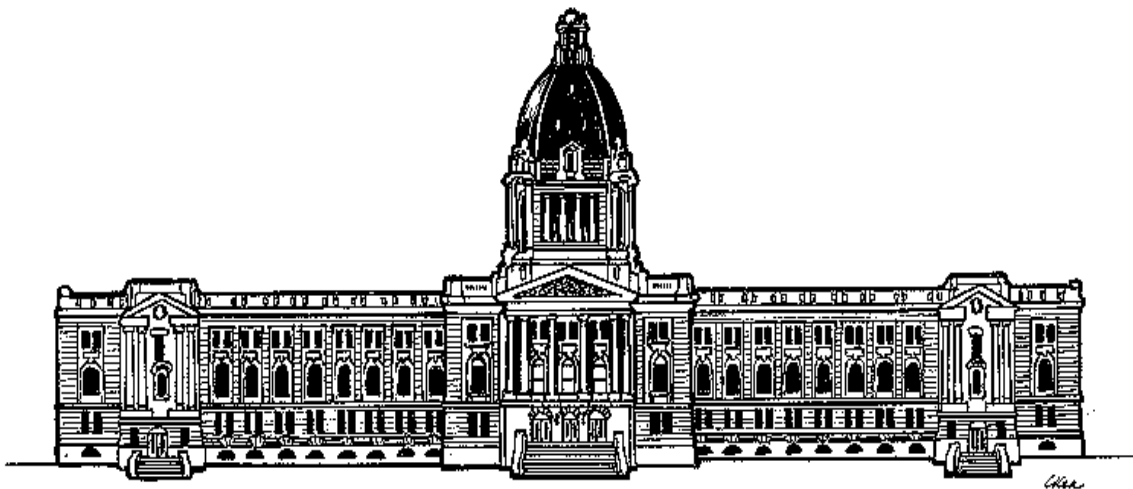




# **STANDING COMMITTEE ON THE ECONOMY**

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## STANDING COMMITTEE ON THE ECONOMY

Mr. Don Toth, Chair  
Moosomin

Ms. Danielle Chartier, Deputy Chair  
Saskatoon Riversdale

Mr. Fred Bradshaw  
Carrot River Valley

Ms. Jennifer Campeau  
Saskatoon Fairview

Mr. Larry Doke  
Cut Knife-Turtleford

Mr. Bill Hutchinson  
Regina South

Ms. Victoria Jurgens  
Prince Albert Northcote

[The committee met at 17:00.]

**The Chair:** — Being now the hour of 5 p.m., I will call to order the committee meeting on the economy. And first of all welcome, each and every one, and the minister and his officials.

Let me begin by tabling document Economy 6/27, Ministry of Energy and Resources, responses to questions raised at the April 27th, 2012 meeting of the committee re: fur royalties, traditional resource use, leaseholders, and water and waste water problems, dated May 17th, 2012. And this was distributed to members on May 24th, 2012.

Pursuant to rule 146(1), the following supplementary estimates for the following ministries and agencies were deemed referred to the committee on November 27th, 2012.

**General Revenue Fund  
Supplementary Estimates — November  
Highways and Infrastructure Capital  
Vote 17**

**Subvotes (HC01) and (HC02)**

**The Chair:** — So we'll be discussing supplementary estimates, vote 17, Highways and Infrastructure capital. And at this time I would like to welcome the minister and invite the minister to introduce his officials and make any opening remarks he may have.

**Hon. Mr. McMorris:** — Thank you, Mr. Chair. It'll be a privilege to introduce the officials, and I do have a small or a short statement. So on my right is Rob Penny who is the deputy minister of Highways and Infrastructure. On my left is Jennifer Ehrmantraut who is the assistant deputy minister, ministry services and standards division, and behind me to my right is Ted Stobbs, the assistant deputy minister, regional services division.

This fall our government provided the Ministry of Highways and Infrastructure with a additional \$50 million. On outset of the fiscal year, the ministry budget was 581.5 million, more than half a billion dollars. This \$50 million investment brings that to more than \$630 million, the second largest Highways budget in the province's history. Since coming to office our government has invested in our highways and roads totalling \$3.1 billion. That has allowed us to improve about 7500 kilometres of provincial highway, including repairing 1700 kilometres and repairing and replacing 140 bridges. We are making this investment because of the importance of transportation to Saskatchewan. This 50 million is the first step in the implementation of the growth plan and improving highways right across the province.

The second reason for this mid-year increase to Highways budget involves prudent management. As I said earlier, our government has been making record investments in the highway system. One of the measures we use so that we can secure contract capacity at favourable prices is early and ongoing tendering.

The projects we're funding with this \$50 million are part of this

year's fall tendering release that we have issued in November. This year's fall tendering release contained 40 new projects valued at more than \$170 million. By tendering and planning early, we will have the contractors and materials we need ready in order to secure the Saskatchewan advantage for our growing province.

The fall tender release represents a portion of the projects that will be tendered for the construction season of 2013. The remainder of the projects are usually tendered throughout the winter and into the spring following the provincial budget.

As part of the fall tendering release, the projects we are funding with this \$50 million are in the process of being put out for bids. There are a number of projects, and I can talk about those projects I'm sure through the next half hour, of which projects this \$50 million and what that tendering process will be addressing. Start dates for construction will depend on contractor availability, while completion dates will depend on the nature of the work, weather, and contractor progress.

And with that, my officials and I would be happy to answer any questions that the committee may have.

So I think my remarks were proportionate to the money that we're asking. I remember in Health that \$4 billion, I had a lot to say. So I think it's proportionate to the money that we're asking. Thank you.

**The Chair:** — Thank you, Mr. Minister. Is the committee ready for the question? I see the member from Athabasca has some questions he'd like to share. Member from Athabasca.

**Mr. Belanger:** — Thank you very much. And welcome to the minister and his officials. I just want to add that there are several people watching this that are going to take an interest into some of the answers and the questions we have.

I want to focus my half-hour that we have this evening just on the contractors that work for the Department of Highways. And just to explain to the individuals that are listening and watching that this is the first of many committee meetings in which we have the opportunity as opposition to question the Minister of Highways — being yourself, of course — on your spending and your processes and so on and so forth. And this of course with the supplementary estimates just basically a question-and-answer period on your budget.

I want to go right directly to the questions. Typically, if you can in a nutshell, explain to me the process of awarding a highway contract, a tender for say a 10- or 20-kilometre stretch of highways. Like what typically happens? What time do you advertise? And do you shop Saskatchewan or do you just leave it out on the Internet? How does it work?

**Hon. Mr. McMorris:** — You know, this is exactly why we have officials with us that deal with this on a regular basis, on a daily basis. I have an idea, but I think it would be best if Jennifer were to answer the process from start to end of a project and how that bidding and the tendering and that whole process works its way out. So Jennifer.

**Ms. Ehrmantraut:** — So first we will go out to market, and we will put an ad on SaskTenders. That's the typical process that we use. SaskTenders is the process that satisfies the New West Partnership, and that's where our contractors go to look online. We used to be advertising in the paper each Saturday. We advertise in the paper now to remind people to go to SaskTenders, to make sure that they look on there for the advertisements. The advertisements are, depending on the nature on the project, two weeks in length. After that there is a public opening that is held at our office on Henderson Drive. Anybody can attend that public opening. And the award is gone to the lowest bidder. So fairly simple process. It's lowest bidder, based on the tenders that are received.

**Mr. Belanger:** — Okay. Now typically, if you'll use me as an example, if I have a company that I make a bid on for some work from Highways, then it doesn't matter whether I'm from Saskatchewan, Alberta, BC [British Columbia]. It doesn't matter where I'm from. I'm allowed to bid on that work. Is that correct?

**Ms. Ehrmantraut:** — There is some qualifications that you have to have ahead of time. There is some safety qualifications that you have to go through in order to bid to make sure that there is the proper protocol. But yes, the New West Partnership, we're open to accept bids across.

**Mr. Belanger:** — Now how many contractors, if you will, actually make their home base in Saskatchewan?

**Hon. Mr. McMorris:** — I would just add one note on where the contractor is from, in that over the last number of years I remember some of the discussion around the cabinet table and other tables that, you know, if we continue to increase the budget for the Ministry of Highways, is the capacity there to be able to meet the dollars that we can put out there? And I know the Heavy Construction Association was always very confident that they would be able to meet whatever dollar figure, that they could ramp up their capacity. They needed to know that it was spending not just a lot of money one year and then kind of a drought the next year, that it would be ongoing spending. Having said that, I would say the Heavy Construction Association has done a good job of ramping up their capacity. But I would also say that for the best use of taxpayers' money, competition is not the worst thing.

And to have contractors that are looking at our province because we have been increasing the budget in Highways so much over the last number of years, contractors from other jurisdictions are looking at, you know, the dollar spend here in Saskatchewan and whether they can get into the market here in Saskatchewan. At times in order to do that, they have to continue to drive down the price. Because that's what we're trying to do, not have, certainly not have shoddy workmanship, but have standards that have to be met at a competitive price, which tends to lower the overall price for all work in the province.

**Ms. Ehrmantraut:** — In 2011, based on this last construction season, about 25 per cent of our contracts were awarded to out-of-province bidders. So 75 per cent of the contracts were awarded to Saskatchewan companies.

**Mr. Belanger:** — Now on that phrase, you don't have a number for me, like eight companies from Saskatchewan versus four from out of province? You've got that breakdown? Because the question I asked was how many Saskatchewan-based companies exist.

**Ms. Ehrmantraut:** — How many Saskatchewan-based companies exist is different than how many Saskatchewan-based companies actually won a job or was the lowest bidder. So that's a different question.

**Mr. Belanger:** — But I know there's . . . Is it Potzus out of Yorkton? Like there's three or four big ones, right?

**Ms. Ehrmantraut:** — So what we have here is — and this is based on, you know, the last construction season — the number of bidders from out of province who won a contract were 11, and the number of bidders from in the province were 42. And that includes culverts. That includes everything.

**Mr. Belanger:** — Right. Now if I was a big construction company, and I was awarded a tender, a section of highway, I can subtender that work, right? I can subcontract it out to an earth mover or to a trenching company. I can subcontract that work to a number of subcontractors. Is that correct?

**Ms. Ehrmantraut:** — Yes.

**Mr. Belanger:** — Okay. Now how many subcontractors are there? Like do you have any idea because obviously you would assume that most of the subcontractors are from Saskatchewan, right?

**Ms. Ehrmantraut:** — We don't have a legal, binding relationship with a subcontractor. So you know, we don't track that. We don't control that because we don't make any of the payments to them. We make the payments to the main contractor. So that's not really in the realm of what we can control.

**Mr. Belanger:** — The follow-up question I have to that is that okay, now in a different scenario, if I was a company out of Alberta, and I got the tender from Sask Highways — okay? — and then we started the work. I hired some subcontractors from Saskatchewan, and then after a while I started having financial difficulties. Then I don't complete the work, and I don't pay my subcontractors. What protection does Saskatchewan Highways offer some of the subcontractors that may be working for an out-of-province contractor that may not finish their work? Is there examples of that? And is there any holdback that Saskatchewan Highways holds back from these contracts to protect Saskatchewan-based subcontractors?

**Ms. Ehrmantraut:** — We do progress draws, so we make interim payments all along, and the interim payments are based on the percentage of the work done. So if the contract isn't being completed, they're not getting paid for the completed contract until the actual work is done. And you know, there's numerous different clauses within our contract that allows us to hold back. I don't know what all, off the top of my head, I don't know what all of the details are of that. But you know, Rob, I'm not sure if you . . .

**Mr. Penny:** — Well I'm sure that we do have a holdback that ensures that there's payment. So if there's claims, if the subcontractor makes a claim to us that he's not being paid, we can take it from that, the holdback. On top of that there's also performance bonds that we expect all contractors to supply, which is valued up to 50 per cent of the contract. So if the contract isn't getting completed, we can call in the bonding company to come in and then contract to complete the work and also make payments.

**Mr. Belanger:** — Okay. Is there a figure that you'd have as to what is being held back now from Highways based on what you just explained to me? Like do you have a . . . Is it 10 million? Is it 15 million? Is there a figure to that effect on the holdback value?

**Hon. Mr. McMorris:** — Well I think that was already explained. When 30 per cent of the work gets done, 30 per cent — and I mean, these are ballpark figures — when 30 per cent of the work is done, 30 per cent of the payment is made. Not 60 per cent or 70 per cent, but as the work is finished, that is what is paid. So if a contractor runs into some difficulty, financial difficulty and doesn't move on, he hasn't received 100 per cent of the payment from Highways. We pay for what is complete. As far as a subcontractor, if his work was part of that 30 per cent, that's an agreement between the subcontractor and the contractor that has really not much to do with us. Our protection is is that a contractor doesn't bid on a contract, only do a third of the work, and get paid the full price.

[17:15]

**Mr. Belanger:** — Well as a minister, do you think it's okay to do a job on a highway and not get paid for it?

**Hon. Mr. McMorris:** — I would say that as the Ministry of Highways we go through a tendering process. We sign a contract with the contractor that is doing the work on a specific chunk of highway and that is our legal obligation to that contractor.

I know what you're saying, is that if a subcontractor — even you could go another level, a sub of a sub — that's a business agreement that they've entered into and hopefully that they would have a contractual agreement with that major contractor, as we do with Highways. So to answer your question, is it fair for a person to do work on the highways and not get paid if they've contracted to the Ministry of Highways and Infrastructure and they've done work on a highway and not been paid? No, that's not appropriate. If it's a sub of a sub, that isn't our business agreement.

**Mr. Belanger:** — Okay. See one of the things that's really important is that I understand you can do, as a general contractor, you can hire subcontractors. Right? And many of these subcontractors may be Saskatchewan-based or may not be, but generally they're Saskatchewan-based just because they're closer to home and probably good, competitive pricing because they're closer to home.

And my argument is that if you award a contract to a company that all of a sudden goes either belly up or has some performance problems, then all the subcontractors that are

Saskatchewan people — you know, they invest in their company, their time and their company, and they take great risk — if they're left out in the cold like we know some subcontractors have been, what provisions does Highways have to protect our own Saskatchewan people under the current system of allocating work right now?

**Hon. Mr. McMorris:** — Well you know, I think you could take that scenario, which you know, you probably have an example, but you could take that example and run it many, many different ways. You could have a contractor that is contracted to us that has hired a sub that didn't complete the work, and now the contractor has to then hire another sub. That isn't our agreement as the Ministry of Highways.

You're giving me the example where the contractor didn't pay the subcontractor. You could probably find examples where a contractor had paid a subcontractor that didn't get the work done. I don't know if it is necessarily contingent on the location of where that contractor or subcontractor was from. These are business agreements between company to company, whether it's a subcontractor or a sub-subcontractor or the contractor. Our responsibility is to ensure that Saskatchewan taxpayers' dollars, when contracted to do a project, have that project done. That's why it's not awarded at 100 per cent payout before the work is done. It's proportioned out as the work is done.

**Mr. Belanger:** — Okay. In this scenario then, if Highways is advised by a subcontractor that the main general contractor, I guess we'll call it a general contractor . . . I'm just trying to get, just wrap my head around this. There's a lot of subcontractors in Saskatchewan do excellent work. And they work very hard, and there's a new generation of subcontractors coming up. There's a lot of people that are investing, and they're trying to take advantage of the Saskatchewan opportunity in building roads.

So subcontractors, because they can't get bonding, they have difficulty putting all the performance bond in place, they generally go and subcontract for bigger companies, and some of these bigger companies may be out of province. Now after they do all the work . . . And I understand 30 per cent. You're not going to advance them 60 per cent of the funds if they only do 30 per cent; I understand that part.

But the subcontractor that may be part of the 30 per cent completion says, okay, we've done our part as the subcontractor for the general contractor. We advise Highways there's some problems or we're not getting paid. We've been sitting on this invoice for a year. What measures have you got for that particular subcontractor? Is there anything within your holdback system, within your legal process, within your conscience to Saskatchewan subcontractors, that they ought to be protected from contractors that may be from other jurisdictions that simply walk away from these bills and tell Highways, don't get in the middle of our business, and all of a sudden our subcontractors based out of Saskatchewan are left out of this process?

**Hon. Mr. McMorris:** — Yes I think, and maybe I'll turn it over to Rob here in a second, but I don't think it is, again, contingent. I don't think location has a lot . . . These are business agreements which cross borders. I don't think that has

a lot to do with the argument. What the argument is is that a contractor has subbed out and didn't follow through and pay his bills. That's what this is about.

Is there anything to ensure that that contractor pays? And I don't believe there is, but I'll turn it over to Rob, to the deputy minister in a second. But like I said in the previous answer, nor is there necessarily protection for the contractor when he subs out, pays the subcontractor that doesn't finish the work and has to then repay or find another sub.

So this gets into a second level, and you could go down to a third level of contracting which is agreement from business to business, not a contract from a subcontractor to the provincial government. There is one contract of complete the project, and then you get into business-to-business agreements which, you know, I can stand to be corrected, but we do not have really much to do with because it is a business-to-business contract. The contract to the provincial government is the ones that we will stand behind and secure. And if work isn't getting done, there's penalties, there isn't money paid out until the work is done.

I understand exactly what you're saying. You're talking about a subcontractor, it has nothing to do with location at all. It has to do whether that work is done or not, and which is a business agreement between subcontractor and contractor. And I'll let the deputy minister add anything to what I've just said.

**Mr. Penny:** — No, the minister is absolutely correct because it's the business-to-business relationship. We don't get, intervene in the middle. If we are made aware of a claim process, that the subcontractor advises us that he has not been paid by the prime contractor — general contractor, in your words — we will withhold that value from his holdback payment and not pay the general contractor until that claim has been settled, until those two business parties settle and say, I've been paid fully. Then we'll release that value to the general contractor. But until then, we continue to hold it back. And it can stay not paid, or they have the opportunity to take it to court if they want to, to settle their business-to-business relationship. It's not our business to be in the middle and referee the fight between those two.

**Mr. Belanger:** — However, again using the scenario if I was a young contractor, say I'm 25, 30 years old. And I want to invest in an earthmoving company, as an example. And I see opportunities in highways. And I'm a new generation guy because you see a lot of the older contractors. You know, there is a transition there, but it's very slow. But as a younger person coming along, wanting to get into this subcontracting business, and there's four or five of us subcontractors doing the same work, working for general contractors. Why? Because we can't afford bonding. We're just starting off. We're a new generation, right?

So we come along and we say to Highways or to these contractors, give us the work. We'll do some subcontracting work for you. Then all of a sudden your ministry, Mr. Minister, is approached by these guys. And they say to you, look, we're working for a general contractor because we can't afford bonding. We're a new generation co-op, a new generation construction company. You know, there's a bunch of us young

guys doing this. And we've been having trouble getting payment from our contractor, our general contractors. So you're saying that there's no provision to protect Saskatchewan-based subcontractors that are doing all this kind of work for any other major contractor?

You know, certainly from the provincial perspective, your primary goal is to ensure taxpayers' dollars get spent wisely. But if you are aware a general contractor has got poor practices and is setting up Saskatchewan-based companies, especially young entrepreneurs that are starting up and getting in this field as subcontractors, and they're not being paid, they're not being treated fairly, and some of them I understand are 2 or \$3 million in arrears, and you guys haven't . . . They haven't been paid. And if your department is aware they have not been paid and the work was done, then these young guys . . . If I'm that young person that's waiting for a payment from the subcontractor for well over a year, well I can't afford that. I can't afford that as a young person getting into this business.

And I would think that as a government it'd be very wise to do two things. Help usher in a new generation of road builders, and that would be great. And second is protect Saskatchewan people's interests in this game, especially if it's an out-of-province contractor. And I think when you talk about holding back money — that's why I'm asking the question — as you present these progress payments from the general contractor to finance for payment, where's the subcontractor's rights to ensure that they are getting timely payment for bills, as opposed to leaving it up to the general contractor and subcontractor to figure out?

In the meantime you guys are washing your hands of it, saying it's not our business. I think it is the Saskatchewan government's business to ensure they protect the interests of subcontractors. I think there is a role to play, especially if you have prior information from that subcontractor that there's consistent problems with the manner in which Highways is dealing with these subcontractors and disregarding their arguments even though these arguments have been made on a steady basis.

There is a huge amount of underlying dissatisfaction with this process. And the reason I'm bringing it up today is that I just want to make sure that you're aware, Mr. Minister, that this issue has been bubbling and people are getting angry. And these new generation subcontractors, the ones who do a lot of subcontracting work, is being actually treated very, very poorly. And some of them can't afford to wait for over a year for payment. So this is one of the things that I wanted to ask to see where you're at on this.

**Hon. Mr. McMorris:** — I think I'll take another stab at it, and then I'll maybe . . . if the deputy minister has any more to say. But that's an interesting line of questions. So what I'll do is I'll kind of put it back to you. You're saying that it, you know, if it's a Saskatchewan company we're okay, but if it's out-of-province, then we really need to protect. Can you answer then, if it's a company that contracts both in Saskatchewan and Alberta, and part of its head office is here; it's a huge company and does work in Alberta and Manitoba, is that one that we need to protect against? Define who we should be looking out for. Do borders matter? And if it's a cross-border company, do

we have to watch that? Because you're implying that it's an out-of-province company that's just not paying its bills. That's what you're implying. So tell me what you think how we should protect it.

But the other interesting part is you're saying if it's a young company starting out. Can you give me an age limit or experience? You know, who do we have to protect more? Because you're saying that it's only young companies that are starting out that are struggling. But if I lose out in the next election and I start a company, should I be protected as an older gentleman but starting a new company? Can you kind of give me some guidelines on that?

**Mr. Belanger:** — Well I'll go back to your earlier point when you said location doesn't make any difference. And that's exactly my point.

The general contractors out there, it doesn't matter where they're from, they've got a bunch of subcontractors that aren't being paid. Okay. And my point is, I can't give you an age in terms of fostering a new generation of road builders coming in, but these guys are young. The point is they're young, new contractors coming into the industry. They are investing huge amounts of money. They're taking great, great risk. The opportunity's great if they're successful. But my argument is that Saskatchewan, your government, has to figure out how we protect these subcontractors in the event that they're not getting paid and all of a sudden you're caught in a dispute between a general contractor and his subcontractors. There's nothing in there to protect these subcontractors.

So my only argument is, how big of a problem is this? And that's why I asked in your holdback of your, when you don't, when you don't complete certain roadwork — you hold back a certain amount, a certain percentage — how much of that are you holding back? Because I'm hearing one particular company, I'm not sure if it's a rumour or not, but one company has \$3 million in holdbacks despite the work being done a year ago. And it's a young, young company. So I understand that there may be four or five other guys in the same predicament. So I guess it's not about age or location. It's a subcontractor issue with Saskatchewan-based companies. What are we going to do to protect their interests? That's my point.

[17:30]

**Hon. Mr. McMorris:** — Well I'm glad we have clarification that, you know, we don't have to have an age that we need to protect, or company location. That's certainly what you were implying.

What I would say is that, just briefly talking to the officials, this is not a very common situation where a subcontractor is out. And if they are, then they need to go through the proper processes and hold that contractor responsible. We will, if we have been warned, hold that money back from the contractor, so that if there is a legal decision that this money has to go to the subcontractor, we have that money held back. That's how we protect them.

We can't protect them on a business agreement between contractor and subcontractor. I don't know of any other

situations that has happened. And it wasn't, you know, this tendering policy — although it goes through a central agency as far as granting tenders — the policy of interfering between subcontractor and contractor has been the case for Highways and Infrastructure for many, many, many years.

**Mr. Belanger:** — Okay. So I guess the point I would make is that, if your office has been advised of this problem, even on one contract by one subcontractor, then you're saying you'll take the proper steps to protect the interests of that subcontractor, that you'd take his or her matter serious? Is that what you just said just right now?

**Hon. Mr. McMorris:** — Of course we'll take it serious, but the contract between the contractor and government is a direct contract. We do not have . . . We do not ask, I don't believe, how many subcontractors they'll be using. We do not know who the subcontractors are. That is the contractor's responsibility. That is not . . . If we hear kind of warning signs and concerns coming to the ministry, absolutely we take that seriously.

**Mr. Belanger:** — Okay, just my final comment, because we obviously expended half an hour, is that this matter is going to be coming back at some of our other committee meetings. I'm hoping to have real names and real examples.

And the point I would raise is that, you know, I really want to point out that, from our perspective, having a young industry start up in the subcontracting business for highway construction is something that you want to foster and develop. And if some companies, subcontractor companies are being exposed to a lot of grief, a lot of holdback, and a lot of problems from the general contractors, no matter where they're from, that there ought to be some specific provisions and quick resolution — underline quick resolution — by Highways to ensure that subcontractors are not being taken advantage of or not being paid for work that they have done.

And they have a variety of other issues, so obviously, Mr. Minister, there's more of this coming forward over the next several months. And we'll get more concrete examples for you, but this is a serious issue and it's not going to go away. So I want to basically give you a heads-up that we will be coming back with more specific information on some of the real problems that people are having out there.

**Hon. Mr. McMorris:** — Thank you for that, and we look forward to real names and a real situation. And if you could send it to our office earlier, that we can do some legwork on it, that would be appreciated. I can say that this is not a real common issue. So you know, you've raised it, and we'll be more than glad to look into it prior to it coming back in any other form, if you would like, with actual name and the situation. That would be much appreciated.

I want to thank my officials for all the help in the last half hour and look forward to when we are back in the spring with a full conversation on a full Ministry of Highways and Infrastructure budget.

**The Chair:** — Any further questions of the minister? Seeing none, I will call the vote on Highways and Infrastructure

capital, vote 17, infrastructure rehabilitation (HC01) of 11,300,000, are we agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. And of infrastructure enhancement (HC02) of 38,700,000, are we agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. And I would ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2013, the following sums, which to the extent that they remain unexpended for that fiscal year are also granted for the fiscal year ending March 31, 2014, for Highways and Infrastructure capital in the amount of 50,000, or 50,000,000.

Pardon me, 50 million. I didn't want to cut the minister short there — \$50 million.

Do I have . . . Mr. Bradshaw. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

The committee will now recess, and we'll prepare for the next ministry. And thank you so much to the Minister of Highways and his officials for attending committee meetings this afternoon.

[The committee recessed for a period of time.]

**General Revenue Fund  
Supplementary Estimates — November  
SaskBuilds Corporation  
Vote 86**

**Subvote (SB01)**

**The Chair:** — I will now call the Economy Committee meeting back to order. And pursuant to rule 146(1), we will have the supplementary estimates for vote 86, SaskBuilds Corporation. I welcome the minister and his official, and I ask the minister to introduce his official and make his opening remarks.

**Hon. Mr. McMorris:** — Thank you very much to the committee. To my right is Brian Manning who is the CEO [chief executive officer] and president of SaskBuilds, has been I guess working for about three weeks, just finished his third week. So this is a fairly new corporation, of course, that has been set up to oversee all of government's capital spending. It's something that we have talked about for the last, through the campaign and certainly in the Speech from the Throne. The mandate of SaskBuilds is to develop a long-term capital plan that would oversee all of government's capital as we move forward.

The other responsibilities I guess I would say of SaskBuilds is to look at other financing models as we move forward to make

sure that it is of the best interest to Saskatchewan taxpayers. We know that other provinces have moved in the direction of alternative financing models. We certainly know that there is a huge demand right now in Saskatchewan for infrastructure: anywhere from highways infrastructure which I seem to be near and dear to right now, health infrastructure which I used to be near and dear to, education, post-secondary. I would say that from talking to our MLAs [Member of the Legislative Assembly] that were out talking to their constituents through the summer, the issue that comes up on a regular basis is infrastructure, infrastructure, infrastructure.

Any time that you increase the population of Saskatchewan by 80,000 in the last five years, have an extra 20,000 people working in Saskatchewan over last year, you can imagine that they're using all of our facilities, of course, as they should. But that also creates other pressures. So SaskBuilds has been set up to oversee that capital investment that we make on an annual basis over all the ministries, as opposed to having ministries tend to operate onto themselves, but more of an oversight as well, as another organization that would look at alternative financing models into the future.

This is a small ask of \$2 million to make sure that the office is up and running, that it's properly staffed and can start the work that we need it to do over the remaining months of this fiscal year, and then we'll worry about the budget as we move forward into the next fiscal year. But this will take us to the end of this fiscal year and make sure that it's properly staffed and able to fulfill the mandate that we've asked it to do. I'll be glad to answer any questions.

**The Chair:** — Thank you, Mr. Minister. I will now open the floor to any questions from any members. I recognize Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you to the minister and his official for joining us here this evening as it relates to the discussion around the broad range of infrastructure. This will encompass all infrastructure across government. Is that correct? All ministries?

**Hon. Mr. McMorris:** — Well it is correct in a way, but we also have to realize that, for example, you know, just a hypothetical of Parks and Culture coming to us for a new tourism booth coming in on 13 Highway out by Redvers. Is that the responsibility of SaskBuilds? No, that wouldn't be the responsibility of SaskBuilds. We are still in the process of looking at a floor that the capital project would have to meet before it would be, you know, looked at through SaskBuilds, through the bigger model. If it's a \$100,000 repair to a site, that isn't necessarily what SaskBuilds would be looking at. But if it's looking at possible projects, for example around whether it's Regina or Saskatoon or major capital projects, and you can imagine any of the ministries, that's what we're looking at. That would be the responsibility of SaskBuilds into the future.

**Mr. Wotherspoon:** — So at what point will SaskBuilds be operational and able to fulfill that role? Because there's a lot of infrastructure needs and demands as we speak and projects that are ongoing. When will SaskBuilds be playing this role for the respective ministries? Is that expected that in this budget cycle that'll be the case?



**Hon. Mr. McMorris:** — Actually I would say that it is expected before that time. Mr. Manning has been on the job for just a little over three weeks, and day two we expected it to fulfill that mandate but certainly start building, maybe for a lack of a better term, creating the infrastructure within SaskBuilds to be able to handle that responsibility. And that's what has been happening over the last three weeks is that has . . . You know, we're looking at staffing and looking at its responsibilities and, you know, having a couple of meetings over the past couple weeks.

The doables and what can be expected by the end of the calendar year as well as the end of the fiscal year has been laid out very well by Mr. Manning. And we look forward to those then, as we follow along, meeting those milestones, but more importantly then into the new fiscal year becoming more of a, you know, a robust corporation that oversees all of capital spending as we move forward.

[17:45]

**Mr. Wotherspoon:** — We certainly welcome Mr. Manning to the civil service in his capacity. Maybe just a question because it's been referenced a couple of times, and your recent new role with the government here. Just by way of what background or experience Mr. Manning might bring to the table and where he brings that experience.

**Hon. Mr. McMorris:** — I think probably nobody knows his background better than himself, so I'm going to turn it over to Brian to talk about that.

**Mr. Manning:** — Thank you very much, Minister. Prior to my present assignment, I was deputy minister of Executive Council for Alberta for about three and a half years. Prior to that, deputy minister of Treasury Board for Alberta, and in that capacity I had responsibilities for the capital plan, which was approximately a \$35 billion, five-year capital plan. Prior to that, deputy minister of Finance, again in Alberta, responsibility for financing the capital projects. Prior to that, deputy minister of Agriculture, I must hasten to say, during the BSE [bovine spongiform encephalopathy] experience, so that's still very fresh in my mind. Prior to that, president and managing director of a Crown corporation in Alberta that did primarily insurance and agricultural lending. And one last maybe thought. Prior to that I was general manager of the Manitoba Crop Insurance Corporation and so insured, had responsibilities for insuring agricultural crops in Manitoba.

**Mr. Wotherspoon:** — Thank you, Mr. Manning. Certainly you bring a lot of experience to your role and to our province.

Just in a practical nature as it relates to SaskBuilds, who will be assessing the capital needs of each respective ministry? Will it still be done in a similar fashion where Education figures out its needs and has a structure to do so, and Health, and so on? Or is that now going to be a role that SaskBuilds will be playing?

**Hon. Mr. McMorris:** — I'll answer it generally, and then, Brian, if you have anything to add. I think you can even take it back a little bit further than the ministry. I think you could roll it back into, for example, in the case of Education where the school divisions, the 28 would be putting forward their

priorities to the Ministry of Education, as in Health, the 12 health regions would be putting their priorities to the Ministry of Health. They will do some work on that overall, and then it is the responsibility of SaskBuilds to roll all of that up — whether it's post-secondary, Highways, Education, Health — roll all that up into a capital plan for government, as opposed to, you know, and I'm not necessarily saying it was flawed but as to where it was before, where Finance would have a look at it overall but not look at it from the same perspective of what are the priorities for government moving forward. It tended to be that each ministry would come to the table, to the Treasury Board, and then to cabinet finalization where those decisions were made not necessarily from an overall lens, but from a ministry responsible lens.

And that will be the role of SaskBuilds as we move forward. So it's come from really ground up: health regions, communities within health regions to health regions to the ministries, then to SaskBuilds that rolls up that whole capital plan and then prioritizes as we move forward. And doesn't necessarily prioritize on a year-to-year basis, but prioritizes on a longer term, five-year, maybe 10-year capital plan that we can all kind of hopefully agree to and then live with as we move forward.

**Mr. Wotherspoon:** — Thank you. As it relates to the timeline of SaskBuilds, there's \$2 million to get up and operational, build some structures here and how it will interface with the respective ministries and organizations. After that, what are we looking at as to a timeline to start building infrastructure? And I guess my question would be how much, how many dollars are going to be required to seed that initial stage? I believe there was a discussion around \$150 million. Maybe if that can be placed into what that means and what total value of infrastructure can be provided with that initial seed investment of 150 million.

**Hon. Mr. McMorris:** — So yes, I guess really there's probably two questions within that question, is the administration of the corporation, which the \$2 million goes towards, is getting the physical structure of the corporation up and running, staffing it, making sure the human resources are there and, you know, those different, that different type of expertise — whether it's in financing, whether it's in legal, whether it's in construction — making sure that we have access, not necessarily staffing up with those people, but having access to those professionals that will be able to advise us.

So there is the role of the office as we move forward, or the corporation of SaskBuilds. And in the next fiscal year, of course, there may be a greater demand than 2 million. We don't know what that is yet because we have to go through the finance presentation, Treasury Board and all of that but, you know, that there will be a larger staff than there will be as of today. And so we need to manage that as we move forward.

The bigger piece is what is in, for lack of a better term, the bank account of SaskBuilds to actually allow it to fulfill its functions. And you're right. There's certainly talk of the \$150 million as seed money. And now it's up to us as SaskBuilds as we move forward, looking at the overall capital budgets and what comes into SaskBuilds, and then be able to utilize that and leverage that to be able to make sure that we are able to meet the needs of all the ministries. And of course not every need, whether it

was without SaskBuilds or with SaskBuilds, will be met, but be able to prioritize and make sure that money is leveraged then to make sure as many projects get up and running into the future. Brian, maybe you want to add something to that?

**Mr. Manning:** — I totally concur with the minister that the 150 million I view it as funds to leverage other funds. It might come from the federal government, say through PPP [Private-Public Partnership] Canada. It could be through other third parties. It could be through the private sector. It could be a combination of all of that. But personally I view the 150 million as funds to be leveraged rather than just expended.

**Mr. Wotherspoon:** — SaskBuilds is also looking at various models of delivery of that infrastructure, as has been highlighted, of which is this private approach that's different than what we've dealt with in the past in this province. I'm wondering what initial work has been done to establish the value for money, merits of looking at an approach that in many cases has not provided value for money. And I know we have an individual here that's coming from Alberta that has some recent experience with this, projects that are currently under way. I don't know that the verdict is out on some of those yet, but I know there's analysis that can be drawn from across Canada and North America on these fronts.

So what was the, I guess the birth of SaskBuilds, and looking at this new private approach, when was it first conceived? And what value for money analysis has been done to date? And can that be shared with the public?

**Hon. Mr. McMorris:** — Yes. That's a good question. And so when did this egg hatch? When did we decide that we were going to move in this direction? And when do we start to say that we're going to look at alternative financing models, whether it's P3 [public-private partnership], or whatever the alternative financing models would be?

Well I would say that probably governments have been looking at this for a number of years. When other jurisdictions were getting projects built and looking at alternative financing models, I'm sure governments from all stripes were looking over the border to see what was done. In fact, in 2000 — so a number of years ago, under a different stripe of a government — a P3 secretariat was set up.

So you could say that when was the idea started as far as looking at P3s and whether they would be of value to our government, you could probably go back 12 years. And perhaps it was further back than that, but I know a formal structure, a secretariat for P3s, was set up under I believe it was Pat Atkinson, the minister at the time. So that work has been done over a number of years.

You would say that we haven't moved on that. No, we haven't moved on necessarily any one that you would point to, although there are examples. It depends. I mean we use the term P3, and there are many different examples of what would constitute a P3 and what wouldn't constitute a P3. And we can probably go back in different years of governments to identify some of those.

We as a government, I would say over the last year and a half to

two years, really looked at — as a secretariat which was under the former government; different iterations under our government — really never I don't think looked at, was never a concerted effort to look at it as expeditiously as we're going to from now on. And that's why we've set up SaskBuilds Corporation that isn't just looking at alternative financing, but is looking at the five-year capital plan as well as other, you know, responsibilities. So the financing is one part of a bigger corporation. But certainly the alternative financing will be looked at. When did it happen? It's been going on for a very long time.

**Mr. Wotherspoon:** — I think it's unfair to suggest that delivery of private sector infrastructure own/operate has been going on for a long, long time. This is a newer concept or a new concept that's been put forward. The P3 secretariat that was mentioned, that may have been the case. And I know there was some dollars spent by your government just a couple of years ago, close to \$1 million that I believe in the reports following were written off, that there weren't really projects in the province that fit the best interests of the public and the taxpayers. So that was wound down. The \$1 million certainly was spent, possibly a loss to Saskatchewan people.

My question would be, what risks has the minister . . . Because certainly there's risks in these projects. It's all based on contract and terms in relationships, not just the ones that you enter into immediately, but for many years forward and also as you get into renegotiation of those contracts. What risks have been identified by this minister that he'll be looking out for as he advances this file?

**Hon. Mr. McMorris:** — What I'll do is I'll turn it over to Brian to give some examples of P3s that have been up and running. I'm sure he has a much better knowledge of the ones in Alberta, certainly the ones in Manitoba. The Minister of Finance in Manitoba has talked about P3s. But I would say that the concept of using P3s goes back many years. I mean yes, our government has looked at it, but so did the former government look at it with a secretariat and looking at how we can make this work. Obviously it was attractive to them. They were spending money on it.

Having said that, let's fast forward to 2012 and where we are today. There are many examples out there that have been cost-effective to the taxpayer, and I'll let Mr. Manning talk about those and if I have any comments after, I will.

**Mr. Manning:** — Sure, Minister. P3s in Canada have been prominent since about 2002, 2003, somewhere in that vicinity. BC, Ontario, and Alberta have been the most active with P3s. With Alberta would be around 2005 or thereabouts that they started to consider P3s. And you used a very critical phrase on value for money, because quite frankly, if a project doesn't prove through the detailed analysis that the value of money isn't there, then a P3 project doesn't proceed. There's no economic reason to proceed, so the project would either be cancelled or it would go back to a traditional design and build within normal jurisdiction or government resources.

So a few examples from the Alberta experience . . . I'll just maybe quickly leave four with you, two on bundling of schools, the first two bundle of schools, and then two on highways. And

again they're quite recent development.

So Alberta has completed three bundling of schools. They're considering bundling a fourth bundle of schools. The first bundle was some 18 schools, mainly elementary, and the actual savings versus what was . . . The analysis showed it was going to cost X and then once we got into the procurement stages, the winning bid, the savings for bundling those 18 schools was 13 per cent. So that equated to \$97 million. The second bundle was 10 schools. The savings there were 29 per cent and that resulted in \$105 million savings, so \$10.5 million per school.

On the last two quadrants of the ring roads going around Calgary and Edmonton, Edmonton, the northeast Anthony Henday — and that'll complete the ring road around the city of Edmonton — that was a 17 per cent savings. So that equated to \$371 million versus a traditional design and build.

And then lastly, the southeast Stoney Trail in Calgary, for different reasons the winning bid was 58 per cent under what was projected for construction, and that was a savings of 1.063 billion. So again value for money is critical here. Again I would emphasize projects won't go forward unless there's a clear value for money for those proposed projects.

[18:00]

**Mr. Wotherspoon:** — The value for money hasn't been existent when this government pushed forward a project a little over a year ago as it related to a private sector care home. And it was related back to us by way of an auditor's report that highlighted that there wasn't any value for money analysis on that project. So hearing that phrase is valuable and making sure that that's going to be part of a process and a fair tendering process.

That being said, and you know there's a lot of reports out there that highlight the cost of private sector borrowing, of course, being significantly higher than that of government, that ultimately the taxpayer bears that cost. And really what we're doing when we're looking at building out these public assets that are going to be required for many years forward, there's a real risk of tying the hands of the public purse and that of the public when we move forward by way of them, the public, the private sector owning infrastructure that we require as a province and beholden, in a way, at a time when we come around to renegotiation of contracts, or even at any point through that process when they're fulfilling or operating an infrastructure that we require. What's the, I guess the minister's response to the questions around the concerns this has for the long-term costs and the very limited, I guess, the forfeiture of power or control over one's future when you're going to have many private sector contractors owning the infrastructure that we require, whether it be in hospitals, highways, or education?

**Hon. Mr. McMorris:** — Well it's an interesting, it is an interesting question. I mean it's a question that we're certainly having to deal with in the province over the last few years with the growth of the province certainly that we didn't see before and the demand then for infrastructure that we're seeing now. You had mentioned that while the government could borrow a lot more reasonable, I guess, than private companies in other words, we could do it the old model, that either you wait till you

have the cash and then build it or you could borrow as a government or you can look at other alternatives which other provinces have done and have seen great savings in the construction, which then tends to offset any of the costs as you move forward. I shouldn't say . . . It doesn't offset all the costs, but it offsets some of the costs as we move forward.

You identified one project that moved forward, and the auditor was critical certainly of the process that we got to to award the contract, but not necessarily so much of, you know, the project is up and running. The cost per bed compared to a public sector construction was greatly different. So I think, you know, we can certainly debate that one and it's not that it hasn't been debated enough, both in the House and in committee, over one project.

But what I would say is that there are many different variations of P3s. I think the absolute is making sure that we go into it with our eyes wide open. And the negotiations of what that contract looks like and what the P3 looks like is extremely important. That's why we want to start the work and that's why we bring in expertise such as Mr. Manning that can help us through that.

And I don't know if you have anything to add on that?

**Mr. Manning:** — The only thing I would add, Minister, would be that during the whole process, the private sector doesn't own the project. The Crown still retains ownership of that capital item or asset. What the private sector does get is annual payments of . . . well first of all, if it's a design, build, finance, maintain agreement, that agreement probably extends two to three years to build the asset and then 30 years to maintain it. So during the construction period, the private sector would get payments, progress payments if they meet the terms of the contract. And then there would be annual payments on the maintenance side for the length of the contract and, as I say, usually it's about 30 years. But during that whole process, the private sector doesn't own the asset; the Crown retains ownership of that asset.

**Mr. Wotherspoon:** — What occurs after the 30 years then?

**Mr. Manning:** — Then the asset is returned. The contract is null and void or it has matured. And then the private sector though has an obligation to, as it leaves, the maintaining of the asset under certain terms and standards. And usually those terms and standards are exactly where the facility was when it was built 30 years ago. So they have a responsibility to maintain that asset to the point of when the contract is over that it's in the same conditions as it was when it was initially built.

**Mr. Wotherspoon:** — We're well aware that the demands of infrastructure are significant. It's a task that government needs to be there to work with municipalities and school boards and health regions to address those challenges. But it seems to me that when we're looking at the recent reports that have come out as it relates to the financial position of the province and the approach to budgeting of the province, that this seems to be more of a convenient fix, more of a mortgaging relationship with a private sector partner, and certainly does present itself potentially as something that could be quite short-sighted with significant risks and costs borne for many years, decades, generations forward.

I'll tie back into the minister's comments because I know we're out of time here this evening by way of questions. But the minister suggested that he'd be proceeding cautiously with eyes wide open, looking at all the facts. I would certainly urge him to do so because there's a lot of risks, a lot of costs that we need to be fully aware of and communicating back to the public on this file.

**Hon. Mr. McMorris:** — Just in closing, I think what I would say that we're very aware of that. You know, we'll be moving forward if it makes sense.

I think there was examples given of projects in Alberta, and I know that they could probably identify, and the mayor of Winnipeg would certainly identify projects that have moved forward that have saved the taxpayers considerable amount of money in a new financing process as opposed to the old financing process. You know, if you can look at a stretch of highway going around the perimeter of Calgary saving the taxpayers \$1 billion compared to the old structure, I don't know if many would be against that. Again, we take each project for its value and for its worth. Thank you.

**The Chair:** — Do we have any further questions of the minister and his staff? Seeing none, I will call the vote. Vote 86, SaskBuilds Corporation, subvote (SB01) in the amount of \$2,000,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Carried.

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

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2013, the following sums for SaskBuilds Corporation, in the amount of \$2,000,000.

Do we have a mover? I'll take Ms. Jurgens, please. Are we agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. I would like to thank the minister and his officials and committee members for their input at this time into the estimates of SaskBuilds Corporation. The committee will now recess for a few moments as we exchange ministers for Minister Boyd and the Economy.

[The committee recessed for a period of time.]

**General Revenue Fund  
Supplementary Estimates — November  
Economy  
Vote 23**

**Subvotes (EC01) and (EC12)**

**The Chair:** — I will now call the committee back to order. And at this time we will be considering supplementary estimates for the Ministry of the Economy. We will now begin with our consideration of vote 23 on the Economy, central management and services, subvote (EC01) and economic development,

subvote (EC12). I notice we have two ministers, Minister Boyd and Minister McMillan with us this evening. I will invite Minister Boyd to introduce his officials and make opening comments.

**Hon. Mr. Boyd:** — Good evening, Mr. Chair, members of the committee. I'm pleased to be here this evening before you, and I'm pleased to introduce to you and members of the committee my officials from the Ministry of the Economy. Accompanying me here today are my learned friend, the Hon. Tim McMillan, Minister of Energy and Resources; Kent Campbell, deputy minister; Denise Haas on this side on my right, chief financial officer, revenue and corporate services; and Hal Sanders directly behind me, assistant deputy minister, minerals, lands and resource policy division.

Mr. Chair, we are here to speak on vote 23 of the Economy. Specifically, this encompasses two areas. Enterprise Saskatchewan has transferred 15.746 million in August 2012 to the Ministry of the Economy to provide increased funding through a special warrant of that amount; Enterprise Saskatchewan's operations and staff transferred to Economy effective on August 1st of 2012 as a result of the government reorganization. So this warrant represents two-thirds of the annual budget, less pension and benefit costs transferred to finance of the Enterprise Saskatchewan in support of ongoing costs associated with the transfer of operations and staff. This represents no new net costs to the government as the Enterprise will be underspent by a corresponding amount. So there's nothing new here. It's been transferred to Economy and Enterprise will have that much less available to them. Authority for the transfer was granted under order in council number 302/2012, dated May 25th, 2012.

Minister McMillan, perhaps you have some comments as well?

**Hon. Mr. McMillan:** — Yes, thank you, Minister Boyd. Good evening, chairman and committee members.

We have a special warrant for the amount of 238,000 for the expansion of the subsurface geological lab. This project in general is actually under budget overall. It was originally budgeted at approximately 2.8 million, and approximately 2.4 million was spent.

A 2011-12 budget allocation of 2.8 million in capital for a 2346.5-square-metre expansion, but only 1.3 million of this amount was spent in the years 2011-2012 due to the project being delayed. Additional time requirements were the result of delays in the tendering processes and contractor availability.

Therefore, in the years 2012-2013 the budget allocated 700,000, as project completion was anticipated to be less than the original budget requirements. However, scope changes were required to address additional project challenges, which required an additional 400,000 from the above 700,000, which was deferred into 2012-13 budget. The Ministry of the Economy will receive an additional . . . is here for the additional 238,000 in a special warrant funding and will manage the additional difference, approximately 152,000 within the current appropriation of the 2012-13 budget. The project was completed in late fall of 2012. And with that, Mr. Chairman, we're happy to answer questions in regards to this special

warrant.

**The Chair:** — Thank you, ministers. And I'll open the floor for questions. Mr. Forbes.

**Mr. Forbes:** — Thank you very much, and glad to have this opportunity to ask a few questions about this as we start with understanding the Ministry of the Economy. It's quite a large ministry and clearly one that's very important. And we look forward to seeing results, and so we're excited about that. But we do have some questions about this.

So you're bringing over about \$15.7 million of economic development. Now when I look back and try to understand this, I'm looking at the old, well not the current estimates, the budget on page 56. And so I'm curious to know how this allots or how it corresponds to the programs that was under Enterprise Saskatchewan at the time when we had the last time to meet in estimates.

**Mr. Campbell:** — Kent Campbell, deputy minister. So the amount being transferred essentially corresponds to two-thirds of the annual funding for salaries and operating expenditures of Enterprise Saskatchewan. So the first portion of the year was of course directly incurred by Enterprise Saskatchewan itself. And so as of August 1st, the staff and functions were transferred over into the Ministry of the Economy, so we'll be incurring those staff and operating costs for the remainder of the year. So that's what the 15.7 represents.

In terms of program monies, you'll note in the estimates there on page 56 that there was funding for the Saskatchewan Trade and Export Partnership. That was provided through Enterprise Saskatchewan prior to the transfer. And then the Western Economic Partnership Agreement, that money was not transferred. That remains in Enterprise Saskatchewan.

[18:15]

**Mr. Forbes:** — So you didn't bring that over.

**Mr. Campbell:** — Yes. There's certain commitments there that are going to continue to flow throughout the remainder of the fiscal year. So it's just the monies transferred for the employees themselves, and those will then continue to be administered under Enterprise Saskatchewan, of which I'm the acting or the chief executive office of.

**Mr. Forbes:** — I guess I've been so focused on other issues, I haven't really followed how . . . So Enterprise Saskatchewan still exists, but they're doing more of an international . . . I think when I questioned the minister last about this, that they're doing more of the international, national focus as opposed to the regional focus. Is that correct?

**Mr. Campbell:** — No, Enterprise Saskatchewan still formally exists as an organization until we can wind down some of the funding agreements it has in place. But for all intents and purposes, all its activities, its operating budget and staff have been transferred now into the Ministry of the Economy and fully integrated. So it's basically in existence to wind down the existing financial commitments and program commitments that it has. And eventually it will be no more.

**Mr. Forbes:** — So the last thing that they're, the only remaining obligation or job or task it has is the Western Economic Partnership Agreement? And community . . .

**Mr. Campbell:** — And the Community Development Trust.

**Mr. Forbes:** — Right. And there was no funding in the last estimates.

**Mr. Campbell:** — Right.

**Mr. Forbes:** — So what would it be doing about that? I mean, is there a trust account that exists, and it's administering the trust account?

**Ms. Haas:** — Hi. In previous years the budget that was allocated to Enterprise Saskatchewan's special operating agency. It's a corporation. So the money for that specific program that wasn't spent remains in a restricted surplus within Enterprise Saskatchewan to only be spent on the projects underneath that program. So even though there wasn't a budget this year, there was still a restricted surplus that will continue to be used up as projects are completed. And they have until next year to finish those projects.

**Mr. Forbes:** — Can you give me some examples of what those projects would be?

**Ms. Haas:** — These's a centre of excellence with the Big River First Nation. There was a road into the peat moss, a new road into a new peat moss bog up in the Hudson Bay-Carrot River area. Well the studies won't carry over, but the program did cover a lot of economic-development-type and feasibility-type studies that a lot of the communities did that had a downturn as a result of the forestry industry.

**Mr. Forbes:** — Okay, thank you. And then getting back to the Western Economic Partnership Agreement, how long does that agreement last for and how much further out will that play out?

**Ms. Haas:** — That agreement actually does not take any more applications right now. But it has until September of next year to finalize their projects and till March of 2014 to reconcile all the reporting and the billings and everything else for those projects. So really it's not assigning any money to any new projects, it's just completing the requirements of all the contracts.

**Mr. Forbes:** — And what kind of projects are we talking about in that type of . . .

**Ms. Haas:** — There was lots of innovation things. There are some things with, say, the Petroleum Technology Research Centre. There's some productivity ones with the Business Development Bank of Canada and some of the manufacturing industry. I'm just giving you a range of the different types of projects. There was some capital projects that were with the universities and that that contributed to more innovation and research and development at the universities. There's a whole range of projects there.

**Mr. Forbes:** — Yes, thank you very much. That's very helpful. And I suppose a political question is, in the upcoming budget

we might see replacements or we may not for these two initiatives. And I don't know if . . .

**Hon. Mr. Boyd:** — Well the possibility of that exists. That will be determined through the budget finalization process to see whether there is a need or a demand to carry that forward.

**Mr. Forbes:** — Right. Good. Now I have one other question. I'm not sure if this is the . . . But I am curious because of the Year of the Co-op, and I did receive a cc [carbon copy] from yourself, Minister Boyd, about what might happen in terms of the Saskatchewan Co-operative Association project. And you had thought that this was going to be dealt with as part or considered as part of our larger discussion of the Saskatchewan plan for growth. So I know that there was a small amount of funding that was for a developmental position, I understand. But just for the Year of the Co-op, I don't know if you have any comments to make about that right now.

**Hon. Mr. Boyd:** — The budget allocation for this year remains and it would carry forward until the end of this year. And then through budget finalization we'd take a look at the, you know, that program and determine whether we wanted to carry it forward or not.

I would just say this in addition: I think that the co-operatives in Saskatchewan play a very fundamental role in terms of economic development activities here in Saskatchewan. They make up a pretty significant part of the business activity in a lot of small communities around Saskatchewan that are fundamental to the fabric of those communities. If you look at the very solid track record of the co-operatives here in Saskatchewan, I think it indicates to all that this is an area of our economy that's very important to Saskatchewan.

**Mr. Forbes:** — So are you saying that that position . . . They did receive the funding for this year?

**Hon. Mr. Boyd:** — Yes, for the remainder of this year, those funds are in place.

**Mr. Forbes:** — And when did that all happen, if I may ask? Because I'm thinking your letter stated October 29th.

**Hon. Mr. Boyd:** — In the month of November.

**Mr. Forbes:** — Great. Thank you very much. With that, Mr. Chair, I have no further questions.

**The Chair:** — Any other committee members with questions for the ministers regarding the vote 23?

Seeing none, I will call the question on central management and services (EC01) in the amount of 238,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. It's carried. The economic development subvote (EC12) in the amount of 15,746,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. It's carried. I will now ask a member to

move the following resolution:

Resolve that there be granted to Her Majesty for the 12 months ending March 31st, 2013, the following sums for Economy in the amount of 15,984,000.

Ms. Campeau. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Carried. I'd like to thank the ministers and their officials and the committee members for their involvement in the committee tonight and for the responses to the questions. And shortly we will move a motion for the report, but thank you, ministers.

One more motion before the committee. Committee members, you may have before you a draft of the second report of the Standing Committee on the Economy. And we'll require a member to move the following motion:

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

Do we have a mover to that? Mr. Doke. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's carried. The committee now stands . . . Oh, I need an adjournment. Do I have a motion of adjournment?

**Mr. Bradshaw:** — I will so move.

**The Chair:** — Moved by Mr. Bradshaw that the committee do now adjourn. We're all agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Thank you very much. Thank you to the committee members for your attendance here tonight.

[The committee adjourned at 18:24.]