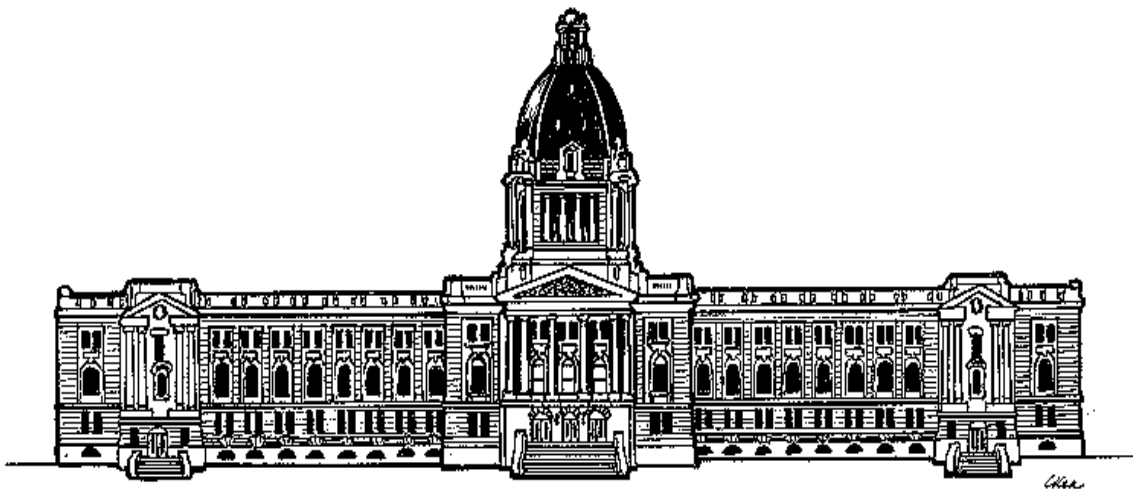




# **STANDING COMMITTEE ON THE ECONOMY**

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## STANDING COMMITTEE ON THE ECONOMY

Mr. Lyle Stewart, Chair  
Thunder Creek

Mr. Len Taylor, Deputy Chair  
The Battlefords

Mr. Rod Gantefer  
Melfort

Ms. Nancy Heppner  
Martensville

Hon. Darryl Hickie  
Prince Albert Carlton

Ms. Sandra Morin  
Regina Walsh Acres

Ms. Nadine Wilson  
Saskatchewan Rivers

[The committee met at 20:07.]

**Bill No. 167 — *The Saskatchewan Grain Car Corporation Amendment Act, 2011***

**Clause 1**

**The Chair:** — Welcome this evening. We're here in the Economy Committee to discuss the consideration of Bill No. 167, *The Saskatchewan Grain Car Corporation Amendment Act, 2011*. I'll introduce the members of the committee. We have Ms. Heppner on the government side, Mr. Gantfoer, Mr. D'Autremont sitting in for Ms. Wilson, and Mr. Elhard for Mr. Hickie. On the opposition side, we have Mr. Taylor, and Mr. Nilson sitting in for Ms. Morin.

Mr. Minister, would you care to introduce your officials and make any opening remarks?

**Hon. Mr. Reiter:** — Thank you, Mr. Chair. To my left is my chief of staff, Jason Wall; to my immediate right is Bob Mason who is the president of the Saskatchewan Grain Car Corporation; and beside Bob is Kelly Moskowy, the vice-president of the Saskatchewan Grain Car Corporation. And if I could, Mr. Chair, I would like to just read into the record some brief opening comments.

Actually I should just preface this first. In the previous committee meeting where we considered this Bill, a number of matters were raised and I think I'd like to speak briefly to those.

In 1980 the Government of Saskatchewan made a strategic investment of approximately \$55 million by purchasing 1,000 covered hopper cars for the movement of export grain grown by Western producers. These cars have been a key component of the grain handling and transportation system since that time.

To repay the loan received from the Heritage Fund, the Saskatchewan Grain Car Corporation originally received grants from the Ministry of Agriculture. In 1992, as with other Crown debt, the Gass Commission recommended that the remaining \$36 million debt of the Saskatchewan Grain Car Corporation be written off and treated as an expenditure rather than an asset in the government financial statements.

On the budget Bill designation issue in respect to whether or not this legislation constitutes a budget Bill, I believe that it does. The government has made the decision to transfer responsibility for the shortline railway sustainability grant program to the Saskatchewan Grain Car Corporation. This fact was communicated publicly. There is a line item in the budget allocating funds to the Grain Car Corporation for this program. *The Saskatchewan Grain Car Corporation Act* requires legislative amendments to give the corporation the legislative authority to provide funding to these shortlines. House leadership have discussed this with Justice officials and I am advised that in their view this is a budget Bill.

Finally, the members have raised a number of questions respecting the government's overall plan for the Grain Car Corporation. I believe that my second reading speech has made our intentions clear. In addition to its primary role of supplying

hopper cars to Western producers, the Grain Car Corporation has worked on a number of key initiatives over the years to ensure that producers share in the benefits of increased grain handling efficiency. For example, under the previous government one such initiative was Saskatchewan Grain Car Corporation working with producers to create West Central Road & Rail, which now has five loading facilities and is the largest producer car loading company in Canada. As MLA [Member of the Legislative Assembly] for the Rosetown-Elrose constituency, I get to see this innovation first-hand because West Central Road & Rail is in my riding.

Our goal is to harness the expertise of the Grain Car Corporation again. I've directed the Saskatchewan Grain Car Corporation to do what it can, to use all the resources at its disposal, to develop new and innovative ways of providing assistance to the Saskatchewan shortline rail industry and producers. The shortline rail industry is important to the economic success of our province. As a first step in November of last year, we announced the Grain Car Corporation would be leasing hopper cars to shortline railways in Saskatchewan. By leasing directly to the Saskatchewan shortlines, the corporation will focus the benefit directly to producers within the province. The shortlines will realize efficiencies by having a dedicated fleet of hopper cars. This Bill is yet another step in that direction.

The decision has been made to transfer responsibility for the shortline railway sustainability grant program from the Ministry of Highways and Infrastructure to the Grain Car Corporation and to increase funding to the program by 40 per cent to \$700,000 a year. This Bill will give the Grain Car Corporation the legislative authority to deliver this program. And I expect in the years to come, more programs and assistance for shortlines will be generated by the Grain Car Corporation. Thank you very much, Mr. Chair. And I look forward to answering any questions.

**The Chair:** — Thank you very much, Mr. Minister. Are there any comments or questions on the Bill? Mr. Taylor.

**Mr. Taylor:** — Thank you very much, Mr. Chair. And welcome again to the minister and the officials of the Grain Car Corporation. I too have done some research since our last meeting the other night — little bit of research, talked to a few experts. I've read the minister's answers to my questions. And I have become convinced that an argument can be made for this being a budget Bill, and so I will accept that argument. And I appreciate the material and the evidence that the minister produced during our last meeting. It wasn't a very long meeting, but it did produce, on reading the answers and reviewing other materials, some very good direction.

My questions tonight will be a little bit more specific to the Bill and to, of course, the section of the Act that's being amended by Bill 167, the powers of the corporation. In the minister's second reading speech, he quotes from three letters that he has received: one from the Saskatchewan Association of Rural Municipalities, one from the Saskatchewan Shortline Railway Association, and a third from the Agricultural Producers Association of Saskatchewan. The minister indicates that these letters were a part of the consultation process, and that's what I

want to look at first for a couple of minutes. These letters were read at second reading after the Bill had been introduced. I'm just wondering, did the minister share with the three organizations a specific copy of Bill 167 during the consultation process, prior to those letters being written and delivered to him?

[20:15]

**Hon. Mr. Reiter:** — I did not do the consultations directly. My officials did, and I'll just confer with them.

No, Mr. Chair. An actual copy of the Bill wasn't provided. It was a verbal discussion, an outlining what the Bill would involve and what the intent of it was.

**Mr. Taylor:** — Okay, thank you. I'll come back to that in just a second. Were these letters solicited by way of a written request or a verbal request, or were they simply provided spontaneously by the organizations after the consultations?

**Hon. Mr. Reiter:** — No. Typically in a case like this, as sort of part of a follow-up to a consultation process, I believe the organizations at some point after the meeting would have been asked for their written comments.

**Mr. Taylor:** — Okay. Perhaps one of the officials might answer this if officials were present during the consultations. The letters speak a lot about, with one exception, which I'll get to in a minute too, but the letters speak about support for the shortline rail system. As we've discussed before, the Bill itself speaks about the powers of the corporation. The support for shortline rail, of course, I think is a given because there's no indication of any negative change to the way government would support the industry. But there are changes to the powers of the corporation. I'm just wondering, since the Bill was not provided in the consultation process, to what extent were the changes made to the powers of the corporation discussed with the stakeholders, specifically the three who have written the letters?

**Hon. Mr. Reiter:** — Mr. Chair, again, as the officials carried out the consultation, I will ask President Bob to address that question.

**The Chair:** — I forgot to mention this, but the first time officials speak, kindly state your full name for the people at Hansard.

**Mr. Mason:** — Bob Mason, president, Saskatchewan Grain Car Corporation. Yes, we did have some discussions with the stakeholders. And we did not have the final Bill to present them, of course, because we wanted to receive their input prior to doing that. We discussed our intents with them in general terms, and asked them for their comments in which they enclosed those in the documentations that were provided.

**Mr. Taylor:** — Okay. I'm not sure what the official means by the documentation provided. All we've got are the quotes from letters that the minister read from during his second reading speech. Is that what the official is referring to as the documentation provided or just the couple of paragraphs quoting from the letters?

**Mr. Mason:** — I'm sorry, I was referring to the letters. Yes.

**Mr. Taylor:** — Okay. Thank you. In the letter from the Saskatchewan Association of Rural Municipalities, basically it's a very friendly letter in which I take it is signed by the president, Dave Marit. He says, "These changes will allow the Grain Car Corporation to better meet the needs of rural stakeholders." And then he asks that SARM [Saskatchewan Association of Rural Municipalities] be kept apprised of any future amendments. Were there additional amendments discussed in the consultation? Or do you have any reason to understand why he would say, keep us apprised of any future amendments?

**Mr. Mason:** — I'm assuming that he was intending on continuing the dialogue into the future if there was a need for that.

**Mr. Taylor:** — In the letter from the Agricultural Producers Association of Saskatchewan, it's a little clearer that additional matters were discussed. The writer of that letter says in the last sentence quoted by the minister, "Support to shortlines and other rural economic development initiatives by the Saskatchewan Grain Car Corporation benefits farmers in rural communities." That's an intriguing line as well because he talks about support to shortlines and other rural economic development initiatives. The Bill does talk about providing the Grain Car Corporation with additional powers, but would you classify that as other rural economic development initiatives?

**Hon. Mr. Reiter:** — I would assume he's talking in very broad terms there. I think in many areas of the province, shortline rail has been very successful. I mentioned West Central Road & Rail in my own constituency, and I think people look on it very positively as an economic development initiative in rural Saskatchewan.

**Mr. Taylor:** — I do agree with that general comment, but because the organizations quoted here didn't actually see the exact Bill, I'm just trying to get an understanding of how it might have been explained because the . . . Well let me get to this other part. The Saskatchewan Shortline Railway Association is much clearer in their letter in which they make it seem very clear that they've seen more of the changes than the other two. The vice-chairman of the association, Conrad Johnson, is quoted in his letter: ". . . Saskatchewan Grain Car Corporation. Changes to the legislation that would allow for guarantees, grants, and loans would be a huge benefit to the shortline network." So that's a very significant part of the change that's been brought forward here.

So he seems to have a much broader understanding than the other two as to what the intent of the minister is. Were the three organizations together in the same place at the same time during the consultations? Or were these consultations done individually, separately, at different times?

**Hon. Mr. Reiter:** — My officials tell me that the consultations were separate. They weren't all at once. And they're saying that while the Bill wasn't provided because it wasn't complete yet. The intent was to provide the associations with as much information verbally as was available. So, you know, probably all or most of the contents of the Bill were discussed verbally.

**Mr. Taylor:** — Okay. Thank you very much. The Shortline Railway Association does talk about guarantees. Last week in the committee meeting, the minister indicated that one of the significant changes was the section 12(g) in which loan guarantees are discussed. The officials indicated that the Bill itself wasn't provided because the commission and the ministry wanted to hear from the stakeholders.

Well, let me phrase this maybe a little bit differently. Did any of the stakeholders specifically ask without prompting for loan guarantees, or was the loan guarantee an idea that had existed for the Bill prior to the consultation process?

**Hon. Mr. Reiter:** — Mr. Chair, in response to that question from the member, the officials tell me that none of them, none of the associations specifically initiated that. That was brought up in the discussions from our officials. I think probably I can give the member some comfort on this. I realize there are some concerns in the area of loans and loan guarantees from the members.

Although it wasn't the Grain Car Corporation, I think it's very relevant here. A number of years under your administration, there was a program initiated to assist shortlines in the purchase of track, generally abandoned track from class 1 railways. If my numbers aren't dead on, they'll be close. Essentially the program worked that there was a loan that was provided to shortlines of 32 per cent of the purchase price interest free. And that allowed, generally speaking, allowed shortlines to possibly leverage some more money from a financial institution or various ways of acquiring the balance of the purchase price.

That program has worked very well. I think there's just sort of an example of where a loan or loan guarantee provided by the province can be a huge assistance to shortlines in the province, help them get started or help them expand or help them continue. And that, again I'm repeating myself, but I think that's just an example of a role that the government can play in helping this industry establish and expand in the province. And because of that, I just think that that leaves a number of potential programs open down the road to the province to assist shortlines.

[20:30]

**Mr. Taylor:** — Thank you. I have a number of questions along this line. The minister may repeat that answer a couple of times in the next few minutes. I will accept that, but I hope we can expand on that a little bit more.

Some of the direction that I am going, once I establish exactly where we want to go, is basically just accounting for loans, loan guarantees, transparency, and accountability. And indeed certainly providing loans, generally from Treasury Board on policy that comes through a department with all of the normal processes and the Provincial Auditor in place, can be very beneficial and have worked in a number of different areas. What we have here is an Act that indeed provides the authority to the Grain Car Corporation to provide loan guarantees. And some of my questions is going to be around how are we going to ensure accountability to the public.

But before I get there, I'm just trying to get a handle on the

idea, since the minister has indicated that the stakeholders didn't bring this forward. It originated within the ministry. Loan guarantees are a useful tool — they could be — but within the Grain Car Corporation, can you give me some examples of where in the past couple of years this might have been a tool that could have been used but wasn't because it wasn't available, and at the same time, indicate why it's necessary to provide that authority within the Grain Car Corporation itself as opposed to a ministerial initiative or a Treasury Board initiative?

**Hon. Mr. Reiter:** — I can't give you an example of a specific instance where it could because you said in the last couple of years. Probably going back two years, you know, the Grain Car Corporation hadn't initiated those types of programs, and probably not a lot of thought was given to it.

Probably what really instigated this whole thing was the thought that the sustainability program, it might be more appropriate. Obviously we wanted to enhance it, but also more appropriate to be administered by the Grain Car Corporation because of the expertise in just sort of all aspects of rail logistics in the corporation. So, you know, that's the driving force behind the legislation, is to allow that program to be administered but with an eye to the future, the fact that possibly new programs could be developed to help the industry.

You know, there's been blue skying going around about potential programs and what we could do, but there's nothing imminent. There's not going to be, suddenly next week, a program announced or anything. It's I think a case of seeing how the industry has flourished, in no small part to — again, and I'll give your administration credit for that — the program to purchase the track was in my view, very, very successful. And I would just think, like I said, just moving forward we're going to be cautious with this. We'll be careful, but I see these folks doing a very good job with a shortline sustainability program and potentially some new programs added somewhere down the road.

**Mr. Taylor:** — I take a look at the list of the grants for this year, \$700,000 we talked about the other day. I had hoped to get some of that information provided about what each of those grants were going to be used for. You had made a commitment to provide that to us. But that having been said, I look at that list. I look at the announcement. The program is basically 50/50. The \$700,000 will provide a program of \$1.4 million worth of expenditures. Do you see any of those specific projects having any difficulties raising their 50 per cent and, in the future, would you see the province loan guarantee, or the grain car loan guarantee helping the shortline proponents to raise their 50 per cent of future grant applications?

**Hon. Mr. Reiter:** — The first part of your question, as far as I'm aware, I don't believe any of the shortlines have ever had an issue. They've always come up with their 50 per cent of the grant. I think they very much appreciate the grant program and it's put to good use. Now just to clarify the second part of your question, were you asking whether I ever envision the loan guarantee to be used by the shortlines, use it for their 50 per cent of the . . . to leverage the grant?

**Mr. Taylor:** — Yes, along those lines. If you're providing,

we'll say, \$100,000, the shortline may have 25,000 but they need to borrow 75 to meet their \$100,000 commitment. They go to the bank. The bank says, we'll lend it; you're a good risk but we want the government to guarantee that 75,000. Would this loan guarantee be available to them under that circumstance?

**Hon. Mr. Reiter:** — Mr. Chair, just as a follow-up to that first point. You know, the member had asked about, you know, difficulties that shortlines would have leveraging their 50 per cent of the grant. The officials are just mentioning to me — and it's absolutely right; it slipped my mind — the existing loan program that I'd referred to, 32 per cent on purchase of track, none of the shortlines have ever defaulted on a loan to the best of our knowledge. I don't believe any of them have ever even been late on a loan payment. So I think that's probably a good signal from the industry.

As far as what it would be used for, you know, we're kind of into a hypothetical area somewhere down the road, so you know, while I can't speak with a great amount of certainty, that I don't . . . at this time that, you know, using a loan guarantee for some of those sorts of purposes isn't envisioned.

**Mr. Taylor:** — All right. Thank you to the minister. Just while the minister was conferring, I was thinking about to whom the loan guarantee might go. I notice that one of the changes in the powers of the corporation, one of the language changes, changes "railway rolling stock" to "railway industry." That's in clause (d). But we see "benefit [of] the railway industry" also in the final clause (g). So it is a change. What was the purpose or the intention of changing the language to railway industry, meaning, I'm assuming, this isn't just shortline? This could be anyone operating on railway tracks through Saskatchewan.

**Hon. Mr. Reiter:** — Mr. Chair, the current legislation is very specific to rolling stock only, and the amendment was intended to allow also for the benefit of the . . . It takes nothing away from the rolling stock, but it allows for the corporation to make changes in the future to benefit the shortline industry.

**Mr. Taylor:** — Just further to that, my colleague from Lakeview here has been going through the existing Act. There's no definition of railway in the Act itself. The language in the amendment is simply rail-line industry and therefore one could interpret this as meaning CN [Canadian National] and CP [Canadian Pacific] as well. It doesn't say shortline in the Act, in the amendments. So since rail lines are not defined in the existing Act and the amendment refers to railway industry, I'm assuming that a court could interpret this as being CN and CP as well. Can the minister clarify, please?

[20:45]

**Hon. Mr. Reiter:** — Mr. Chair, the intent of this is not to provide assistance programs to the class 1's, to CN or CP. Frankly, I don't think CN or CP needs assistance from the Saskatchewan Grain Car Corporation. Just talking to my officials here, the wording becomes an issue because if we refer to shortlines or Saskatchewan shortlines, there are, I'm told, one or two or three or maybe more examples where a shortline that we consider a Saskatchewan shortline does go outside the boundaries of Saskatchewan. Those are the ones that are listed on the press release you are referring to with the grant program,

and certainly it's our intent to assist those railways, but it's not the intent to have the Saskatchewan Grain Car Corporation provide any programs to CN or CP.

**Mr. Taylor:** — I realize that I don't know the officials personally, but I'm assuming that none of us are lawyers here, with the exception of my colleague to my immediate right, the member from Lakeview, but would you not, if you were CN or CP, be able to make an argument that a loan guarantee could be applicable to them from the Government of Saskatchewan because the language of the legislation is specific to railway, rail-line industry? Should we not perhaps try to define rail-line industry for the purposes of the Act in a way that would ensure that the exclusion existed?

**Hon. Mr. Reiter:** — While, as you mentioned, none of us at this table are lawyers, legal advice was involved in drafting this.

You know, I guess I take a lot of comfort in the fact that the proposed legislation refers to loans or loan guarantees that may be provided, but it in no way prescribes that it must be provided. It would still be a program announced by the Grain Car Corporation and by this government. And as I said, I mean I suppose one of the class 1's could make the argument that it might apply to them, but even if it did, there is no intent by this government to provide any type of a program of that nature to CN or CP.

**Mr. Taylor:** — Well I'm sure the officials will look forward to the first application from CN. How are we going to handle that?

Now more to the point, the minister did, in his opening remarks tonight, reference the Gass report in terms of what had happened previously. I just want to, for the benefit of the public and for the benefit of the record, try to get a complete understanding of how the lessons referenced in the Gass report will be and are being put to use in this circumstance. I'm assuming that the minister has read the Gass report or has been briefed on the recommendations of the Gass report. Would I be correct?

**Hon. Mr. Reiter:** — I've been briefed on it and there's been a section related to the Saskatchewan Grain Car Corporation that . . . I have one of the pages in front of me.

**Mr. Taylor:** — Okay. More to the point though, the Gass report was very specific about how governments account for loan guarantees. The Gass report was very specific in the ways in which it was telling government how to ensure there's some transparency with regards to loan guarantees. That's not the briefing that the minister has had. Is that correct?

**Hon. Mr. Reiter:** — Sorry. I'm not clear on your question.

**Mr. Taylor:** — The Gass report was very clear that loan guarantees are to be accounted for in the year in which they are given, exactly as if it was a loan itself to be accounted for in the year in which it is provided. The loan guarantees are also reported to the public, and again treated as expenditures in the year in which they are provided.

So since the legislation provides the grain corporation with the power to make loan guarantees, I'm assuming there has been

some discussion about how those loan guarantees will be accounted for. Can the minister provide me with an understanding of how he intends the Grain Car Corporation to report loan guarantees to the public to keep those financial transactions on behalf of taxpayers open and transparent?

**Hon. Mr. Reiter:** — We will follow all generally accepted accounting principles. We will look to Finance officials for advice, and we will report it in an appropriate manner.

**Mr. Taylor:** — Does that also mean consultation with the Provincial Auditor, who has also expressed some very specific comments about loan guarantees? The Provincial Auditor of course doesn't quibble with the statement about regular . . . well the accounting principles, whatever line you just used, but accounting principles don't necessarily apply to accountability and transparency of government. The Provincial Auditor has made some very specific comments about loan guarantees. Will the minister commit to follow the direction of the Provincial Auditor on accounting for loan guarantees?

**Hon. Mr. Reiter:** — I think we're probably getting ahead of ourselves. We don't even have any programs in place for loan guarantees. But obviously I put a great deal of weight on what the Provincial Auditor's opinion is, and if and when that time comes that there is some sort of a program for shortlines involving loan guarantees, I certainly will seek out advice from all the appropriate bodies on how it should be accounted for.

**Mr. Taylor:** — Thank you, Minister. I think that is important. The Provincial Auditor is very much aware of the recommendations of the Gass Commission and has been promoting to various ministries for a number of years changes that need to be made. And here we've got a program just starting, and I agree that it would be wise to take the direction of the Provincial Auditor in crafting the transparency and accountability of a new program.

So while we're thinking about crafting the program, has the minister or the officials given any consideration to under what circumstances a loan guarantee would be provided?

**Hon. Mr. Reiter:** — I guess in very broad sense, as I mentioned earlier, there's been some blue skying about what type of programs would, you know, benefit the shortline industry, but again as I mentioned, there's sort of no imminent announcement coming of a new program. We're going to give, continue to give lots of thought to this, and again, if and when that does happen, we will have done our due diligence before anything's announced.

**Mr. Taylor:** — A loan guarantee for a specific amount of money extends for the period of time that the loan is outstanding. It could be a 5-year, 10-year, 15-year loan depending on the financial institution, the terms of the loan, etc. The loan guarantee is a liability to the taxpayers of the province for the extent of the loan. What sort of annual review of the work of the proponent that has secured the loan, what sort of annual review of that program will be done to ensure that the liability held by the taxpayer is protected?

**Hon. Mr. Reiter:** — Again we're getting very hypothetical here. Until we know if and when there is some type of program,

you know, I can't give you specifics on that. I can however tell you it's certainly the intention of this government to treat any programs appropriately, transparently, to follow all generally accepted accounting principles, and to report in an appropriate manner.

**Mr. Taylor:** — Is there any thought being given to charging back administrative costs on the loan guarantees to the proponents? Are there any fees suggested or supported within the ministry at the moment for managing the loan guarantee through the life of the loan?

**Hon. Mr. Reiter:** — You know, again we're kind of hypothetical. We don't have that type of program in place, you know. And as I said, if we do announce some sort of program, we will definitely have done all our due diligence. All those possibilities will be examined. But there's been no decisions made on anything like that.

**Mr. Taylor:** — When the proponent incurs the liability on behalf of the Saskatchewan taxpayer through the loan guarantee, will the Provincial Auditor therefore have access to that third party to monitor and track the taxpayer interest in that third party financial activity?

**Hon. Mr. Reiter:** — Again, Mr. Chair, it's very hypothetical, and I guess it's just far too early to have an answer for that sort of thing. If and when the time comes that some type of program that you're referring to would be put in place, our officials, I'm sure, will again have done all their due diligence and will have had discussions with the appropriate bodies, I would assume, including the Provincial Auditor's office, to ensure that all proper reporting procedures are followed. But whether or not that would be the case, it's just too soon to know.

[21:00]

**Mr. Taylor:** — Well forgive me for being a little confused. In answer to my earlier questions, you indicated nobody had asked for a loan guarantee program. You indicated you couldn't foresee any specifics under which a loan guarantee program would be provided. My most recent questions, you don't know what circumstances a loan guarantee could be provided. You haven't done any of the background work to even indicate how the accountability will be dealt with. You don't know how the Provincial Auditor would work with it, although you're generally supportive of it. This doesn't sound like it's very well thought out.

**Hon. Mr. Reiter:** — I think I've very clearly indicated that the main purpose and thrust of this legislation is for the Grain Car Corporation to administer the shortline sustainability program and to allow potential future programs that may assist the industry to be developed. They very clearly are not yet developed, and you're asking for specifics on programs that aren't in place. And I've assured you that if and when those programs are put in place, they will be transparent. All generally accepted accounting principles will be followed. And I'm not sure what part of that you don't understand.

**Mr. Taylor:** — Well as I indicated, you're asking for the legislative authority to proceed with something for which you haven't laid out a strong argument to get the support that you

need. Nobody asked for it. You haven't got circumstances for what it's necessary. And except for saying you'll follow generally accepted accounting principles, which we would assume you would do anyway, and go beyond that to ensure that the publicly acceptable accounting principles of transparency and accountability of government, protecting the liability of the taxpayer, would have been carefully thought out before you asked for legislative authority to proceed.

When we talked about this last week, in answer to my question about it being a budget Bill, the minister was very clear, in which he said . . . I just closed my book so I can't quote him directly. But one of the reasons for why it was a budget Bill and why it's important is section (g), which he said is necessary because we want to provide financial assistance by way of grant, loan guarantee, or other similar means. Section (g) was an important part of why the Bill was coming forward, and yet section (g) is the piece that is undefined and, for all intents and purposes, unthought through. I'm just saying . . . Forgive me for not fully understanding, I guess, but I'm just saying this doesn't sound like it's very well thought out, and I'm just giving the minister one more chance, before I ask a few other non-related questions, why this is so important, why a loan guarantee is so important.

**Hon. Mr. Reiter:** — The reference to section (g) being important, when you look at section (g), it refers to grants as well. And as I mentioned earlier on several occasions, the Grain Car Corporation doesn't have, currently doesn't have the authority to grant. And the rural sustainability program, again, is a program that the corporation shortly will be administering, and that legislative change is required to allow them to do that.

**Mr. Taylor:** — Well I certainly have the confidence in the Grain Car Corporation to manage the grants. It's been done for four years for sure, and there were other grants issued in years prior to that. The minister referred to some of those earlier. So in terms of grants, Grain Car Corporation has experience doing a good job, has been doing that already. In terms of managing a loan portfolio or loan guarantee program, I don't have the confidence tonight that the minister or the officials have carefully thought this through.

That having been said, in the interests of the hour as well, my colleague has a couple of questions, and I'd like to turn the question floor over to the member from Lakeview.

**The Chair:** — Mr. Minister.

**Hon. Mr. Reiter:** — If I could, just before the member from Lakeview, if I could just address your point there, I think some clarity is needed. Your reference to the Grain Car Corporation already doing the grant program, that's not the case. That's why the legislative change needs to be made. The Grain Car Corporation does not currently administer the rural sustainability program. That's been administered in the Ministry of Highways. So just for clarity. Sorry. If the member from Lakeview has questions, please.

**Mr. Nilson:** — Thank you. That is my first question, which is, is there any reason why these grants couldn't continue to be administered as they have been over the last number of years? They don't seem to have to run into any difficulties that have

been registered by anybody who's involved in this whole area.

**Hon. Mr. Reiter:** — Again it's been a decision of this government that a program would be more appropriate with the Saskatchewan Grain Car Corporation. It will allow us to utilize the expertise in the rail industry and rail logistics that exist in the Grain Car Corporation. And again this program is also being enhanced to allow the Grain Car Corporation to administer it and, as we were just discussing, the potential for some future programs as well.

**Mr. Nilson:** — How many staff are involved in the administration and providing of advice? I think the terms that you use in the new section 12(b)(ii) is "provision of consulting, management or administrative services to persons who are involved with the railway industry" that would be a power of the Grain Car Corporation. How many full-time equivalent jobs are we talking about?

**Hon. Mr. Reiter:** — There's the two gentlemen you see with me and two other people employed at the Grain Car Corporation.

**Mr. Nilson:** — And how many people are employed within the department now that actually handle the grants? Because it's my understanding that these grants are not now being administered by the grain corporation. Or are they being? I mean that's one of the confusions here is, where are these things being done?

**Hon. Mr. Reiter:** — I'll confer with the officials to the follow-up to your question on the number, but no, it's not being administered in the Grain Car Corporation right now. It's being administered in the Ministry of Highways. And I'll get your answer to the number of people. I'm told there's two full-time in the Ministry of Highways dealing with that and they also believe a temporary part-time or something. There's some type of other position, but two full-time.

**Mr. Nilson:** — Okay. Earlier you stated that this was part of the government policy to move this administration of these grants over to the Grain Car Corporation. Is this part of the overall government initiative to reduce the civil service by 15 per cent in departments and move them into other agencies, such as we've seen in quite a number of the Bills that have come into the legislature this winter?

**Hon. Mr. Reiter:** — I should clarify, first of all, the positions that we're referring to in the Ministry of Highways aren't purely for that program. They do some, provide some other assistance to shortlines as well. I believe they do some work on the 32 per cent program. It's not purely for this grant program.

As far as the, you know, the FTEs [full-time equivalent], there are no decisions been made yet on whether those FTEs would stay where they are or move to the Grain Car Corporation. I'm not sure where that's going to go, but I certainly understand the intent of your question. But even if that was the case, I mean we're looking at two positions.

**The Chair:** — Mr. Nilson, we agreed to a time. Being now past by four minutes, for debate on this Bill, clause 1, short title, is that agreed?



**Mr. Nilson:** — Mr. Chair, I have a couple of more questions. We've had some rather long pauses in the answers, and so I would like to ask a couple of more questions, please.

**The Chair:** — Well we've agreed to an hour. I didn't notice any pauses that seemed unduly long. If the minister agrees to answer two more questions, I'll consent to that, otherwise the time has more than elapsed. The minister was very generous with time in not proceeding with long-winded opening remarks, and I think the answers have been forthcoming in a reasonable fashion. Mr. Minister.

**Hon. Mr. Reiter:** — I appreciate those comments, Mr. Chair, but I certainly would entertain a couple of more questions.

**The Chair:** — Two more questions then, Mr. Nilson.

**Mr. Nilson:** — Okay. Thank you very much. I appreciate that. When I initially looked at this Bill 167, I originally thought that the intention was here, in the way it was worded, to allow for the Government of Saskatchewan to sell off all of the grain cars by making an arrangement with a railway — CN or CP because we know they've been interested in buying these cars over many years — in a way that would allow for the government to assist in the finance of that. Could the minister confirm or deny that that's one hypothetical intention, or that it's not at all the intention?

**Hon. Mr. Reiter:** — I can certainly clarify that for you. That was sort of alluded to at some point. I don't remember whether it was a previous committee meeting, or probably in the hours and hours in adjourned debates by your colleagues. But my understanding is, under the current legislation, if the government wished to dispose of the cars, they could do so, and we have not done so. So that, to me I guess that's irrelevant.

**Mr. Nilson:** — And I think, I mean your answer is right as it relates to the existing legislation. What this legislation does is gives the government power to actually give a grant or give some assistance to somebody to buy the legislation, not dissimilar to what happens on the sale of saw mills or pulp mills or other things like that, that there's some assistance. So that was . . . So my specific question is: is there any intention of that at all in this legislation?

**Hon. Mr. Reiter:** — Not the intent.

**Mr. Nilson:** — Yes. Is that at present or is that a commitment from the government that it would not be used that way?

**Hon. Mr. Reiter:** — I'm sorry. I need some clarity here. So are you asking me if the intent of this legislation, of these amendments, are to provide a grant to another body to purchase the hopper cars from the Grain Car Corporation?

**Mr. Nilson:** — Well effectively to dispose of the grain cars and the Grain Car Corporation, and do it in a way that provides some assistance. One of the issues clearly is the age of cars, and some purchasers may not be interested in taking them without some kind of assistance from the government. We have seen the government sell other assets, whether they're in Crown corporations or Treasury Board situation. So that's the question.

**Hon. Mr. Reiter:** — The intent of this legislation, as I've stated on many occasions, is to allow the Grain Car Corporation to administer the rural shortline sustainability program, and possibly in the future to announce some other programs that would be beneficial to the shortline industry. If the government had intended on selling the cars, the existing legislation would allow that.

The legislation, the amendments that we're proposing, are strictly for the reasons I just mentioned. And frankly, beyond that, I'm not really understanding your question.

**Mr. Nilson:** — The final point is, would the minister be willing to have clarifying amendments to specifically limit some of these broader possibilities that are in the legislation that's been proposed here in Bill 167?

[21:15]

**Hon. Mr. Reiter:** — I think we've had a massive amount of debate on this issue, much of it in adjourned debates, and much of it by your colleagues with some information that was not accurate. And I think I've certainly made every attempt in committee to answer your questions as clearly as I can. And I think it's a very short, concise Bill. I think the amendments are very clear. And at this time I don't see that any further amendments would be necessary.

**The Chair:** — Thank you, Mr. Minister. The agreed-to time for debate on this Bill now being surpassed by 10 minutes, I'll call clause 1, short title. Is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 167, *The Saskatchewan Grain Car Corporation Amendment Act, 2011*. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would ask a member to move that we report Bill No. 167, *The Saskatchewan Grain Car Corporation Amendment Act, 2011* without amendment. Ms. Heppner. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This concludes our business tonight. I would ask that a member move a motion of adjournment. Mr. Gantfoer has moved. All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — This meeting is adjourned. Thank you very much.

[The committee adjourned at 21:17.]