kind of money has to get a better return on their tenders.

**Mr. Harper:** — But if the detailed work was done and it was determined that the cost would be greater than 297 million, you would maintain the same percentage of involvement, but because the costs are greater, it would perhaps cause some flexibility on your part to increase the amount of money the province would be putting forward to this project. Am I correct?

**Hon. Mr. Elhard:** — I think that's the way to characterize the arrangement, yes.

**Mr. Harper:** — Of the money that's been allocated so far — the \$98.5 million — is that all provincial dollars, or is there any federal dollars in that?

**Hon. Mr. Elhard:** — No, that's all provincial money. The federal government did come to Saskatchewan last year. You may recall the Prime Minister was in Saskatoon to announce that the federal government was prepared to participate as well, but to my knowledge, none of the federal money has yet been made available to the city. I'm not sure what the parameters of that might be. But I think the federal government has an interest in seeing, as you know, money flow for infrastructure development, and I'm fully expecting that as this project develops, they will start federal funds flowing. You know, I don't want to comment specifically about how that will work because I frankly don't know. But that's my expectation.

**Mr. Harper:** — So the 98.5 million, that's all provincial dollars. There's no federal dollars through various other programs that would be part of that 98.5. That's all provincial dollars.

**Hon. Mr. Elhard:** — That's all provincial dollars, yes.

**Mr. Harper:** — Has it been made available to the city of Saskatoon?

**Hon. Mr. Elhard:** — It will be after this committee has done its work.

**Mr. Harper:** — So will there be conditions tied to this money? Will there be certain responsibilities the city of Saskatoon will have to carry out in order to access this money or certain expenditure limitations or direction as a result of the funds being provided to them?

**Hon. Mr. Elhard:** — There is a lot of other detail around this that I can't identify for you well, so I'm going to ask Mr. Stamatinos to handle that question.

**Mr. Stamatinos:** — Thank you, Minister. Mr. Harper, the way the transaction will occur is that we will be entering into an agreement with the city of Saskatoon that will see the flow of \$98.5 million to them. There will be a rigid accounting of that money to ensure that the money will go to only — the principal and the interest — will only go to purposes related to the urban highway connector program and that project.

As the minister mentioned earlier, there is provisions in our agreement with the city that if there are cost overruns that are unforeseen, that the ministry will share based on the relationship that we have with them with respect to that particular project.

**Mr. Harper:** — So when the time comes to release these funds, will the funds be released prior to the work being done? Or will the city of Saskatoon have to do the work, finance it, and then simply apply for reimbursement from the province?

**Mr. Stamatinos:** — The way it would work, Mr. Harper, is they will deposit the funds in a special fund, and they will make payments as the work is done to their contractors. And on a monthly basis, they will have to provide us with statements indicating how that money is spent and withdrawn from the fund.

**Mr. Harper:** — So it'll be done on a progress basis. So the city of Saskatoon won't be doing any interim financing of it. They'll be able to draw from the provincial funds to be able to finance the work being done by their contractors?

**Mr. Stamatinos:** — That's correct. Now that's only for the 98.5. The federal government is contributing 106.5. However to the best of my understanding, the contribution agreement is not yet in place, but I do know that they are working on it.

**Mr. Harper:** — Okay. So much for Saskatoon. Now I would like to have a little clarification on the Regina global transportation hub. What's the timeline for the construction to start and to be completed?

**Hon. Mr. Elhard:** — Well it depends on which part of the project you're talking about. We maybe need a little history or a little bit of review of this global transportation project. As the member will recall, when this was first discussed, it was going to be the Regina region intermodal facility, and it was a project of Canadian Pacific Rail. And of course the city of Regina was interested in seeing the rail yards relocated from downtown Regina to a site west of the city. Our ministry was involved in those discussions from the upshot, and we facilitated that whole decision for CP [Canadian Pacific] to relocate as indicated.

When the discussion was, it became public basically, was when

the federal minister, Gerry Ritz, came to Regina in early December 2007 and indicated that the federal government was prepared to commit \$27 million to this project. That was still pretty much the limited perspective of the limited scope of the project.

Unbeknownst to us as a ministry, as a government, and some of the other players, CP rail was talking to Loblaws who as a corporation happened to be CP's largest customer. And through their relationship, it was decided after considerable discussion that Loblaws would like to be part of this project. That changed not just the scope but the dynamics and the complexity of the proposal.

When we first talked about the intermodal facility, we identified a cost of about \$93 million. We were talking about the federal government putting in \$27 million. We as a province decided we would match that. The city of Regina offered up \$7 million. The federal government came to the table with a little more money for the Lewvan interchange, and we had basically what was considered to be a contribution agreement. It wasn't specifically identified who would pay how much, although there was a fair amount of that. But the ultimate cost was going to be a contribution agreement valued at \$93 million.

But as we moved forward with the changing dynamics and the larger project, we became aware that this would require a substantially greater investment in infrastructure, and that's when we started talking about a significant upgrade to Pinkie Road. We had some Pinkie Road plans under the first scenario, but it was going to require a significant upgrade of infrastructure, and so that has grown as well.

So we have now, I believe, the potential for one of the most significant economic development initiatives that southern Saskatchewan has ever seen. The interest among other players is very significant, and I think the province of Saskatchewan could see the first major intermodal facility of such significant magnitude in all of Western Canada.

You know, there are other communities, other provinces that have tried to create an environment where they could have their own intermodal facility, or multi-modal facility is a better way to describe that. And in one instance, in Manitoba for instance, they have by legislation created a multi-modal facility. It's envisioned to be part of the airport there. They've set some land aside. They've created a governance structure. But they haven't got a single tenant. Up in Edmonton they're hoping to do something similar with the international airport, but they're further behind by a long shot than Manitoba.

Here in Saskatchewan not only do we have a proposal; we have the two major ingredients to make it successful. The first ingredient is significant interest by a private sector player. The second ingredient is the willingness and the capacity of a variety of partners to work together to make it a success. And I think that given those two factors, our opportunity for this global transportation hub in Saskatchewan, I think the opportunity here is absolutely dynamite for the future of this province.

And so I know we're into a bit of an economic slowdown right now, and there's lots of naysayers out there who are saying this

will never happen, it will never happen. But the people who are party to the agreement — the private sector players who are putting their own money on the table and the public sector players who have come together to work co-operatively to make this happen — are absolutely committed to the project. And so when I look at the changing scope of the project and the infrastructure that's required to accommodate that changing scope, I think that this is going to be an investment well worth making.

**Mr. Harper:** — Thank you, Mr. Minister. Mr. Chair, I have a lot more questions on this particular topic, and I hope to get back to them if time permits. But I would like to take a brief break here and turn the questioning over to my colleague, the member from Cumberland, who I know has some questions he would also like to have on record.

[20:00]

**The Chair:** — Mr. Vermette.

**Mr. Vermette:** — Thank you, Mr. Chair. Minister and his officials, thank you for being here this evening. I guess I got a few questions I'd like to ask on a process with dollars, and I'm thinking more about the dollars that are allocated to the winter maintenance and stuff like that are where my questions will go to.

But for clarification, you mentioned earlier, Mr. Minister, that . . . And I believe you were talking about the winter maintenance of the road and you hadn't had a lot of complaints. So to you, that was very positive, the job that's getting done. So you felt confident that, you know, no complaints and you guys are doing an excellent job, is what I think you said. And I just want to clarify that that's what you were talking about.

**Hon. Mr. Elhard:** — That was what I was talking about, but I'm almost certain I'm going to hear something different.

**Mr. Vermette:** — No. Just wanted to make sure . . . I heard you refer to something. So obviously I just wanted, for the record, acknowledge that.

**Hon. Mr. Elhard:** — May I also say that I think I indicated at the time that while we're reasonably satisfied with the public response to our winter maintenance, that if we could do things better or there were other ways of improving the service, we'd certainly be willing to consider that as well.

**Mr. Vermette:** — Thank you very much. I guess I'll go to my question. How would a community engage for some of these dollars for winter maintenance? And I don't know who would decide whether one project . . . or somebody's bringing it to attention of your officials or whoever that they would like more winter maintenance done on certain roads. What would the process be that they would do that to get some of this money to go to some of the communities that, I guess, are requesting that maybe more of the snow removal be done, whatever it is. Would they have access to asking for some of those dollars or to your department officials to ask for consideration and maybe an argument to why some of that money be spent on some of the, whether it's snow removal or what it is, getting into a certain area. How would they go through that process and could

some of these dollars be used that way?

**Hon. Mr. Elhard:** — Well I think the more detailed answer could be provided by Mr. Schmidt here and I'll let him do that. But I don't think that there's any hesitancy on the part of our ministry to entertain those kind of opportunities in a variety of areas. The North is probably singularly the region of the province where we do that. That is a service that I think is provided most frequently by third party contractors. When it comes to snow delivery, we depend a fair amount on that capacity in the North. It's very much less frequent in the southern part of the province. Our own ministry people are responsible for winter maintenance in the South, by and large.

But Mr. Schmidt can probably give you a clearer idea of what the opportunities might be and how to move that forward on behalf of some of the individual communities and contractors that you might know.

**Mr. Schmidt:** — Thank you, Mr. Minister. How we had designed the winter maintenance program is, it's based on levels of service. And those are available on our Internet, and we've got a communications campaign out that talks about the different level 1 highways and how many hours we have to respond to snow and ice events on those, and level 2 and level 3. And then we design our crews and equipment and the labour in such a way to meet those different levels of service.

Now if communities would like to discuss with us the level of service or the response times that we have on certain highways, we are quite pleased. Our area managers will meet with the communities, with the local governments, and we'll go over the different response times we have for the various highways. If they would like us to adjust some of those, we can certainly look at adjusting those, resourcing them a little bit differently.

So we try to be flexible with the local communities and working together with them in setting our priorities and in setting how we respond to the different roads and different times. We can't get to all of the roads at one time, so we have to put together a plan and how we would respond and how the crews can work together. So we'd be quite pleased to meet with the communities if they'd like to review those.

**Mr. Vermette:** — Okay. I guess my next question would take it a little further. If it was a road for instance that — and we don't say gets regular maintenance — that your highways or contractors, being that it's in the North, and if it's being contracted, are on a daily . . . But let's just say it — I don't know how I want to say this — it happens to be, it's occasionally the roads are gone through. And I'm not going to say that's our main road. But how would leadership or officials that are impacted in that road, would they go through the same process to ask for consideration for the contractor to maybe do snow removal, you know, more than the times that the contractor is doing that? Would there be a process where they could ask for that consideration?

**Mr. Schmidt:** — It would be the same process because the contract that the contractors have, if it's a third party, is with us, and we define the levels of service in the contract. So the process would be the same whether it's delivered by a ministry crew or whether it's delivered by a third party. Those levels of

service are still set by the ministry so those discussions would be the same with our area staff and the local communities. It wouldn't be dependent on the type of service provider.

**Mr. Vermette:** — Okay. And I guess that's why I was asking. With the dollars that you were asking, and I guess extra dollars that were being allocated, that I just thought a question came up to me recently. And this was an opportunity to ask while you guys were here. It was actually kind of good to ask this question, especially if there is going to be new dollars or extra dollars you're asking for. I thought this kind of flowed right into asking the question.

So at this time, I have no further questions, Mr. Chair. Thank you. Thank you for the answer.

**The Chair:** — Mr. Harper.

**Mr. Harper:** — Thank you, Mr. Chair. Back to the Regina global transportation hub. What is the anticipated total cost of the project?

**Hon. Mr. Elhard:** — The infrastructure required to support the global transportation hub — specifically roadworks from the No. 1 Highway to Dewdney Avenue and from Dewdney Avenue up to Highway 11 — the ultimate cost is considered or expected to be \$167 million. The cost of the Lewvan interchange is an additional 32 million, \$33 million.

**Mr. Harper:** — That figure you gave me, was that 167 million?

**Hon. Mr. Elhard:** — \$167 million.

**Mr. Harper:** — And of that \$167 million, what percentage would be the responsibility of the provincial government?

**Hon. Mr. Elhard:** — Well this does get complicated. The federal government has so far committed \$27 million. We committed \$27 million, for a total of 54. If the Lewvan interchange is going to cost us \$32 million, that leaves you about \$22 million over and above that. And that \$22 million is what we anticipate will be the cost of stage one of the western bypass that runs from Highway 1 to Highway 11.

The additional monies over and above that — the \$82 million estimated for stage two, the \$39 million estimated for stage three, and the additional \$24 million for stage four — are going to have to come out of our own resources, our own provincial budget, unless we can get the federal government to contribute in a greater way in the days to come. But they haven't expressed any willingness to do that as yet. We haven't given up on that, but we don't have an agreement for anything more as yet.

**Mr. Harper:** — So basically what the federal government has said is that they'll contribute \$27 million globally once, and then any cost over and above that would be something that would have to be borne by the province and the city.

**Hon. Mr. Elhard:** — Well I guess that's one way to characterize it. But on the other hand, to be fair, when they contributed \$27 million we thought the project was going to be

about a \$93 million cost. But because of the growth and scope of the project, the price tag has escalated quite a bit as well, and we haven't really gone back to the federal well to ask them for more money yet.

**Mr. Harper:** — So at this point in time, what has been the commitment by the province as far as dollars and cents is concerned?

**Hon. Mr. Elhard:** — Well what we did was we committed clearly the \$27 million that was matching the federal money, and that is very clear. But over and above that now, we have the additional cost of the improved infrastructure serving the global transportation hub, which is being called the west Regina bypass. And you know, I think that there is probably a legitimate argument to be made to the federal government that this is an important project. It's going to enhance, you know, the efficiency and flow of goods and services and materials, and they have a legitimate interest in supporting that type of investment.

We will want to be making that argument as the days unfold. But we just got them to commit to a significant amount of money, you know, for the accelerated twinning of Highway 11, and I'd just as soon let that project unfold before I start going back to the well looking for more money for another project.

**Mr. Harper:** — I can understand your reasoning, but what time frame would you anticipate your venture into discussions with the federal government in regards to extra funding for the hub?

**Hon. Mr. Elhard:** — You know, I really haven't given that too much thought. The project, the Regina west bypass that's supporting the global transportation hub, is a project that has been deliberately designed so that it can be staged in to complement the development of the global transportation hub. So if we find a large number of additional players wanting to set up their business operations at the GTH [global transportation hub] — and that will exacerbate the traffic issues and require additional infrastructure quicker — we can accommodate that. If we don't find the uptake happening quite as quickly as we had anticipated, we can moderate the schedule in terms of the development of the west Regina bypass. So because there's so many uncertainties there, I can't really put a time frame on the agenda tonight for our approaching the federal government for more money. I don't think that would be helpful or appropriate at this point.

**Mr. Harper:** — How far along would you say the project is in the time frame from where it was a serious consideration to the time you would expect to have it complete? Where would you say the project is at this time? Would you say it's in the first quarter or near halftime or where are we at?

**Hon. Mr. Elhard:** — I think we're in the first quarter. I think that's a good way to describe it. We are going to see the preliminary construction activity on the Lewvan happening this spring and early summer. And we anticipate that project, that interchange project will be in full progress by this fall. There will be, there will be a lot of work happening there over the next, well, probably three years before we get that interchange completed.

And for those people who are impatient and say it shouldn't take that long, I can tell you that it will take longer for a variety of reasons. One of which is it's on the No. 1 Highway and we're going to have to reroute a lot of important traffic. The other thing is that we are in our . . . early on we have to relocate all of the utility services that are located out there. There were services put in place that didn't anticipate an interchange; they have to be relocated. That's going to take time. There is a considerable amount of dirt work that's going to have to happen. If you've witnessed these kinds of construction projects in other major centres, you know that there's a logistical headache associated with a project of this size, and we're going to see some of that in the next couple of years.

Moving west of town, our first stage is going to see a rehabilitation and a rebuilding of Pinkie Road. And we are investing \$22 million in that exercise as a means of getting early traffic into the global transportation hub. But because we know that the truck traffic and the commuter traffic is going to be considerably greater than Pinkie Road would handle, we have designed an alternate route that will be twinned and will be constructed free of that traffic congestion, and we will maintain Pinkie Road.

When the new part is opened, we'll maintain Pinkie Road as a service road for businesses that are located along there. But initially the first part of the project sees the upgrading of Pinkie Road in its existing location. And the second stage of the project sees the twinning of and the new part of the access road happen. And then later on, we will see twinning north of Dewdney and eventually another overpass, an interchange built at Highway 11.

We have a map that we can provide to you if you would like to see it. It outlines very clearly the various stages and the anticipated cost and a rationale for doing it the way we are.

[20:15]

**Mr. Harper:** — Thank you, Mr. Minister. I would really appreciate having that map. I think it might answer some of the questions I do have in the back of my mind here.

With this particular project and the increased spending in infrastructure both by the provincial government and the federal government, do you anticipate the industry here in Saskatchewan having the capacity to meet the increased spending?

**Hon. Mr. Elhard:** — You know, that's a question I'm really happy to respond to at this juncture because it's been asked many times, and in fact some individuals have suggested that we don't have the capacity to handle all of the infrastructure that is proposed for the province of Saskatchewan over the next number of years.

None of this work is coming as a surprise to the industry. We have talked about our desire to see accelerated highways and related infrastructure happen in this province. And we have done considerable legwork with the industry to say, if we were prepared to spend this kind of money, would your industry respond accordingly? And the uniform — and can I use the word excited? — response has been, absolutely; we can do it.

Now the industry has heard our call for increased activity, and they have gone out and made significant investments in new equipment. But more than that, they've made significant investments in additional personnel. And given what's been happening in the Alberta economy lately, we have been the benefactors of Alberta's slowdown. Many of the skilled Saskatchewan labourers who have been working in the Alberta oil fields and other related industries have come home to Saskatchewan.

They see opportunity here and they are bringing their skills with them. They want to be closer to their families. They want to live in communities where they feel quite comfortable, given their own familiarity with the area. Their children are in schools that they themselves maybe attended. And you know, those kind of familiar surroundings have really enticed a lot of young people to return back to Saskatchewan. They are finding employment here and they are finding opportunity here. And without exception, the industry has said to us, they think can meet any demand we place on them going forward.

I'm really quite excited by that uptake on our challenge to them, and I think that it bodes well for the future of the province and certainly for the players in the construction industry. Whether it's road building or whether it's commercial or industrial construction, I think the opportunities that exist here are going to give both our provincially based and some of our larger companies a real strong capacity — not just to service our needs, not just to service our economic development potential, but to take the skills and the things they learn here and export them across the nation and around the world in years to come. So I'm really excited for the construction industry, and I think that they'll respond in a tremendous way to the challenges that we're laying before them.

**Mr. Harper:** — So, Mr. Minister, you're saying that the industry has already reacted to the announcements both by the province and by the federal government for increased infrastructure spending by expanding their equipment inventory and by expanding their personnel inventory.

**Hon. Mr. Elhard:** — Many of those companies didn't wait for the federal announcement of infrastructure spending or our provincial booster shot. We signalled to them very early in our mandate that we were going to make a concerted effort to address infrastructure deficit in the province. Whether it was roads related or whether it was commercial, industrial, institutional construction, we signalled that we had a deficit there and we had full intentions of moving forward. And the companies willingly and readily responded to those signals.

When I was in your position as critic, I talked to the industry and said, these are some of the things we'd like to accomplish if and when we get opportunity. So it wasn't exactly a secret that we would move aggressively in this area. They knew that would happen, and I think we've kept our part of the bargain and the industry is keeping their part as well.

**Mr. Harper:** — So you're saying that contractors out there have expanded their equipment inventory and their personnel inventory without having received any contracts?

**Hon. Mr. Elhard:** — No, I'm not saying they did it without

receiving any contracts. I think they were prudent and careful enough to want to know that they could see the kind of growth in the industry that we had talked about. I think the signal we sent with last year's budget, for highways in particular, was a clear indication that we were serious about that.

And we went to the industry and we said, this is what we're planning to do, and not only are we planning to do it this year, we're going to be rolling out a five-year plan which we've talked about in this very venue previously. We're going to be laying out a plan so that not only will the communities that are affected by this plan, not only will they know what our intentions are, but you as an industry player will know what our intentions are.

And I think, you know, when it comes right down to it, the one thing a business person is most concerned about is uncertainty. And if you can provide elements of certainty for them in which to build their business case and their business decisions, it allows them to respond in a very, sometimes dynamic and sometimes proactive way. And I think we've seen that in the industry.

**Mr. Harper:** — Do you believe this will create the atmosphere where new and perhaps even younger individuals will get into the contracting and construction business?

**Hon. Mr. Elhard:** — You know, I don't think there's any doubt about that. And I'll tell you why, because not every project is a multimillion dollar project. You know, one of the benefits of the per capita infrastructure money that our government announced just a few weeks ago — the \$100 million that we are providing to municipalities around the province on a per capita basis — one of the benefits of that program was that small communities got unexpected money with which they could employ a small local contractor to repair some sidewalks, build a new rural municipal shop, add on to a government local municipal building. Those kinds of smaller projects that were put on the back burner, or just weren't affordable previously, have now become available to small independent contractors throughout the province.

And I think the much larger projects are the ones that are catching all the public attention and getting the high profile, but some of those smaller projects are just as meaningful in small town Saskatchewan as our accelerated twinning of Highway 11 is.

**Mr. Harper:** — With the extra funds being announced by the province as far as infrastructure is concerned, and increased number of projects and uptake of the industry, will this create a situation where the municipalities or the urban municipalities or the rural municipalities may find it difficult to attract contractors to do their traditional work?

**Hon. Mr. Elhard:** — You know, if there aren't enough contractors in Saskatchewan to do all the work, I bet there'll be some contractors from Alberta or Manitoba who will be happy to come take up some of that work. And, you know, that sounds a bit facetious, but it isn't.

We are, as a province, involved in an agreement, a national agreement where companies and labourers can move back and

forth readily. We don't prevent the migration of people or companies into other areas of the country where work is available. And I think that, you know, there are going to be some contractors in Alberta who are going to be looking for work, and they may want to come here and pick up some of the jobs that our own local contractors haven't been able to fill.

But I would bet — in fact I would place a wager on this — that Saskatchewan contractors will do everything in their power to make sure they do as much of the work that's available to them as possible. And I think that we're going to see some businesses work to a level that they haven't enjoyed in many, many years.

**Mr. Harper:** — With the increased opportunity as a result of increased provincial funding, then the ability for municipalities to attract contractors to do their smaller projects, will this perhaps create a situation where the municipal projects will increase in cost simply to be able to compete with the projects that are much more desirable at the provincial level?

**Hon. Mr. Elhard:** — Well, you know, I think there's always that possibility. But I also know that municipal governance is very fiscally prudent. In fact, I think they claim to be the most financially responsible level of government in the nation. And who am I to argue with that. I think they will be very, very diligent about seeking the best possible price, and I don't think that they'll spend just any amount to have a project done simply because the money's there. I think they'll want good value for their money. And I'm thinking that they will be very, very diligent about protecting that money and the value of the project that they select.

Just as an aside — and this has to do with, you know, our own experience — as you recall, last fall we announced a tender package of \$168 million for provincial projects. It was the largest tender package in recent history. It was announced well in advance of what is normally the time frame. And we had people say to us, all you're going to do is drive up the cost of construction. That's too much money on the table all at once.

Our experience has been exactly the opposite. We have found that putting that tender package out early brought more contractors to the table. Each project had, as an average, more bids than we'd seen in many, many years. And the competitiveness of the process actually produced a tender result that was significantly less than we had anticipated. And rather than tenders coming in inflated at 20 to 24 per cent, as had been the case in the previous couple of years, the tenders were no more than somewhere in that 9 to 12 per cent range inflation. That's still too much, but it was significantly better than it had been.

So the price of our projects, the contracts that we tendered out, were both more aggressive, drew more bidders, and will provide earlier work for the people of the province than we might have otherwise seen.

And I think our experience will be seen by other players in the market if they take this similar approach.

**Mr. Harper:** — Mr. Chair, seeing that the agreed upon time is near at hand, I'll conclude my questions.

**The Chair:** — Thank you, Mr. Harper. Seeing no more questions, vote 16, Highways and Infrastructure, operation of transportation system, subvote (HI10) in the amount of 5,500,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Strategic municipal roads, subvote (HI15) in the amount of 116,150,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Highways and Infrastructure vote 16, 121,650,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — I'll now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for Highway and Infrastructure in the amount of 121,650,000.

Could I have a mover, please.

**Ms. Ross:** — I move.

**The Chair:** — Okay. Ms. Ross. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Vote 16 agreed to.]

**The Chair:** — I would like to thank the minister and his officials for being here tonight and answering questions. And, Mr. Harper, you have a comment?

**Mr. Harper:** — Yes, Mr. Chair, I'd like to join with you in thanking the minister and his officials for being here and your very concise and precise answers. Thank you very much.

[20:30]

**Hon. Mr. Elhard:** — Mr. Chair, I'd just say for the record, I always enjoy these opportunities to discuss one of my favourite topics. And I just wish that my voice had been little more listenable tonight, but I appreciate the questions and the opportunity to have this discussion. Thank you to the committee.

**The Chair:** — Thank you, Mr. Minister, and we'll take a three-minute, four-minute standing break until our next officials come in.

[The committee recessed for a period of time.]

**The Chair:** — Okay, I'd like to call the committee back to order. We are going to consider vote 1, Agriculture, and (AG03), industry assistance and (AG08), farm stability and adaptation. Again I would remind committee members that as

tradition holds on supplementary estimates, we limit the questions to the votes in the Supplementary Estimates book, and I would like to continue with that procedure.

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

**Subvotes (AG03) and (AG08)**

**The Chair:** — Mr. Minister, at this time if you would like to introduce your officials. And if you have any opening remarks, please go ahead.

**Hon. Mr. Bjornerud:** — Thank you, Mr. Chair. To my left is Nithi Govindasamy; he's the associate deputy minister. And Laurier Donais on my right, executive director of corporate services branch. We have Rick Burton behind me here, assistant deputy minister. Tom Schwartz — where's Tom? here we are — director of financial programs branch. Maury Harvey, policy branch manager; and Tim Highmoor, my chief of staff.

Tonight we actually have three areas totalling \$101.4 million. The areas of funding that we've got in the estimates tonight are the recently announced cattle and hog support program for 70.845 million. The actual program costs are estimated at 71.445 million which is offset by internal savings of \$600,000.

2008 AgriStability and AgriInvest programs: 21.722 million. And this is based, I think as the members opposite know, on federal government's most recent forecasts. They change those forecasts as the year goes on, and this is the most recent one. On AgriInvest, higher contributions are required as a result of higher farm sales in the first half of 2008. On AgriStability, additional funding is required because of the significant drop in commodity prices last fall, and the negative effect that that will have at year end on crop inventory values, as well as continued declines in the livestock sector.

The third part is the farm and ranch infrastructure program of \$8.8 million. And what this \$8.8 million was at the time of printing of this, we weren't sure if the federal government was going to cost share the additional dollars for the water program in the Southwest. And as of last Friday, they have come to the table and put their \$8.8 million in. So this \$8.8 million won't be utilized for that program.

So with that I think we would open it up and be open for questions.

**Mr. Harper:** — Thank you, Mr. Minister. First of all I want to welcome you here, Minister, and your officials here. And, Mr. Chair, I'd like to turn the questioning for this considerations over to my colleague, the member from Saskatoon Nutana.

**Ms. Atkinson:** — Thank you very much, Minister, and welcome to your officials. Do any of the increases here represent ongoing or structural increases, or are they one-time funding?

**Hon. Mr. Bjornerud:** — Well the cattle and hog support program, that's a one-time payout. That would be strictly one

time. The AgriStability and AgriInvest programs, of course as I've said, are an adjustment because of the recent forecast that they've come out with. So that would be funding for this year of 2008. So that would be those dollars.

Farm and ranch money, of course, I talked about earlier was 8.8, where we weren't sure if the federal government were going to cost share the additional part of the dollars — as we talked about this afternoon, the uptake was so much higher than we had actually projected — but since then have come to the table with their share. So that would be the 8.8 that actually are in here, although now with them putting their money in place, our provincial money then won't be utilized.

But I guess why we had that in there is we were going to fully fund the additional part of the program in case the federal government didn't want to agree to cost share it, but . . . and we appreciate that they have come to the table and put their dollars in.

**Ms. Atkinson:** — Then if I understand this, Minister, it's possible that \$8.8 million at the end of March will be returned to the Treasury as a result of this federal funding?

**Hon. Mr. Bjornerud:** — Yes, that's right.

**Ms. Atkinson:** — Okay thank you. So there are no ongoing costs in essence associated with any of the \$1.1 million that we're discussing here tonight?

**Hon. Mr. Bjornerud:** — Not really. I guess the only one I might mention — Laurier, you can add to it if you like — but the AgriStability and those funds, I mean, we don't know exactly. I think the member knows this, but down the road and when the actual numbers are in, would it be over a year from now or whenever they're processed into 2009, and, you know again, who knows at what point that's finalized. Those numbers, of course, could differ a little bit from what these are projected numbers from the federal government.

**Ms. Atkinson:** — So none of these expenditures result in increases to staff in your ministry or increases in contract work.

**Hon. Mr. Bjornerud:** — A few people have been hired to help with the additional work there.

**Ms. Atkinson:** — And can you tell me how many term people have been hired, and how long is their term?

**Hon. Mr. Bjornerud:** — Four people have been hired on six-month term. And I think probably, to be fair to Mr. Schwartz and the people that works for him, as this load, you know, it's going to be a heavy load to get these cheques out. We want to start processing them very quickly. They're quite simple forms so they may have to hire a few more people, depending on how the load is and how the applications come in.

But I might add that I believe we're over 1,000 applications already at this point, are we not? Over 2,000 now, so they're coming in very quickly.

**Ms. Atkinson:** — Thank you. Do any of these expenditures involve communications or advertising contracts? And if so,

can you advise us of the name of the recipient of these contracts and the amount?

**Hon. Mr. Bjornerud:** — Not to my knowledge. There's no communications costs here whatsoever. These are strictly costs for the program themselves, each in the separate program.

**Ms. Atkinson:** — Thank you. The money for the Saskatchewan cattle and hog support program, is this money that is coming from the rainy day fund or is this money that's coming from the GRF [General Revenue Fund]?

**Hon. Mr. Bjornerud:** — Out of the GRF.

**Ms. Atkinson:** — Okay. Thank you. And I want to spend some time on the Saskatchewan cattle and hog support program. Minister, you've indicated that there were over \$600,000 in savings that offset the seventy, you know, two million dollars. Can you explain to the committee where those savings have come from? How many people have lost their employment as a result of these changes?

**Hon. Mr. Bjornerud:** — I might turn to Laurier and get him to respond to the 600,000 in savings and where that came from.

**Ms. Atkinson:** — Thank you.

**Mr. Donais:** — Yes. The 600,000 is really a couple of items. We have a loss-on-land sale item for 400,000 which we won't be utilizing this year, and then there was a couple hundred thousand in accommodations capital that we won't be utilizing as well. So those were the two items that make up the 600,000.

**Ms. Atkinson:** — I understand that there's some people that have lost their employment at the food centre in Saskatoon. And I'm wondering, is that part of the redirect into this program or is that some other . . .

**Mr. Donais:** — No.

**Ms. Atkinson:** — So that would be a discussion for estimates.

**Hon. Mr. Bjornerud:** — Another day.

**Ms. Atkinson:** — Yes. Okay, thank you. Can you advise us how many cattle producers you expect will access this program, and how many animals do we expect this money will cover on the cattle side?

**Hon. Mr. Bjornerud:** — Okay, the number of producers out there, you ask, on the cattle side? About 15,000, and about 1.39 million head. And these of course are projected numbers. We'll see as the applications come in.

**Ms. Atkinson:** — And on the hog side?

**Hon. Mr. Bjornerud:** — Two hundred and twenty producers; market hogs, about 1.7 million; market hogs, iso-weans and weanlings, 1 million; for a total of about 2.7 million hogs.

**Ms. Atkinson:** — And in terms of . . . How much do you expect to go towards the cattle industry? How much do you expect to go into the hog industry?

**Hon. Mr. Bjornerud:** — Roughly about 56 million on the cattle side and about approximately 15 million on the hog side. That's our projections.

**Ms. Atkinson:** — Thank you. Minister, today we learned that we've lost about 30 per cent of the number of hogs that were grown in the province. Does that number jibe with what your officials would understand the situation to be? This will have happened in the last year.

**Hon. Mr. Bjornerud:** — That's pretty well where we feel that the herd has downsized from on the breeding side. That's right, yes.

**Ms. Atkinson:** — And on the cattle side they're saying about 8 per cent, but we believe it's much higher than that. Do you have the same opinion?

[20:45]

**Hon. Mr. Bjornerud:** — Yes, that's roughly about the same area, I think, 7 maybe 8 per cent. I think Alberta's numbers were, on the cow side, were a wee bit higher than ours. But overall ours are a bit more than theirs.

**Ms. Atkinson:** — Okay. So we know that certainly the organizations were asking for \$100 per cow, this on the livestock side. And I think they're appreciative that \$40 a cow came from the province with the anticipation that the federal government might be prepared to top up \$60 a cow. What do you think the likelihood of this is, come to the table?

**Hon. Mr. Bjornerud:** — As you know, we were at Ottawa in fed-prov meetings. And I put that on the table at that point, and we didn't get the response that we had hoped. And as of right now, I don't see anything in the near future that the federal government is going to do.

One bright spot maybe be that they did do something in northern Manitoba for where the flooding was, for cattle and an acreage payment. And I mean they certainly needed that there. And I think we're, you know, we'll be following up continually with the federal minister and talking to him continually about this. And who knows, I can't speak for the federal minister of where they might be going into the future, but I hope they still consider something to assist our livestock industry — both cattle and hogs.

**Ms. Atkinson:** — So, Minister, I know that I've gotten lots of phone calls in my Saskatoon Nutana constituency office, being the Ag critic. I'm sure that you've gotten many more phone calls than I have. How would you describe, from your vantage point, the situation for the guy out there that's involved in the livestock industry?

**Hon. Mr. Bjornerud:** — I think we all realize they're under stress right now. I think I mentioned this afternoon that since BSE [Bovine Spongiform Encephalopathy] really, we haven't had any really good times. The one year they went up a little bit.

I guess one positive thing right now in the last few weeks like, you know, calf prices and the prices for cattle have come up a

wee bit, but nothing to where we need to go. So I think again it really, you know, it's important that if the federal government would come to the table, that would be great.

We've talked today also about oil being \$40 or under right now, which makes a big difference as the member is full aware. You were in government for a lot of years, that you know how funding comes in before you can spend it. I mean you have to be able to have to have the dollars come in.

So there's a lot of things go on with this, but again it would sure have helped if the federal government had of come and put their 60 per cent in. And it wouldn't have solved all the problems; I don't think any producer would tell that. But I think the cattle industry and the hog industry . . . but the cattle guys were asking for \$100, and I don't think they've changed that.

I know some of the cattle associations have just come back from Ottawa. And I'm not just sure how they made out down there, what the response is. I really haven't had a chance to check with them and, you know, see what kind of feedback they've got. But they're lobbying on behalf of their industry, and good for them.

**Ms. Atkinson:** — So we both recognize that things are pretty grim in the cattle industry and in the hog industry as well. What do you think it will take to get some movement on the part of Ottawa?

**Hon. Mr. Bjornerud:** — Get Ottawa to address this issue?

**Ms. Atkinson:** — Yes.

**Hon. Mr. Bjornerud:** — I don't know. I mean this is, I guess, my argument, and I think the member's well aware, my argument was that if the auto industry in Ontario and other sectors were getting stimulus dollars to help the economy — which is fair; I mean the auto industry's in tremendous trouble down there too, and I don't think anyone would really argue they possibly don't need help — but then I guess my argument was that if that's the situation in their industry, our cattle industry is in stress here too.

And if you're going to help them, I think, certainly from my perspective I thought it was only fit . . . And we're trying to help the economy country-wide, not just in everywhere else but Saskatchewan because Saskatchewan is doing well, but the cattle industry could use that assistance too. And that was my argument. Of course you knew I came home with no dollars. And no one was more disappointed than I was.

**Ms. Atkinson:** — So one person contacted my office. I don't speak to them directly, but they talked about their bailout, that we just got our bailout from the province — meaning, you know, \$40. It costs about \$40 to buy a bale of hay, and so it'll feed a cow for a week. What do I do next week?

So I'm wondering where do we think this industry . . . We've just spent \$72 million to support this industry with no help from the federal government. Where do you think this industry will be if markets don't open up? We see the consolidation of the meat-packing industry, auction houses are consolidating. I mean it's getting pretty grim in terms of hope. So where do you think

this industry is going to be a year from now?

**Hon. Mr. Bjornerud:** — Well the one thing I don't think that's reflected through in the price of cattle to any great degree is the dollar coming back down, which is a real plus for all our export, but especially cattle and hogs — same thing. A lot of our cattle and hogs go to the US [United States]. And, you know, the dollar coming down, that should translate. Always it was before, but it hasn't — and I'm no expert, so don't get me wrong here — but it doesn't seem to have translated down into the increased prices. And I'm hoping that's still to come. The markets are so unstable right now. I don't think anybody realizes what's going on.

COOL is going to play a big part in this, country of origin labelling, if they put in more strenuous rules. And maybe it looks like now, and I think time will only tell, that prices are improving a little bit — not dramatically, but they are at least coming up a little bit. Calf prices were a little higher today again, and that's a really good sign. And let's face it, that's going to solve the problem more than any government support program — whether federal, provincial or anybody else.

I guess the part that we're also missing here a little bit is the programming, the AgriStability part of the programming that just is not working out there; it's not adequate. So you know, that's the other area . . . When we went with fed-prov meetings, along with asking for support for the cattle and hog industry, that was the other part that I pressed Ottawa and talked to the other provinces about, too, is that this program is not sufficiently working for the producers, or we wouldn't be here. And I think every producer in the province will tell you that.

**Ms. Atkinson:** — Well I would like, I suppose we could talk about that in a minute, but . . . about AgriStability.

But the other group of people that have contacted us about not accessing the program are the people involved in the elk and deer industry. And I think all members of the legislature received a letter from the three industry associations. And I get the sense in the letter, Minister — and I realize having been a minister that sometimes what you say is misinterpreted — but I'm wondering. They clearly believe that you indicated that this industry should not be excluded from the livestock payments, and I'm wondering what caused . . . maybe you were misunderstood, but if you weren't, what caused the sober second thought that the deer and elk industry were excluded?

**Hon. Mr. Bjornerud:** — Actually I wasn't misunderstood; I never made the comment. And I got the same letter you did and that was one comment that I didn't make to the industry. I might add to that, though, demand for elk meat right now I think is fairly strong. Prices are somewhat higher than last year, currently at about four-fifty a kilogram. European markets are driving the demand for elk right now and that's a really good sign.

And I guess I go back to the calls that we had, and I'm sure you receive some of them too, from the cattle side and the hog side on a continual basis. I've met with the industry on both the cattle and the hog side continually, but I've never really had calls from the elk industry asking for a support payment. And the letter came after, of course, we . . . at least I received it after

we had put the \$40 for cattle and the hog support program together. So it was kind of after the fact that that ask came in. It was certainly not one that I'd heard before.

**Ms. Atkinson:** — Okay. So it's your position that at no time did you ever indicate to this industry that they should not be excluded from any kind of payments.

**Hon. Mr. Bjornerud:** — Not at all.

**Ms. Atkinson:** — And is it also your position that you didn't suggest that this industry should be moved into the domestic livestock industry with some regulation changes because that was also indicated in the letter?

**Hon. Mr. Bjornerud:** — I'm sorry, I didn't quite get that.

**Ms. Atkinson:** — In the letter they indicated that you agreed that the elk and deer industry should be moved into the domestic livestock industry. This would require a regulatory change.

**Hon. Mr. Bjornerud:** — That is their ask. I believe it was when you were government, and I believe it is now. That's what they've asked us for, and that's what we're working together with them. And I think as you're fully aware, that the industry was splintered off into two, maybe three, different sectors. And I think my indication, where I'd like to see them go before we make any change, is have the whole industry speak as one. I mean, we can't satisfy anybody out there when we're hearing about two or three different opinions of where we should go and things like that. And I think that that process is somewhat in the works right now.

And, you know, as government — and I think you're fully aware of this — it's really hard if you're not dealing with just one representing body out of each one of the industries. It makes it very hard. So I think we're working well. You know, it's starting to come together, but really the ball is in their court right now to get that group together and sit with us. And then that's the direction they've indicated they'd like to go, is have that fall under Agriculture, and I think they have . . . There's reasons for and against, I suppose, but it's sure something we would certainly look at it.

**Ms. Atkinson:** — Thank you. Does your government have any plans to assist this industry?

**Hon. Mr. Bjornerud:** — Are you talking like a support program? No, at this time there's no plans for that.

**Ms. Atkinson:** — Thank you. My colleague wants to ask you some questions, so I'll turn it over to her.

**Hon. Mr. Bjornerud:** — Thank you.

**The Chair:** — Ms. Higgins.

**Ms. Higgins:** — Thank you very much, Mr. Chair. Mr. Minister, could you actually just answer some questions about the funding for the Farm and Ranch Water Infrastructure Fund. The original program was projected to be for \$15 million?

**Hon. Mr. Bjornerud:** — The original program we started, it was a provincial program we started for \$6 million. And then of course we approached the federal government to see if, again, we could get the 60/40 cost sharing, and we did. And that was very good. It was a \$15 million program.

**Ms. Higgins:** — So it was 15. With the federal and provincial money, 15.

**Hon. Mr. Bjornerud:** — Yes, 60/40 cost shared.

**Ms. Higgins:** — And then you had mentioned today that your applications were 29 million. You decided to cover all of the applications for the program, so it would have been 14 million more. The 8.8 million will now be covered by the federal government. So where did the Department of Agriculture get the other 5.2 million to cover the extra applications?

**Hon. Mr. Bjornerud:** — We found it out, you know, we put it together out of the Department of Agriculture through cost savings from other areas that we found where programs maybe didn't utilize all the money and things like that. I don't know . . . Nithi or Laurier, you want to respond to that? I would be glad to have you do that.

**Mr. Donais:** — Yes. It's taken from a number of areas. We had received 9 million in supplementary estimates for AgriStability administration back in November, and we'll probably only spend about 7 million there. So there was a couple of million there. There was a couple of million, I think, on the gopher rebate program that we had received supplementary estimates again last November.

We were underspent under irrigation development and also our livestock development branches due to vacancy management. And irrigation development was underspent because of delayed infrastructure rehabilitation. And then also in our financial programs branch there was some vacant positions as well, so vacancy management there.

**Ms. Higgins:** — So how much was received out of vacancy management?

**Mr. Donais:** — Well we had about 500,000 in irrigation, so there would have been probably about 700,000 through vacant positions through those other two branches, livestock development and financial programs.

**Ms. Higgins:** — Thank you. Now of the 65 . . . there's 65 municipalities that are in the designated drought area. Is 65 the original number?

**Hon. Mr. Bjornerud:** — Actually when we first come up with that number was, I believe there was 46 in the area that the federal government had give the tax exemption to — you know, you were in the dry area and if you had to sell your cattle and things like that. And then what we did — because there's never a perfect boundary, I don't think, no matter what program you did — but we put a buffer right around the whole area where 46 RMs were. And then that's how we came up with the final number of RMs that were involved in the water program. And then I know, there's still RMs that were, you know . . . it's hard to get that perfect boundary out there to deal with it.

**Ms. Higgins:** — I know, rain doesn't fall in artificial boundaries, or runoff from snow. I was told that there was an appeal process where RMs could appeal the designation or lack of designation for their RM. Is that accurate?

**Hon. Mr. Bjornerud:** — My numbers were almost right, but not quite. There was 47 RMs originally, and 18 were on . . . and that was the 18 where they appeal zone, if they wanted to be in. Outside of that boundary, there is no appeal process.

[21:00]

**Ms. Higgins:** — So there was no municipalities that were added along the north of the original 47, by the looks of the map.

**Hon. Mr. Bjornerud:** — We started, yes, and stayed.

**Ms. Higgins:** — So none of those appealed, or the buffer along the north? Or you just ended at the original tax deferral program?

**Hon. Mr. Bjornerud:** — All south of south Saskatchewan, yes.

**Ms. Higgins:** — My understanding had been that there was a process for other municipalities to appeal the designation. Was there any other requests that were made to the department?

**Hon. Mr. Bjornerud:** — We had a number, as the program got out there and people understood. And I think we even had calls, you had calls to us that you've had to your office. And I might even go as far as Southeast corner where it got quite dry this summer — you know, calls from them, and sporadic calls kind of around that buffer zone in the Southwest.

And again, you can't find that perfect number. It would have been nice to, but we weren't sure, as we saw how the uptake was in the Southwest, we put in those boundaries thinking that the 15 million would be adequate. And of course our best guesstimate wasn't close. And I think that's a good sign because it showed the program was needed and certainly going to be utilized. So, you know, we'll look at it into the new year and see where we go with that.

**Ms. Higgins:** — You're right, I did have — I think I had sent you a couple letters — I did have a number of calls in the constituency office, one in particular that comes to mind where they were a mile outside of the designated area. And I know the calls that I've received have talked about lack of runoff over the last number of years, where dugouts have not been flushed or sloughs have not been flushed, and they're not usable by livestock. So they've had to move or haul water. So it's a problem.

And I believe there was also a letter sent to you by the local watershed organization. And I know, in the one response that you had sent out that comes to mind, that you had talked about having discussions with the federal government on the Growing Forward ag policy framework about long-term or a more permanent water program, and support for producers right across the province. I haven't heard anything publicly. Has there been further discussions in that, or with the federal government over that program?

**Hon. Mr. Bjornerud:** — I'm just going to check with my officials for a moment. CSWSEP [Canada-Saskatchewan water supply expansion program] is a program that the federal government funded and the province actually administered it — right? — but the funding was from the federal government. That program is actually right now, as far as we know, the federal government is not going to be put back in place again. And then that's, I guess, disappointing. Although our provincial program cost shared by the federal government is, I guess, taking place to a degree on that.

But to go back to the, you know, the letters that we've got that you had and you passed on and we appreciate that. But we had more than that, because there's other areas in the province, but especially around the boundary, and I certainly understand their frustration because a mile, half a mile, could make sure . . . you know, cut you out of the program.

But I guess the problem we had is if you let one more RM in then — and not that they didn't deserve to — where do you start and where do you stop. And I think that's why, this next year, we're looking at where can we go into the next year to see. You know, we've learned a lot from the program that we've set up. This was the first year of this program.

**Ms. Higgins:** — I'm sorry. I didn't catch the acronym that you used for the federal programs. C . . .

**A Member:** — CSWSEP.

**Ms. Higgins:** — Which is what?

**A Member:** — Canada-Saskatchewan water supply expansion.

**Hon. Mr. Bjornerud:** — It's real simple if you know what it is.

**Ms. Higgins:** — Yes, I know. And you could have about a two-inch book of acronyms I'm sure that would be forever changing. So this program is done, is that my understanding? The work has to be done.

**Hon. Mr. Bjornerud:** — Our program was done for the . . . It's the 2008-2009 year.

**Ms. Higgins:** — The work has to be completed by November 1 of this year, or November . . .

**Hon. Mr. Bjornerud:** — November 1, '09, yes.

**Ms. Higgins:** — That's this year.

**Hon. Mr. Bjornerud:** — Yes. As long as you have your application in before December — what was the date, Tom? — December 3. You didn't have to have the work done, of course. And then approval, we're still actually sending out more approvals because we had so many applications come in there that last week or two. So those approvals hopefully will be out in the next couple of weeks so that producers — or the ranchers, farmers, whatever they are, whatever kind of a project they're doing — know that they're approved, can go out and hire somebody and then work on into the summer, as long as they complete that by the fall of 2009.

**Ms. Higgins:** — So are there any other programs available through the federal government and provincial government that would give any support to producers for, like ongoing support for producers for dugouts or pipelines or water source?

**Hon. Mr. Bjornerud:** — Not that I know of. Do you know of any other that we've got? The provincial program, the CSWSEP's coming to an end. No, I don't think so.

**A Member:** — Nothing at this point.

**Ms. Higgins:** — So then have there been discussions on the Growing Forward ag policy framework? Because in the one letter you referred to that, and ongoing discussions to see what could be done for the coming year.

**Hon. Mr. Bjornerud:** — Well yes. Growing Forward we haven't signed onto yet because negotiations are still going on — where the money can be activated, what money can be levered for whatever part of a program. So that's not finalized yet, so I don't know exactly where we're going to end up with that. But really where we are right now is with the program we have, and then of course budget next week. We'll see where we go from there.

**Ms. Higgins:** — Oh, okay. So you're not going to give us a heads-up on budget?

Well, Mr. Minister, I know there's a real need out there. And when we see the changing climate conditions and weather patterns that have happened across the province and shifts. I mean there's been some real shifts that I know producers have adapted to through a variety of means, but I know it would be greatly appreciated if there was an opportunity for producers to be more proactive and the government to be proactive, instead of waiting for a drought of a couple years before a program's put in place, a little more proactive instead of reactive.

**Hon. Mr. Bjornerud:** — I talked this afternoon a little bit about SARM [Saskatchewan Association of Rural Municipalities], about Doug Steele, Dave Marit, and Larry Grant — who are producers out there of course, but Dave and Doug being involved with SARM — being part of the process of helping Tom and the people that were involved from the department setting this program up and how we put it together. And I think one of the things we tried to be was flexible.

Of course, you know, we're talking about boundaries. They had to be set. But it was kind of . . . To start with, we were learning. We put some parameters in place, but then also said let's be open-minded about if there something comes in that we haven't thought about, let's be flexible to try and include them.

Because as I go back to CSWSEP before, it was a very structured program, and deadlines were the way it was, and the rules were in place. And if you didn't quite qualify, you were excluded. And as my farming background always . . . It always seemed to pick out the people sometimes that needed it the most because we made those rules so stringent.

I think these people put together a really good program here, and I think by the uptake of it has showed that the producers out there, you know, as they realize what the program was and how

it was funded, I think will appreciate it. But I agree with you that the need is certainly out there. I think the benefit side to this type of a program is those wells will be there hopefully for 20 or 30 years. And we're going to have a lot of, probably a number of droughts through that period, and these wells hopefully are there to help them through that.

**Ms. Higgins:** — I'm sure you're aware that you also have a resolution coming forward at SARM that deals with this exact issue. And it's put forward by the Regina District Association of RMs — Baildon, which is one of the ones that I received calls from, and Redburn, Marquis, Terrell— and deals with this program. And really suggest that there be a long-term, ongoing program that's put forward. So I guess I would just put in a plug that being you've got an extra 8.8 million, and I know Finance won't look at it as an extra 8.8 million, but you could always, I'm sure, make a good case for putting it towards some long-term programming.

**Hon. Mr. Bjornerud:** — Well we saw the success of the applications that come in this year, I think, so it gives us a good indication this would be somewhere, I think, money very well spent. So I agree with you.

**Ms. Higgins:** — Thank you very much for the answers.

**Hon. Mr. Bjornerud:** — Thank you.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — I also want to talk about the provincial farm and ranch water infrastructure program, and I want to talk about a specific case. And it's in relationship to a comment you made earlier in response to my colleague, the member from Moose Jaw, where you said as a farmer, you noticed that sometimes people who had the most difficulty were ineligible, and you wanted the program to be flexible. So here's your opportunity to be flexible, Mr. Minister.

I received a letter from a ranching couple in the Mossbank area. Now this is extremely interesting. They drilled their new well in the fall of 2008 and their yard site is not located in an approved rural municipality. It is however — the well — is approximately 60 feet north of the road allowance which divides the RM of Sutton 103 which is an approved area from the RM of Rodgers which is the RM their well is in. So more than half of their ranch land is located in the approved RM, and there was actually more moisture in that RM where the ranch land is than in their own yard.

They contacted an office in the ministry. They were informed that they should apply even though they recognize that they were 60 feet outside of the road allowance, that there was a review process where there were unusual circumstances, an unusual application such as theirs. So they applied. And they supplied additional documentation showing their proximity to the approved RM, and also their property tax statements from that RM as well.

They received a letter dated the end of January which informed them that their application was ineligible simply because they weren't located in the approved RM. They had a telephone conversation, and they were advised that a ruling had been

reached at a review, and they just weren't eligible. And so they've contacted myself.

Now they're saying that had they understood this, they could have dug the well, drilled the well, on the adjacent property in the approved area and had it trenched — including power and electricity and whatnot — to their yard. The cost of the project would've been much greater, to both themselves and to the people of the province. So I guess I'm wondering, Minister — 60 feet.

**Hon. Mr. Bjornerud:** — And that comes back to what the member had talked about before, that boundary being there. And I'll take full responsibility for that because the problem we had with the boundary was, we had many RMs and producers within those RMs that touched the boundary or bordering. And I guess the concern we had is when, the minute we open it up for one, then how do you say no to the next RM, the next RM, and the next RM.

But I would appreciate though . . . And we may have that; I may have that in my office. I'm not sure, I don't remember it offhand. If I could get a copy of that or some more of the information on that . . .

**Ms. Atkinson:** — There was also a copy sent to yourself.

**Hon. Mr. Bjornerud:** — Okay. I'll take another look at it.

**Ms. Atkinson:** — And there was also a copy sent to these folks.

**Hon. Mr. Bjornerud:** — I certainly understand what they're saying.

**Ms. Atkinson:** — You do.

**Hon. Mr. Bjornerud:** — When they got land on both sides and, yes.

**Ms. Atkinson:** — So do you think, is it sort of cut and dry? Or do you think there's a possibility here?

**Hon. Mr. Bjornerud:** — On boundaries it's been cut and dried to this point and I think the officials . . . I should've checked with my officials, who know what they're talking about. They were approved on Monday.

**Ms. Atkinson:** — Oh, thank you. A verbal approval. Oh my goodness, well good.

**Hon. Mr. Bjornerud:** — Look at how fast that worked. And I didn't even know what I'm talking about.

**Ms. Atkinson:** — Amazing. Well that's very good news. I will actually . . . that's very good news. Okay. Well, thank you. Thank you very much for that.

**Hon. Mr. Bjornerud:** — So it's because you liked the first part of my answer, and we'll go by the people that I asked here.

**Ms. Atkinson:** — Well I'm glad I raised it because we now know they were approved.

**Hon. Mr. Bjornerud:** — Yes, and the reason, that makes what we talked about before because they had land in the area of the program, is why they would qualify for that. So it was the point you made . . .

**Ms. Atkinson:** — So there is some flexibility.

**Hon. Mr. Bjornerud:** — Yes.

**Ms. Atkinson:** — Yes, okay. Good. Thank you very much. But there's no flexibility for Ms. Higgins's constituent.

**Hon. Mr. Bjornerud:** — That's no.

**Ms. Atkinson:** — Okay.

**Hon. Mr. Bjornerud:** — My position is I don't want to be wrong twice in the same night.

**A Member:** — Just a few 60 feet in a mile, you know.

**Ms. Atkinson:** — So, Minister, the last portion that I want to discuss is the \$21.7 million for farm stability and adaptation. And I note that there was . . . You received \$9 million earlier. This was in the November mid-year, and this was to help with the transfer of the AgStability program to Melville. It looks as though there's some money from that, the \$9 million that was earlier agreed to in November, some of that money is being used for the Saskatchewan Farm and Ranch Water Infrastructure Fund. So I'm wondering, can you explain precisely what the \$21.7 million, how it's going to be allocated?

[21:15]

**Hon. Mr. Bjornerud:** — I'll ask Laurier to respond to that, if he could please.

**Mr. Donais:** — Okay.

**Hon. Mr. Bjornerud:** — Could you maybe repeat that question again so we get a grasp exactly what you're asking?

**Ms. Atkinson:** — So part of the supplementary estimates, we're being asked as a committee to approve 21.7 million. For the farm stability and . . . Under farm stability and adaptation which I guess is for our portion of AgriStability, AgriInvest. And I'm wondering . . . And we earlier agreed to \$9 million in November. It sounds as though not all of that money is going to be used for the transfer at this time, between now and the end of March. So some of that 9 million was allocated to the Saskatchewan Farm and Ranch Water Infrastructure Fund. So I'm wondering, can you tell us, the committee, how you're going to allocate, based on the information you have at present, the 21.7 million?

**Mr. Donais:** — The 21.7 million will be split between . . . and none of it really is for administration or bringing the administration to Saskatchewan. So it'll be split between both AgriInvest and AgriStability for the 2008 program years. And so about 8 million will go to AgriInvest because of higher forecasts from the federal government, and about 13, 13.7 I guess for the AgriStability program.

**Ms. Atkinson:** — In terms of AgriStability, the 13.7 — can you give us some indication what portion will be allocated to grains, what portion to livestock, what portion to hogs?

**Hon. Mr. Bjornerud:** — That's really hard to answer because it's an overall projection from the federal government, from the federal program, to say this is what the projections are of what Saskatchewan's amount will be that you have to put into the program. So I don't know if that breakdown is even possible at this point, is it? I guess we could maybe try and find that, but I don't even know if we have access to that. They give us the overall numbers.

**Ms. Atkinson:** — The reason why I ask that, Minister, is because earlier you indicated that some of this money would be going into the livestock industry because of the decline of the livestock industry and the hog industry. And I haven't met one livestock producer who's told me that they will access any AgriStability money this year. They say because they have negative margins, they simply aren't eligible. So did you misspeak?

**Hon. Mr. Bjornerud:** — I don't remember really. That certainly wasn't the intent of what I said. I think what I did say was that the programs certainly aren't working to my satisfaction and I don't think the producers' either. And, of course, we both know when the margins go down, at a time probably when producers should be getting a payment, they're almost pushed right out of the program.

**Ms. Atkinson:** — I guess, in your opening remarks, you talked about money being required for AgriStability because of the significant drop in commodity prices last fall and because of the continued decline in the livestock sector.

**Hon. Mr. Bjornerud:** — Yes, but I was more talking on the grain side where prices had gone up and then it backed off.

**Ms. Atkinson:** — So can you tell us, do you believe any of this 13.7 million, whether there's anybody in the livestock industry that will be able to access any of the additional money that we're allocating here tonight?

**Hon. Mr. Bjornerud:** — Well I imagine there'd be producers out there that will get cheques, but I certainly don't think it's adequate — the numbers of producers that are getting cheques. But I don't think . . . We have no way of knowing that until their applications are processed through. And you know, as I said today, there's still 115 from 2006 that aren't processed. So we're far from having all of this year's processed.

**Ms. Atkinson:** — So obviously we've got information from Ottawa that has indicated to us that the province is going to have to increase its cost-sharing arrangement. What data do they use? Is it sales? Is it markets? What is it that they would use to determine that we need to increase the amount of money that we're allocating to this program?

**Hon. Mr. Bjornerud:** — They have, I guess, a formula, for all intents and purposes. And I certainly wouldn't profess to be an expert on that. I don't know if anybody really knows because sometimes I think when their forecast goes up, we would think probably the payouts would be down.

But we go by the federal numbers and really have no choice because they put the projection out and that's what we get our number from, whether we agree with them or not. And again, I guess until the smoke clears and you process all for 2007, for 2008, and of course that's the process we'll be in right now, or they're in this year, is for 2007. But then as 2008 comes on board and we go with those, nobody knows until the final numbers are in

I would presume there will be some going to the cattle industry, but if there's a lot going there, we're sure not hearing about it. And, you know, I don't think producers are pulling our legs here; I don't think that's really happening to any great degree out there.

**Ms. Atkinson:** — Okay. So we're relying upon a forecasting model from Ottawa, okay. Understood. So this money is something that we have to expense this year, but we're not necessarily going to pay it out this year. Is that correct?

**Hon. Mr. Bjornerud:** — I think that's the same as happened in the past. That projection has come out for 2006 — correct me if I'm wrong, guys — 2007 and so on, 2005. And some years we're not even close. I think the one year, if I remember right, we were \$100 million out, were we not, on their projection. So as I said, you know, we don't always have to agree with their numbers, but we have to go by them. It's the only game in town. I don't think because they're projecting every year that they've seemed to have hit very close, but of course projections are projections.

**Ms. Atkinson:** — Okay. And AgriStability that once again . . . or AgriInvest, you indicated that there's 8 million that's being forecasted to be allocated to AgriInvest. Can you give us some general idea what this is based on?

**Mr. Donais:** — Well, the AgriInvest program is based on, I believe they used to call it eligible net sales — is it still the same term? — eligible net sales. And it's a certain percentage that both the two levels of government put money into. So yes, one and a half per cent, I guess, of eligible net sales.

Just to be clear, this money here, this 21.7 is in addition to what was provided in the main estimates. So it's not just 8 million for AgriInvest; it's 8 million additional for AgriInvest.

**Ms. Atkinson:** — Okay. I think fundamentally, Mr. Chair, those are all of my questions for tonight. My colleague has a few more, but I think I'm . . .

**Ms. Higgins:** — Thank you very much, Mr. Chair. Just one quick question. This afternoon in your comments you talked about an expansion of service centres to Moose Jaw. What was expanded into Moose Jaw because we've had a farm service centre for a number of years already. So what was expanded into the service centre?

**Hon. Mr. Bjornerud:** — Rural service centre has been in Moose Jaw all the time, although there was hardly even a sign on the door that anybody would actually even know it was there. What we're putting in there, and that wasn't a smack, that was just saying that we need to put a sign on there so farmers know to come in. And I talked about that this afternoon. We'll

have a forage specialist, a livestock specialist, crop management specialist, and a farm business management specialist in those offices, in addition to what you already had in Moose Jaw before. And that'll be the same in Kindersley and all around the province.

**Ms. Higgins:** — So the . . . sorry. Could you just repeat what's being added that wasn't there previously?

**Hon. Mr. Bjornerud:** — Okay. Crop specialist, livestock specialist, farm business management specialist — and still I'm missing one, guys — and the forage specialist. Yes.

**Ms. Higgins:** — Okay. Thank you very much.

**The Chair:** — Seeing no more questions, vote 1, Agriculture, industry assistance subvote (AG03) in the amount of 79,645,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Farm stability and adaptation, subvote (AG08) in the amount of 21,722,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Agriculture, vote 1, 101,367,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — I'll now ask a member to move the following resolution:

Resolve that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for Agriculture in the amount of 101,367,000.

Ms. Wilson.

**Ms. Wilson:** — I will so move.

**The Chair:** — Ms. Wilson. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Vote 1 agreed to.]

**The Chair:** — Go ahead, Mr. Minister.

**Hon. Mr. Bjornerud:** — I just want to thank the members for their questions and all of the committee members here today, but I especially want to thank my officials who have straightened me out here, given me the real facts. And I appreciate that and thank them for coming out tonight. So thank you.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Yes, Mr. Chair, I also want to thank the minister and his officials for the information. I'm sure we'll

have many, many questions once we get to estimates.

**The Chair:** — I also would like to thank the minister and officials for being here this evening, and I'd like to thank the committee for their participation. And at this time I would move that the committee is now . . . I forgot one thing here.

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

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

**Ms. Ross:** — I so move.

**The Chair:** — Ms. Ross. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Now we are officially done, and again I would like to thank everyone. And this committee is now adjourned.

[The committee adjourned at 21:28.]