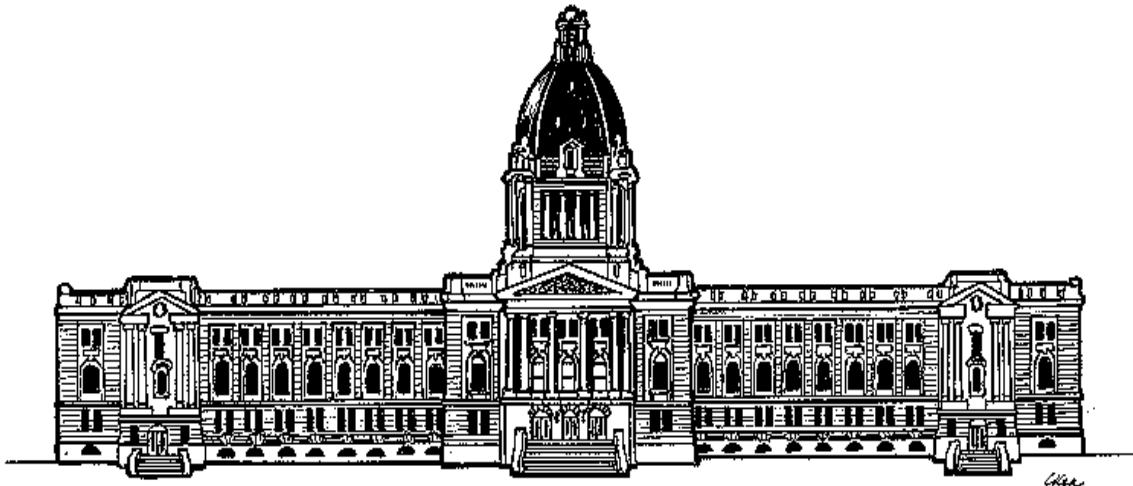




# **STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND INFRASTRUCTURE**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON INTERGOVERNMENTAL  
AFFAIRS AND INFRASTRUCTURE  
2005**

Mr. Ron Harper, Chair  
Regina Northeast

Ms. June Draude, Deputy Chair  
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Ms. Sandra Morin  
Regina Walsh Acres

Hon. Maynard Sonntag  
Meadow Lake

Mr. Kim Trew  
Regina Coronation Park

[The committee met at 15:00.]

**General Revenue Fund  
Supplementary Estimates — November  
First Nations and Métis Relations  
Vote 25**

**Subvotes (FN01), (FN02), and (FN03)**

**The Chair:** — Good afternoon. We'll convene the committee. The first order of business before the committee is the consideration of the estimates for the Department of First Nations and Métis Relations. I will invite the minister to introduce his officials.

**Hon. Mr. Sonntag:** — Thank you very much, Mr. Chair, and committee members. I will introduce the officials, and I also have a brief opening statement summarizing. Would you like me to do that at the same time?

**The Chair:** — Yes. After you've introduced your officials, then we can take your opening statement today.

**Hon. Mr. Sonntag:** — Thanks very much again. Seated to my immediate right is John Reid, the acting deputy minister; to my left is Laurier Donais, director finance and corporate services; to the far right is Susan Carani, director of lands and resources. Seated behind me and to the left is Cora Sellers, senior policy analyst, Aboriginal economic development; and right beside her, to her right, is Jennifer Brass, executive assistant to the deputy minister.

Committee members, good afternoon. I certainly appreciate this opportunity to appear before you again. I'd like to take just a few minutes, if I could, before the committee's deliberations to provide a very brief summary of the supplementary funding required by the Department of First Nations and Métis Relations this year.

The mandate, as I suspect many of you know, of the department is to work with First Nations and Métis people and other orders of government to advance common interests and to improve social and economic outcomes of Aboriginal people.

In doing that, among other things the department administers the gaming framework agreement and delivers on the Aboriginal employment development program. To meet our obligations as defined through the mandate, we received an additional \$5.7 million in supplementary estimates this fiscal year.

Here's an overall breakdown of that: 4.7 million is required to meet the province's obligations under the gaming framework agreement; 550,000 will go towards the First Nations and Métis economic development program announced in October; 400,000 was directed to the Aboriginal employment development program with employer partners; and 24,000 was provided for central administration.

As noted, most of that supplementary estimates, the 4.7 million, was required under the gaming framework agreement. That agreement stipulates that net profits from the four casinos run

by the Saskatchewan Indian Gaming Authority and the two run by the Saskatchewan Gaming Corporation be split according to a set formula. The original '05-06 estimates were based on budgeted net profits of the casinos for the 2005-06 fiscal year. These supplementary estimates are based on revised forecast profits for the '05-06 fiscal year as well as fiscal payments due as a result of higher actual net profits for the '04-05 year.

In late October the department announced a First Nations and Métis economic development fund. The fund is designed to create more First Nations and Métis businesses and reduce the high unemployment among Aboriginal people in the province. 550,000 is required this fiscal year. Specifically the program will provide grants to Aboriginal business entrepreneurs who want to get involved in growth sectors of the province or expand existing operations.

The 400,000 going to the Aboriginal employment development program will be used to provide financial assistance, to continue to partner organizations, and to help them implement and maintain an Aboriginal employment program in their workplace. The activity and demand on this program has been higher than we expected earlier this year.

The AEDP [Aboriginal employment development program], as it is called, is a highly successful program designed to create a representative workforce. Currently the AEDP has signed 67 partnerships with employers, government agencies, and unions.

And finally the \$24,000 was required for central administration to cover the increased cost sharing for the department related to my office as minister, as a result of the removal of two portfolios. My office has been reduced by one staff member. However, the costs are now being shared over three portfolios as opposed to five.

The Department of First Nations and Métis Relations is dedicated to working to ensure that First Nations and Métis people have the opportunity to fully participate in the province's social, economic, and employment structures. We are committed to helping to build the road that will act as a bridge between Aboriginal people and non-Aboriginal people and, as an end result, prosperity for all Saskatchewan people.

Thank you very much for the opportunity to provide those opening remarks and I certainly will be pleased to answer questions.

**The Chair:** — Thank you, Mr. Minister. The item of business before the committee is the consideration of the estimates for the Department of First Nations and Métis Relations and that is vote 25. It is found on page 12 in the Supplementary Estimates book.

Before we take questions, I'd just like to point out to the committee Mr. Yates is subbing for Mr. Sonntag on this particular item. Ms. Draude.

**Ms. Draude:** — Thank you very much, Mr. Chair. And to the minister and to your officials, I look forward to our discussions today. This area is of great interest to me and to all of us in this room. I think that it is the basis, it's the foundation for growing

our province because we have a lot of our workforce possibilities are right here within this department.

I want to start by asking the minister to give me a little more background on how we spent the \$24,000 for the central management and services. I heard you say that the cost is now spread out over three departments instead of five. Does that mean that you have more personnel? Is that where the money went to? Or how is it exactly spent?

**Hon. Mr. Sonntag:** — Sure. Let me just summarize, and if one of my officials feels the need to clarify, they can feel free to do that.

In a minister's office, the expenditures are allocated to each department or Crown, depending on how many responsibilities you have. So prior to this I had responsibilities for two departments and three Crowns and the office expenditures were split essentially 20 per cent to each portfolio — to each Crown and department.

With Highways and STC [Saskatchewan Transportation Company] being moved out of my area of responsibility, those costs — out of my office — now get split up three ways as opposed to five which increased the share of First Nations and Métis Relations.

The same will be true now for . . . So the same thing will happen for SaskTel and SGI [Saskatchewan Government Insurance]. They'll have to pick up a little bit more of the actual costs. There's no additional cost, but it's FNMR's [First Nations and Métis Relations] share is slightly higher.

**Ms. Draude:** — So then overall the administration between all these different departments that you used to be responsible for will be the same and there will be the same number of people. It's just it will be spent in different departments. Or how is this working?

**Hon. Mr. Sonntag:** — Essentially that's right.

**Ms. Draude:** — Thank you, Mr. Minister. One of the discussion items is the news release that was put out on October 18, "Program to boost Aboriginal participation in the economy." I had an opportunity to speak to one of your officials a couple of times about this program. I'm excited about the opportunities but disappointed that the money is not . . . only discussed on October 18, put into this supplementary estimates, but there still isn't a real plan, a program application in place. Can you tell me when there actually will be an opportunity for somebody to receive funds under this program?

**Hon. Mr. Sonntag:** — On this point I think I will get officials to supplement my answer, but let me just sort of give this response first off. We essentially knew what we wanted to do as a department in designing the program, but it's a bit of a Catch-22 in trying to ensure that you're doing consultation with stakeholders. And after having decided that we would largely flow these funds, the recommendations, and the analysis through several different organizations — specifically for First Nation applications through SIEF, the Saskatchewan Indian Equity Foundation, and the other one we're looking at right now is Campeau Development Fund for the Métis.

So we needed to sort of announce the program, attach the number of dollars that had been approved, and then consult with the stakeholders and specifically the organizations through which we want to have the applications flow, so that we can make sure we have the program designed exactly right. I think to have gone through all of the consultation in advance, I just don't think you can run it . . . it's sort of putting the cart before the horse in my estimation. It would be nice if you could roll it all out at once but I don't think it would have worked very practically.

**Ms. Draude:** — Thank you, Mr. Minister. I guess my concern is that now you've put the horse before the cart. Now the program is out and people who were interested were phoning — I imagine your office as well as mine — saying, okay there's some money here. When are we going to do it?

And then when I got the information back from your department, the word was, we haven't designed the program yet. We haven't designed the program or the application. So we have a news conference held which raised the expectations of people to find out, no it's not there yet. So I think that it was upsetting to people to think that, you know, there was something out there that they could work on and not knowing it was there. I can't see how . . . doing it the other way around may work better for your department, but it definitely wasn't better for the people.

I would imagine that before too long we're going to have to make the announcement again. And that just sends the signal to a lot of people, to a lot of taxpayers that sounds like all we're doing is making news conferences and press releases about money to First Nations people when it's not true. You'd have to stand up and say, well this is the same one I announced on October 18.

I don't think it's doing a lot to send the message that this government is definitely working with First Nations people. But it sounds like there's a whole lot of people . . . a whole lot of money. People like you and I that are involved in politics all the time maybe would understand it. But the average person out in the area are saying, okay there's more money for First Nations people. It's not doing anything to quell the problem that we have with people thinking that there's a lot of money being given to Aboriginal people. It concerns me greatly.

**Hon. Mr. Sonntag:** — I appreciate your concerns. We did work closely with the FSIN [Federation of Saskatchewan Indian Nations] in deciding on how to roll this out. I would like to have worked with MNS [Métis Nation of Saskatchewan] as well, but you will be aware of the circumstances that exist there.

There was agreement — knowing that this would be one of the pitfalls, I guess — there was agreement that this is the way we should do it. So there will be some consultation yet. But there was — you need to know — there was considerable consultation leading up to the design of this program with the FSIN and with their, I think, with their general approval that this was the right way to go.

I'm going to let probably John tell you about, sort of, more in terms of specific timing because, I guess, if you want to clarify that, for those who are applying, I mean they're not sort of lost

off the list. And I think it's fair to say we want to, hoping that we'll get this rolling fairly quickly. But I'll let John go ahead.

**Mr. Reid:** — Sure. And thanks, Minister. One of the reasons it's important to consult with institutions like the Saskatchewan Indian Equity Foundation and Clarence Campeau Fund is that these are established financial institutions that have established criteria.

We are a seed fund. And so we want to make sure that the program and criteria that we unravel complements their criteria as well because again, those are going to be institutions that will be providing the matching loan money — or in the case of the federal government, matching grant monies, for example, on the same initiative. So we want to make sure that, for example, that we deal with sweat equity the same way, that the amount of money we put in in terms of amount of stacking of grants, if you will, doesn't exceed a certain amount, say 40 per cent from all sources; that all the business plan criteria that we want is the same.

So the whole idea is to make sure that, for the benefit of the applicant, that we have a streamlined and integrated application process that in fact complements those who are funding partners, and that's why we've had to consult with them carefully; and also respecting the fact that those organizations have their own boards and that those boards want to meet internally and talk about how to unravel this, unfold the program, if you will, in terms of application criteria.

My sense is that the SIEF board, for example, I understand is meeting next week. We're meeting still and having discussion with Clarence Campeau. It's hard to say an exact date because things can happen, but if everything goes okay hopefully we'll have application criteria in place by end of the calendar year or early in the new year and that things will be . . . we'll be receiving applications at that time. That's my best sense right now.

**Ms. Draude:** — Thank you to your officials and to the minister. I hope that you understand where I'm coming from because my big concern is that we're just sending the message that there's a whole lot of government money going to First Nations and Métis people that isn't going to them. Because it would be a reannouncement if in January or whenever the final details are made that the minister again goes forward and says that there's money.

I would hope that instead of making another news release that you said you'd work with the minister or with the FSIN to ensure that the details were worked out in a way that was acceptable. Well then in order to go forward with it then I hope it goes through the FSIN, and hopefully — my next question will be the MNS — hopefully then we don't have to go through another news conference where we are trying to explain it because that's the kind of thing that causes concern for me. We have to ensure that you as government and I as an opposition isn't sending the message that there's a whole lot money going that isn't going there. I think we have to be very careful in the way that information is sent to First Nations people.

So thank you. I think that the minister is in agreement with me on this and I think that we can make sure that we do everything

we can to make sure that we don't add to the problems that there are out there when it comes to the monies that go to people who obviously need jobs.

My next question is for the Métis people. The Lampard fund, I believe, was funded in last year's budget. Am I correct? The Lampard report.

**Hon. Mr. Sonntag:** — Yes.

**Ms. Draude:** — Was the new report on the government's recommendations for the election, is that funded at this time?

**Hon. Mr. Sonntag:** — It was both years. Both last year and this year.

**Ms. Draude:** — And can you tell me the amount of money that was spent on the government's recommendations or the government's support for the report?

**Hon. Mr. Sonntag:** — Just for clarification, you're talking about the review panel's report, the cost of that? We'll get the exact number. My recollection is the budget amount was 150 and we spent just slightly over 100,000. But we'll get the exact number for you.

**Ms. Draude:** — Thank you to the minister. Mr. Minister, the whole Métis election is still something that's frustrating and upsetting to every Métis person in Saskatchewan. I'm sure the minister is aware of that. I don't know that there's anything being done at this moment because the MNLA [Métis Nation of Saskatchewan legislative assembly] that's been requested can't be carried out without funding. And yet there's no way to do it.

What is your government's plan to actually ensure that there is a legislative assembly of the Métis people of Saskatchewan that stand with all of the people and not with the bias to any one person that may want to be at the head of this MNLA?

**Hon. Mr. Sonntag:** — About two weeks ago we rolled out specifically, after agreement with the federal government, exactly the process that we saw to get us through this. In fact the federal and provincial governments have agreed to cost share the cost of an MNLA, which is the Métis national legislative assembly, for those who are unaware.

The purpose of that assembly would be for the sole purpose of calling a new election. It would then have to be, immediately be ratified by a general assembly. But again I just want to make clear, we have agreed to pay for that cost of those assemblies providing that that assembly agrees to a new election and establishes a new election date.

**Ms. Draude:** — So how is the funding going to . . . Who's going to receive the funding and through which channels is it going to be given?

**Hon. Mr. Sonntag:** — For the legislative assembly?

**Ms. Draude:** — That's correct.

**Hon. Mr. Sonntag:** — For the legislative assembly we would contemplate flowing it through a third party, likely an

accounting firm.

**Ms. Draude:** — Has there been anything specific, anything concrete that's been decided which firm would be controlling the money and how the members, the Métis nations, the Métis locals would be contacted to ensure that there was representation and funding to the members that wanted to attend the legislative assembly?

**Hon. Mr. Sonntag:** — A couple of things. First of all when we made the announcement about the process that we felt we required — when I say we, I mean the federal and provincial governments — every local in the province was provided a fairly specific letter outlining what we deemed to be the process, essentially as I was making the announcement.

We probably considered in the department — again, somebody can answer this — probably considered who that third party might be or possibilities anyway. But we're not going very far down that road or spending very much money until there is an agreement that there is a legislative assembly going to be called. It doesn't make much sense to do all of that work and then find out nobody is going to call the assembly. So that's why we're not very far down that road.

**Ms. Draude:** — I understand that the minister and the department is in the Catch-22 because I understand that the fear is that there isn't going to be a wasting of funding or that it's not going to the right place. But at the same time because the government has funded the Lampard report and the elections review, there is a commitment to make sure that this process does work.

So for the ordinary, grassroots Métis person there has to be somebody that's going to take the lead and ensure that there is an election, a fair election held. That's going to require a registry and that's . . . I mean that's got to be the first step. Whether there is an election being held right now or not, somebody has to be in charge of the registry.

Can you tell me where you were working on the, where you are when it comes to working on the registry and who you were suggesting that this letter would go to to discuss the legislative assembly meeting? If you send it to the president of the locals, that's not getting to all the members of the Métis Nation.

**Hon. Mr. Sonntag:** — Good questions. First of all, with respect to all of those things, the voting registry and all of those, they will . . . Let me back up a little bit. Again when we made the announcement about the process that we essentially required, and believe me this is . . . There's been a huge amount of effort put in to trying to sort this out about what we could do. And in the end of the day, I think while we realize this isn't perfect it's really the only route that we felt in discussion with the federal government that actually has a potential of getting us through this mechanism.

The first thing that needs to be called as we've just been discussing is the MNLA, the general assembly to ratify it. And I mean to establish that there will be a new election outside of the regular cycle which would have been May of '08, and then to establish the date and then to be ratified. And then we'll pull together the accounting firm . . . not the accounting firm but the

advisory panel, the three-person Métis panel which would be advisory, we understand — that's all they can be — and in addition to that, a chief electoral officer to oversee the process.

That advisory panel will essentially be in charge of the things that you've just listed — the establishment of a voters list that will be trustworthy and credible, probably establishing an appeal mechanism. I don't want to pre-judge what the panel would say because it would be their role to lay out a process that is acceptable to Métis people in the province. I should say, I should qualify my statement by saying in likelihood it will lay out the voters registry which we've deemed as very important, an appeal mechanism, a process to ensure that in the future there is fair elections ongoing.

And I guess lastly, that they would describe how the actual voting would take place with scrutineers in those locations as well. And again, I say that our commitment is to cost share with the federal government to ensure that it's a fair registry.

**Ms. Draude:** — And I'm pleased that that is the goals. But maybe it's just part of the nature of this job. But my questions always are, when? Like how quickly can we do this? Because at the same time that we're trying to get the process in place, the general public's respect for and belief that the Métis people can be involved in getting this government to work for them, the longer the time span is between the last election and having this happen, the longer the more people are thinking that there is nobody that's trustworthy. And that's sending the wrong message.

The government has spent a lot of money on ensuring that some of these agreements are put in place. But the local people, the people that are the base of the Métis Nation, aren't getting any help and they're not getting respect. And that really concerns me.

I know that right now there has to be amendments to the constitution, and that has to be done only after there's a general assembly and all the rest of the things happen. There's a Catch-22 involved in it.

I think that the affiliates that are respected and trusted and everyone affirms that they're doing their jobs, they haven't been mentioned in any of the work that you're talking about. There are credible people there that are willing to take on some of these activities that haven't been approached or discussed to see how they can make it happen. What is your department doing to work with the affiliates?

**Hon. Mr. Sonntag:** — Well all we've ensured is, because my department isn't responsible for the affiliates. It will be individual departments that have responsibility for the affiliates, Education and Health, etc.

We have committed all the way through, and there has been increased scrutiny in light of what has transpired, with all the affiliates to ensure that the funds flow fairly. So early on when we ceased our relationship with the MNS, we said we still respect the governance structure but until such time as we think there is a democratic election, we are withdrawing funds and we're breaking off the relationship with the MNS. That doesn't mean we don't respect the structure that exists. We just don't

believe that the people that are running it are fair and democratically elected.

So having said that, we've gone through the processes that I've described and I don't think . . . To get back to your question. As I say, believe me, we've looked at this from every angle. There might be some frustration about not moving quickly enough but it's a matter of what you can actually do. We don't have authority to simply insist on a new election without sort of holding the levers of finance there, and so that's essentially what we've done.

And I mean if . . . Just an event I was at just the other night where there was about, on Riel Day, when there was about 3 or 400 people in a room, get their response, and it's only anecdotal, but I mean if I heard it once I heard it I don't know how many times, that we want this process to take place and happen quickly but do not advance funds until we know it's going to be done properly. So that's the circumstance we're in. I think the majority of Métis people I've spoken to still are of the view that we're following the right process here.

**Ms. Draude:** — I'm hoping the minister doesn't think that I'm saying that there should be funds that are put forward until the process is right. But if we're going to wait for the process to be right and still not . . . Nobody's taking leadership. That's what I'm asking. There has to be something done that ensures that there is a voice in the Métis people in taking this.

I'm suggesting that the affiliates are still recognized as credible. They are the people that still have people in place that could be spoken to. They're in touch with a lot of the locals. And they have been doing work that is accepted not just by your department but by other departments. So to say that you're not advancing funds until this works, I mean, you're scared to go down the road, I understand that. But it's still not solving the problem.

So I guess we have to get to the point of saying, you know, what's the next step if it doesn't happen? There's got to be a next step.

**Hon. Mr. Sonntag:** — I should have clarified. One of the things that has happened and I can't . . . The ball is in their court in some ways right now, but a letter has gone out — and I don't know if anybody has any updated information — but a letter has gone out to Mr. Roth and the council saying that if they want clarification on the process that we've laid out, officials are prepared to meet with them.

And if I go by what I've just read in the papers from Mr. Roth and others, there is a view that we're headed in the right direction in at least consideration. But I will clarify on record that there will be no negotiation on this at all. The federal and provincial government have laid out the process and that's the process.

**Ms. Draude:** — Mr. Minister, Mr. Roth, according to the report, the Lampard report and the election review that you've gone through, has no more input in what should be seen as the voice of the Métis people than I have. Because that's not . . . That's what the review panel decided. So I know you have to address the letter to somewhere, to someone, but that . . . he's

not considered the leader of the Métis Nation right now. So why the letter would go to him is beyond me.

**Hon. Mr. Sonntag:** — Well unfortunately I agree. I don't mean unfortunately I agree; I mean it's an unfortunate circumstance but the constitution, in the Métis constitution right now they are the only body that can call a new assembly. So essentially, as I said, having gone through this very complicated process, we said, here are the conditions. Here is the mechanism by which we'll re-establish our relationship. Here's the mechanism by which the funds will flow. Your purpose in this case — referring to Mr. Roth — is solely to call a new election if you want the relationship re-established and if you want the funds to flow. That's it.

**Ms. Draude:** — Thank you. I know that it's not going to be simple and it's not going to be fast, but I am hopeful that when we sit here in the spring and discuss this issue that there will be a plan and there will have been something that's gone forward so that the people who deserve to have elected representatives can do it.

I think that there is a number of dollars . . . And I'll ask the minister to clarify how many dollars should have gone to the MNS that hasn't. I'm hoping those funds are going to still be available for them when this process does finally make the complete circle — that the people who deserve to have the money will have it available for them. The government is keeping their fingers on the purse string and we can be able to say, when this process is finished, this money is going to be available to them. That's going to be the one item, the one issue that I'll be watching for from this perspective to say that they haven't lost this just because there's been an election process that hasn't worked for them. That money still has to be there for them. It can't have been spent somewhere else.

**Hon. Mr. Sonntag:** — Well let me say a couple of things. Believe me, nobody hopes for this as much as you do. I certainly do too. But I do want to say, I mean I hope by the spring we've moved along. But even the consultation panel, because I — I mean I'll put it on record — I was hoping that we could have a new election by the spring of '06.

The review panel and the many, many people they've talked to across the province said that while everybody would like that, they don't believe that it was possible. But I think there is a view that we could have it in 2006. But again I'd leave that up to the membership to some degree because if we started right now and you're going to put into place a proper voter registry, that will take some time. And we want to make sure that that's done properly. So that was the issue raised by many Métis people across the province. So that was one of the points when they said, if you're going to do it, do it right.

I think you asked a specific question about the amount of funds as well and whether or not they're available. On an annual basis we have budgeted 410,000, 200-and-some matched federally . . . 210?

**Mr. Reid:** — Yes, there's the 310.

**Hon. Mr. Sonntag:** — 310. On a go-forward basis it will be available. We've not held those funds cumulatively to be spent

when we have the relationship re-established, because most of those funds have been spent on things for Métis people like the consultation panel and things like that. So it's been directed for . . . the review process is in quite a bit of it.

**Ms. Draude:** — I think that there will be considerable more discussion. And I think that to say that we're going to have it happen in 2006 is something that we should have a commitment from because anything is possible when you hold the purse strings. And that's what's . . . If the decision has to be made to go through a third party then it may have to be done.

We need a registry and we need an election and we need the people to have a voice. Those are the three things that I would see that all Métis people I've talked to have agreed on. Anything's possible but skiing through a revolving door, I've been told. So I think that if that's the goal, then we should work towards it.

The next issue that I would like to discuss is the First Nations gaming agreement, the \$4.737 million, I believe it is. That means that there's going to be more money for community development corporations, correct?

**Hon. Mr. Sonntag:** — I'm going to let . . . You're into an area that I think is better answered by John or yourself. Who wants to take . . .

**Mr. Donais:** — Yes. I'm not sure exactly what the question was but, yes there is more money for First Nations gaming. I think it's about 4.7 million and some of it relates to 2004-05 because we got final audited numbers, and of course the gaming framework agreement distributes money based on the actual numbers for 2004-05. So there is basically, I'll call it a cleanup payment, for that fiscal year. And then we've also put in another 1.7 million for a revised forecast for the gaming figures for 2005-06.

**Ms. Draude:** — Thank you. I know that because it's estimates you can never guess to the penny, but can we be assured that the amount of money that's being spent is very close to what you are feeling that will be spent? And the amount of money that will be coming in isn't going to differ greatly. Or are we going to see a big change again? \$4.7 million is a lot of money.

**Mr. Donais:** — Yes. No, we certainly . . . those numbers would be up to date as of, I believe the September forecast for the SIGA [Saskatchewan Indian Gaming Authority] and the SGC [Saskatchewan Gaming Corporation] casinos, so at this point that is our best guess. I mean you're right that once we know the final audited numbers, which we won't until next summer, we will make an adjustment for that as well. But as of today those are the best numbers that we know.

**Ms. Draude:** — Can I get a list of the organizations that have signed the AEDP?

**Hon. Mr. Sonntag:** — I suspect so. There's . . . The AEDP? The partnerships. Yes, absolutely. I think there's 67 of them right . . . Yes.

**Ms. Draude:** — And I'm wondering if I can get a list of the funds that have been made available to them.

**Hon. Mr. Sonntag:** — Yes.

**Ms. Draude:** — And would the extra \$4.7 million that's going to be available, has there been any change in the criteria that must be met or the number of people that may . . . the type of process that has to be gone through to ensure the people can make use of this money? That is quite a lot of money that will be spent. The community development corporations, have they been informed of this amount of money? And where are you expecting it's going to be going?

**Hon. Mr. Sonntag:** — There won't be any changes. But I just want to clarify — you may be aware of this, I'm not suggesting you're not — the amount is just a flow-through and even the estimates are not estimates that we actually, in our department, budget. They're provided to us by SLGA [Saskatchewan Liquor and Gaming Authority] and SIGA in consultation with those two organizations.

So we just use the number that they provide for us, plug it into our budget, and flow it through so there's no . . . In saying that hoping that we're closer to budget, we only take their numbers is what I'm saying.

**Ms. Draude:** — Is your department part of any of the decisions made for money sent to the community development corporations? Does your department have any voice in where the money is actually spent or who gets what in the community development corporations?

**Hon. Mr. Sonntag:** — Thanks for the clarification. No we don't. It's part of the gaming framework agreement that was negotiated, so we don't.

**Ms. Draude:** — There was a number of concerns that the Provincial Auditor had with the First Nations Trust and First Nations Fund. I know that with the changes in the gaming agreement there really isn't a voice now, or there isn't a necessity for the Provincial Auditor to have . . . to go into to actually audit the fund. Did you have any voice or any part in the decision how the contract was written up and whether the Provincial Auditor was part of it?

**Hon. Mr. Sonntag:** — That was, as well, negotiated through the framework agreement, the new mechanism moving it from a fund to the trust. I'm confident that the conditions are more transparent under the trust or more transparent, and they have more accountability than existed under the fund. And it was partly to . . . I shouldn't say partly, well partly it was to meet the auditor's requirements, but also I think to meet what were expectations of First Nations people generally across Saskatchewan.

**Mr. Reid:** — I might add that with the trust a number of things that would require now is a management letter that's issued by the auditor of the trust for each audit. We also require the trustee response to the management letter. We require an annual report. Upon request the auditor indicates whether the funding received by the trust has been properly accounted for and properly disposed of. And also we need access to documents that are submitted to the trust fund and beneficiary.

So a number of things have actually been built in now and



they're up and running and being fine-tuned even further.

**Ms. Draude:** — Thank you. Just two final questions on this area. Does your department take any monies for administration of this fund? You said it was a flow-through. I'm wondering if there was any monies at all stays with this department. With the money that comes from the gaming agreements.

**Mr. Reid:** — No. The answer is no.

**Ms. Draude:** — Thank you. And when the audit is done on the money that comes from the First Nations Fund, does your department see that audited statement?

**Mr. Reid:** — Yes.

**Ms. Draude:** — So even though the Provincial Auditor doesn't go into that fund now, your department sees the audited statement?

**Mr. Reid:** — That's correct.

**Ms. Draude:** — Did you see it before when it was a fund as well?

**Mr. Reid:** — Pardon me. Repeat the question. Sorry.

**Ms. Draude:** — Before it was changed from a trust to a fund . . . from a fund to a trust, did you see that statement before?

**Mr. Reid:** — I don't believe so. I think now, with the new trust, that's been resolved.

**Ms. Draude:** — So now your department would see it. Does the rest of the government department see it, or it is held within the First Nations department?

**Mr. Reid:** — We get to see the same documentation then that the trust themselves get to see. And we get to actually review that documentation as well.

**Ms. Draude:** — Is there any opportunity, if your department sees this trust and you have any questions at all, would you have the right within the gaming agreement to question it?

**Mr. Reid:** — Yes we do.

**Ms. Draude:** — Has there been any flags raised to date with anything that you've seen?

**Mr. Reid:** — Well I think as part of the ongoing dialogue with the trust, we're trying to tighten up controls and so are they, to their credit. And so I think, you know, steps are being made in terms of trying to get the reports in in a more timely way, for example. But in terms of building in the accountability provisions, the trust is trying to do that. So a lot of these problems that we referred to in the previous fund are no longer occurring today. So it's getting better.

**Ms. Draude:** — If you had a concern, would you be bringing it forward?

**Mr. Reid:** — If we had concerns, yes we would.

**Ms. Draude:** — You'd bring it forward publicly?

**Mr. Reid:** — Well we'd bring it to the trust obviously and try to resolve it there first, obviously. But we do have, you know, an accounting to the broader public obviously. And if that wasn't resolved there, then obviously we'd have a responsibility to do that.

**Ms. Draude:** — And how long would you leave it before you would feel that it was necessary to take it a step further than just resolving it with the people within the fund?

**Hon. Mr. Sonntag:** — Let me try by answering the question this way. They have to meet the conditions that we laid out here. They have to in . . . All of the First Nations need to meet those conditions that are laid out. If they don't meet those conditions, the Provincial Auditor will be made aware that somebody has not met these conditions. So that's the mechanism for the public to be aware.

And I should say, because I think this is an important point to make, we did not have in the department before, but we do now — I don't know his exact title but . . . [inaudible interjection] . . . director of gaming and trusts who is fairly expert in this area and scrutinizes these very, very closely. And that is, I think it's fair to say, quite satisfactory to the Provincial Auditor. That was what he was looking for under the old fund and we didn't have that person in that spot.

**Ms. Draude:** — My concern is today and has been all along, is that there is never any misunderstanding of how money was spent in such a way that it blackens the relationship between First Nations and non-First Nations people. That's the goal of all of us, to make sure that it's accountable and that there is never any concerns.

So if there is something that . . . I guess what I'm needing to hear is that the minister is saying if there was something that you were uneasy with that it would be brought up in such a way that we could restore the relationship so that everybody is confident that there's no problems.

**Hon. Mr. Sonntag:** — I think that's fair enough. Again the process is laid out fairly clearly. The different First Nations need to meet the conditions of the trust before they get the funds. So again, the director in the department will ensure that, you know, that the funds . . . they need to meet those conditions for the funds to flow. So there's a control there.

**The Chair:** — Order. Order. Thank you, Mr. Minister. The time allotted for this particular item has now expired itself so we'll conclude this particular item and we'll take a few moments while we have our Minister of Highways and Transportation and his officials will take their place.

**General Revenue Fund  
Supplementary Estimates — November  
Highways and Transportation  
Vote 16**

**Subvotes (HI01), (HI10), and (HI04)**

**The Chair:** — Okay. We'll reconvene the committee. I'll bring

to the committee's attention that Mr. Stewart is sitting in for Ms. Draude. And I will invite the Minister of Highways and Transportation to introduce his officials.

**Hon. Mr. Lautermilch:** — Thank you very much. Mr. Chairman, I'm going to begin with the gentleman on my right. It's Terry Schmidt, who is the assistant deputy minister of operations division. To my left is the deputy minister, John Law. To his left is George Stamatinos, assistant deputy minister of policy and programs division. Sitting behind us is Gary Diebel, who is the director of finance and administration. Gary, give a little wave. And beside him is Ted Stobbs, who is the assistant deputy minister of corporate services division.

**The Chair:** — Thank you, Mr. Minister. The item of business before the committee is the consideration of estimates for the Department of Highways and Transportation, which is vote 16. And it can be found in the Supplementary Estimates book on page 14. Mr. Minister, if you have any opening statement we would welcome that now.

**Hon. Mr. Lautermilch:** — No, I think we are prepared to attempt to answer in the best way that we can the questions of members of the opposition. And we look forward to their questions.

**The Chair:** — Thank you, Mr. Minister. I recognize Mr. Wall.

**Mr. Wall:** — Thank you, Mr. Chair. Mr. Minister, and officials, welcome. I have a question with respect to supplementary estimates and specifically whether or not there have been any changes in the government's capital plans with respect to Highway 4. There's been a project for some time north of Swift Current and just south of the landing, Saskatchewan Landing bridge, that has I think been on the department's, I think it's been on the priority list from previous correspondence. And that would be for the widening of that turn, the turn southbound — well, I mean south and northbound — that turn on that very steep hill, that high-grade hill south of the landing bridge. And I'm wondering if the supplementary estimates changed that at all, changed its status, and what its status is in respect to the priority list and if it has . . . well, that's enough questions. I just have one more after that. Thank you.

**Hon. Mr. Lautermilch:** — Mr. Chair, I would want to say to the member that there is nothing in the supplementary estimates that directly impact on Highway 4, but I will however ask Terry Schmidt, the assistant deputy minister of operations, to give you an update as to the progress and to where it sits in the program. Terry.

**Mr. Schmidt:** — Yes. As the minister mentioned, this is not in the supplementary estimates but this project continues to be evaluated each year on the annual program. And it will be reviewed again in the upcoming year when we're developing this year's program. And it will be assessed through our asset management program and rehabilitation. And the issue of the climbing lane and the turning lanes, we're aware of it.

And then depending on when this project is scheduled for resurfacing next, that's when we would look at doing it and adding a climbing lane as well as a turning lane as part of the rehabilitation projects. So that's the plan for that project.

**Mr. Wall:** — Thank you for that answer. And is there a schedule for resurfacing for that portion of Highway 4?

**Mr. Schmidt:** — At this point in time we're just in the process of course how . . . We've measured the condition of our asset again this fall. We're in the process now of modelling the conditions with our asset management system and that will then evaluate and determine for sure what the program is for next year. So we're just in the process of determining that right now for next year.

**Mr. Wall:** — And this question has been answered in correspondence I've seen, so forgive me but if you wouldn't mind, if you could indulge me to just review the criteria and the weighting of criteria that goes into evaluations. I mean all of us as MLAs [Member of the Legislative Assembly] who travel highways but also hear from constituents we deal . . . many times it's anecdotal information and also our own experience. And that particular . . . I drive that portion quite a bit as do many of my constituents and it is dangerous the way it is currently.

If you wouldn't mind just reviewing again the evaluation process in the criteria, the weighting for the different criterion. And then if you would, has it changed in terms of priority status over the last, you know, four or five years or . . .

**Mr. Schmidt:** — As far as the criteria, there's two kind of issues at stake here. One is the hill-climbing lane in the area coming out of the valley and one is the intersection itself.

As far as the hill-climbing lane, what we look at technically there is rely on Transportation Association of Canada criteria. And what that looks at is several things. It looks at the grade of the hill and it looks at the length of the grade.

And then how the criteria works is we evaluate based on the size of the truck as well — there's a design size truck that we use — and based on how much that truck slows going up that grade and the length of the grade. And that is the determination of whether or not a hill-climbing lane is required, how long it needs to be, and the total length going up. So that's some of the technical criteria there, kind of at a high level.

As far as the turning lane, we look at several things. We look at the volume of turning vehicles, both left and right. We look at the advancing volume as well. As well we look at the history of collisions at the intersection. So those are all taken into account and then we look at the cost. And what we come up with then is an overall benefit-cost for doing the project.

As far as ranking, as can be appreciated, these priorities change annually because our system is dynamic and changes. So depending on how many improvements are done, as well as depending on how many . . . When we do our analysis provincially we may have the changes in benefit-costs depending on traffic pattern changes at different intersections throughout the province. So we do that annually.

I don't have the criteria right now where it ranks provincially with other ones, but we can get that to you if you would like that information.

**Mr. Wall:** — I'd appreciate that. That's all the questions I have except to say that again, in terms of highways issues — and my constituency's by and large the city of Swift Current although certainly there's rural area north and a bit south and a little bit to the west — but of the highways issues I hear about, that would be by far and away the number one issue both from parks users and those who obviously use that highway in harvest and the increasing truck traffic. And I just encourage the department to give it every consideration both for the reasons of safety and also just for general transportation issues in the Southwest. But I thank you for your answers today.

**The Chair:** — Mr. Hermanson.

**Mr. Hermanson:** — Thank you, Mr. Chair. And before I get on to a couple more cases, I would just concur with my colleague, the member from Swift Current, Leader of the Opposition, that the area that he is talking about is the south border of the Rosetown-Elrose constituency and I hear all of the same concerns.

There is a concern . . . Well there has been a loss of life through that valley. I think it's quite safe to predict — and you hate to do this — but there will be accidents in the future because traffic is increasing. Truckloads, truck hauls, super Bs through there are increasing; holiday traffic is increasing. There's now a golf course with an expanding business. There are now permanent residents that live in the provincial park. All of that has increased the traffic.

And I don't know what the criteria were for other highways that I have driven through. Valleys, often again associated with the parks, but every other like similar place has a passing lane. You know you go through Buffalo Pound north of Moose Jaw, you go through the Qu'Appelle Valley . . . I've seen places where I'm sure there's far less traffic and less reason, and not as steep a grade, where there is a passing lane. And yet that particular highway doesn't have it and it's long overdue. It's something, as you know, I've raised in the past.

Supplementary estimates I think is a place where you can correct these kind of problems because these are changes in plans. And I was very disappointed when I saw the supplementary estimates that these kinds of projects were not considered. So I would just want to add to my colleague's argument that that needs to be looked at sooner rather than later. Because I don't want to have to be in the House and report to my colleagues of some tragedy that occurs simply because, you know, there's a system in place, or there are schedules in place that just didn't allow that to happen in a timely fashion when it should have.

Another thing that I thought might show up in the supplementary estimates, but I didn't see it, and I'm just wondering how the costs have been covered, because it must be unbudgeted — maybe it's a small amount you jigger around within budgets — but there have been a lot of additional costs related to the Riverhurst ferry over the last two or three years.

There was a major refit that I believe cost over \$1 million. It appears that this has been unsatisfactory. I know all of the correspondence, and I've got a lot of correspondence on it, has indicated that the work was not satisfactory. The ferry has been

suspect to a lot of downtime. It seems like the breakdowns are the same and they, you know, they occur and they reoccur.

The month of July was a particularly frustrating month for the people of Saskatchewan who use and depend on that crossing of Lake Diefenbaker. It's the height of tourism season. There's a park, golf course, swimming lessons, recreation. There's people who operate business on both sides of the lake that require daily crossing of the lake and that crossing was down, I would say, over half the month of July. And perhaps you could even answer, or clarify how many days that the ferry wasn't operating.

I've been asked by constituents, you know, has the government been able to recoup some of the original costs of refitting the ferry because it hasn't worked. You know, are there lawsuits pending? Because something was, you know, something has gone terribly amiss here. And how is the problem going to be corrected so that this becomes a reliable service as it had been prior to the refit that was done in, I think, 2003 or between 2002, 2003.

So I'm wondering if you can give me an update on what the costs are. Why weren't they in the supplementary estimates? How much has this cost the Department of Highways and are you going to be able to recoup any of these costs? And how are you going to fix this problem?

**Mr. Schmidt:** — Thank you for the question. As you mentioned we have had more hours out of service this year than we would like to see than has normally occurred in the past. And that has been due to troubles that we've had with the cable drive system not operating and failing on us.

So what we have done is we are working with a consultant now to look at improving that system and we are planning improvements to the cable drive system that will be completed over the winter when the ferry is taken out for the winter. And we are hopeful then that that will put the ferry back into its regular service hours that it's seen in the past, operating you know around the high 97, 98 per cent of the time. And that the only time it will not be operating is when it's due to weather and that type of thing.

So we're planning on doing some improvements over the winter. There has been some incremental cost with some of the repairs. To date they've not been substantial and we've been able to absorb them within our existing operating budgets for the ferries.

So again, like I mentioned there we're hoping to . . . well we will be making those improvements over the winter to the cable drive system.

**Mr. Hermanson:** — Thank you. Have you been able to recoup some of the costs of the original refit because it's been unsatisfactory from the provider of the refit? Have you attempted to do that?

**Mr. Schmidt:** — We've been working with the original consultant. We haven't recovered any cost to date. However we are looking if there is opportunities to do that but to date we have not been able to recover any of those costs.

**Mr. Hermanson:** — Have you determined what would be a reasonable settlement of this issue? What would you expect? You know, I know that the original refit was substantial but only a portion would be this new drive system that was put in that's not working. So, you know, would you say it was reasonable, say, to be requesting \$100,000 from the contractor? Or you know give me some idea of exactly where you're at, something I can sink my teeth into.

**Mr. Schmidt:** — As I mentioned earlier, we've had some initial contacts with the original consultant in an attempt to recover some of the costs but to date we haven't been successful. We don't expect that we will be able to recover any costs. Our main focus at this point in time is to look at repairing the ferry to ensure that we can get it operating again at a higher level of service.

**Mr. Hermanson:** — Thank you. Would the reason you couldn't recoup some of the costs be because that wasn't written into the contract, there was no guarantees, no warranty or, you know, guarantee of adequate or proper functioning of the ferry? What would the reason be why you have no recourse?

**Mr. Schmidt:** — I don't know all the details of the actual contract. I think the outcome here though is that we did accept the work that was completed. It was satisfactory at the time. It did operate well for a while and it wasn't until some time till we became aware there was some fatigue failure problems with cable drive system.

**Mr. Hermanson:** — Yes, I understand there's a shaft that just keeps breaking over and over again because the guide — it used to be a wooden guide, now it's some kind of pulleys — and it just hasn't worked. And I would think that it would be an engineering thing or something and that you should have some recourse.

So perhaps you could, by way of written response, let me know, you know, whether or not there was no warranty or guarantee or whether the time had expired. I think there was problems very shortly after the refit, so I just find it difficult to understand why there wouldn't be some liability on the part of the contractor for the additional costs. So if you could let me know, I'd appreciate that.

The only other area I wanted to discuss with you is the provincial highway depot at Lucky Lake. Mr. Minister, your predecessor, Mr. Sonntag, by way of a letter, had guaranteed that the service would continue. The community keeps hearing rumours and seeing evidence and in fact by degrees the depot is being closed, or at least its service is being diminished. I think there are two people left on staff, if I'm correct — and correct me if I'm wrong — these people are being seconded off to Outlook and other depots as needed.

And quite frankly, Lucky Lake feels that their service and their depot is being eroded away sort of inch by inch, day by day, hour by hour, by the policies of the department as it regards that depot. So could you, Mr. Minister, again give me an assurance that the service out of the Lucky Lake highway depot will be maintained at traditional levels for the foreseeable future?

**Hon. Mr. Lautermilch:** — Mr. Hermanson, I'm going to ask

the officials to give you the details in terms of the changes that you're suggesting may be at Lucky Lake.

**Mr. Law:** — The response that the previous minister of Highways gave you, Mr. Hermanson, is still the case from the perspective of the department's policy. We haven't changed anything. The two employees who made voluntary choices around opportunities to pursue — in one case a job in a different location, in another case a change in their own status — was not as a result of any management decision we had taken.

The meeting that we held with the community in Lucky Lake in July was one that we had committed to do whenever there are staffing changes. We've indicated to the communities that we will make sure that we proactively advise them of any potential changes so that service continuity can in fact be provided to those communities. And certainly that is the case.

What we did as a result of some of the concerns in the community about potential changes here is that we struck a committee made up of folks in the local community and our own staff to provide a forum for ongoing discussions about exactly how this was being unfolded. The next of those meetings I believe is being held in the first week of December, and so there will be an update provided at that time and the discussions continue.

So there's been no change in terms of the status of that initiative and there's been no change in policy direction as far as the department is concerned.

**Mr. Hermanson:** — Thank you very much for that assurance. Mr. Chairman, those are all my questions.

**The Chair:** — Mr. Weekes.

**Mr. Weekes:** — Thank you, Mr. Chair. And welcome to the minister and your officials. And congratulations on your return to cabinet after a fairly lengthy absence.

I'd like to start out by asking some questions about the central management and services, (HI01). And with the change in cabinet position there was an increase of expenditures of \$150,000 for executive management. And so basically I understand that cost \$150,000 to change to a new minister. Could you provide a breakdown of what that \$150,000 cost?

**Hon. Mr. Lautermilch:** — Thank you, Mr. Weekes. I'm going to ask John Law, the deputy minister, to respond to that. There was as I understand it under the former arrangement, a cost-sharing relationship with other departments, with my predecessor's office. So I'll ask Mr. Law to share that information with you.

**Mr. Law:** — Yes, Mr. Weekes, your supposition is correct around the additional costs there. The previous minister had I think four other agencies that he was responsible for. The costs of his office were shared amongst those agencies and consequently with the establishment of a new office, a new expanded office for cabinet, approximately six months worth of costs for the establishment of that office were assumed on a full-cost basis by the Department of Highways. We are in

essence the only portfolio responsibility that the minister has so rather than sharing say, one-fifth of that cost, we have the full cost and we'll be responsible for it for the remainder of the year. And until there is a change in that situation we'll carry the full cost.

**Mr. Weekes:** — I see. Thank you. So adding an extra . . . basically it's adding an extra department or a cabinet position to government and that's where the \$150,000 expenditure arises out of. Now does that include all costs? Does that include things like is there any added staff to the department; everything including letterheads and office space? Could you give us a breakdown of what the cost would be?

**Hon. Mr. Lautermilch:** — Mr. Weekes, that is the total cost of the operations of my office, which includes the staffing. What we can do and what we will do is give you a breakdown of that amount and how that budget figure was arrived at.

**Mr. Weekes:** — Thank you. I appreciate that. In the supplementary estimates or in the budget of the Highways department, are you anticipating any future increase in cost for communications or contracts?

**Hon. Mr. Lautermilch:** — I think that the budget as it is outlined is pretty stable. It's pretty much what was projected when the initial budget was put together. The supplementary expenditures here are I think quite straightforward.

**Mr. Weekes:** — Thank you. Is there a contingency fund for any unforeseen liabilities in the department?

**Mr. Law:** — We don't have any specific contingency funds included in our budget aside from things that we may budget for. For example if there are provisions for things like road damage claims, that may periodically come up. And from time to time if there's a change in the status of some of those particular claims there may be a budgeted amount, but we don't have a contingency per se that would be set aside should we have some sort of special circumstance. Those would typically be dealt with on a case-by-case basis. If there was something related to, for example, a large project problem or some other instance like that then we would typically go and request the money for that.

**Mr. Weekes:** — Thank you. As an example of what I'm speaking about is a case I am sure your department is aware of and this is the reason I'm asking a question. Because this may become a legal situation; there may be a lawsuit, the government may be liable for some added expenditures. And I just want to outline the situation and have your response to the possible liability to the department, to the government.

In this particular case, in 2004 the Department of Highways issued a contract to a contractor, Candle Lake-Gull Creek culvert project, and then some of the subcontractors who were — and this particular business was owned and operated by William Koch — and some of the contractors who were hired by this company, Titan, to work on the job, were never paid by this gentleman, William Koch. And there were numerous businesses in Candle Lake and Prince Albert area that were involved. Now I understand the subcontractors who were owed money have been told by the Ombudsman's office and by the

Department of Highways to pursue this through the courts to get their money from William Koch and Titan Environmental. And since then this company has gone bankrupt.

Now I understand — you can correct me if I'm wrong — as a form of protection Sask Highways requires a bond or surety on projects. In this case there was supposedly a \$50,000 bond in place from the National Bank of Canada in Regina and normally the subcontractors would be able to get the money from this \$50,000 surety. And I understand that the problem is that the National Bank never issued the surety in this case. The document was forged by this William Koch and therefore there's no money to be recovered for the subcontractors. And while the Ombudsman office and Highways I believe is saying that the subcontractors should pursue their claims through the courts, the subcontractors argue that they wouldn't be in this position if there's a \$50,000 bond was legitimate. And they're blaming your department, the Department of Highways, for not checking to make sure the bond was genuine.

One of the people that were involved in trying to recoup their losses spoke to a Mr. Richard Flaman with Highways who told them that Highways was considering a discretionary payment to the subcontractors to make sure they got paid. But that offer has since been rescinded and your department is telling them to go through the courts.

Now this Mr. Koch has been charged, I understand, in a court and I understand so far that your department is not going after this William Koch for breach of contract. Now that brings up a number of items. First my original question is, where would the money come from in this particular case or any other case of a liability that the department would incur? I'd like to answer that one first and then we'll go on from there.

**Hon. Mr. Lautermilch:** — Mr. Weekes, I am aware of this issue. It was one of the issues that I've had a briefing from the officials just shortly after I assumed this portfolio. I'm going to ask Mr. Law to share with you the information that we can and give you an update as to the status and perhaps some of the background to it.

**Mr. Law:** — The first general part of the answer to your question is that we do in fact require bonds to be taken on these projects. And in this particular case you're correct. The information we have, as we understand it, that there was a forgery that took place between the general contractor and in his relationship with the — is it the bank of . . . the bonding agency in any event.

The second thing that I think is important to note is that all of the elements of the work that were required by the department were in fact satisfied for us. In other words the things that are required under contract by the Department of Highways on behalf of the Crown were satisfied in the delivery of services by the general contractor. So the work that we contracted for was in fact completed and was completed in accordance with the contract.

The fact that the contractor did not make good on his commitments or requirement for payment to his subcontractors was not a part of our contract with him. Ours was for the delivery of those services.

Generally speaking, if there was something beyond that that was required, the government as a whole does not generally have an overall insurance program that provides supplemental insurance, or something beyond what's covered in the contract. So there is a general policy that would require of us to go back and seek those funds as additional funds.

My understanding at this point is that this case is still before the courts and the discussions as to the government's position on this are currently being handled by the Department of Justice. But we'd be happy to get an update if there's something more current with respect to the particular angle that you're describing in terms of an opportunity for some support through the process of doing the bonding. I'm not aware of, I'm not aware of that. That hasn't been brought to my attention in the recent days and weeks on this case. But we can certainly, we can certainly look into it.

**Mr. Weekes:** — Thank you. Well this gentleman, William Koch — that was his assumed name, and I guess his real name is William Kurk — is before the courts and that's fine.

The problem though is when you talk about contracts, the contractor and the subcontractors are aware that a bond is supposed to be in place to cover these very losses. Now when you say the contract was fulfilled, well if the work was done, the work was done, but it was based on something that was false. The subcontractors took part, or got contracts, based on their knowledge that there would be a bond in place that would cover some of their losses if something went wrong.

And so I question your comment that said the contract was fulfilled in the sense that the department didn't take the necessary step to check to see if there was a surety of \$50,000 in place. And my question, and it may be eventually a legal problem with the government because the department did not take that added step, which I understand has been done in all other cases and is part of the requirements the department takes to check to see if this bond was legitimate and in place to cover subcontractors and defaults in this particular case.

**Mr. Law:** — The provisions that we have under the bonding requirements have in some instances been used to provide third party coverage. In this instance I know we have a holdback that has already been applied that has provided some return to the subcontractors in that regard.

I would have to get more information for you, Mr. Weekes, to be able to provide any opinion on whether or not that issue that's between the contractor and subcontractors was covered as it relates to our relationship with the general contractor and the provisions under bonding. I'm simply not aware of the details of that to know whether or not that in fact was there.

If it's information that we can make available without affecting the legal position of the government in respect of what is in front of the courts, we will make the information available to you.

**Mr. Weekes:** — Thank you. Well could you answer this question. What does the department do on a regular basis when you issue a contract concerning security bonds? What is the procedure and what other assurances does the department ask

for to guarantee things like workers' comp and other areas? What are the checks the department does?

**Mr. Law:** — I will probably have to get back to you with most of the information you've requested. I'm not familiar with the details of what we have with workers' comp.

I do know, as a matter of protocol, that we've instituted a practice as a result of our experience in this instance, where we deal directly with the bonding companies to verify that they've gone through the extra due diligence that would be more than just, in this case, a signature.

So we would have to get you the additional information however as to whether or not there are some additional details. I'm not familiar enough with those to be able to speak to the details of that. But we'd be happy to provide that for you in terms of our standard processes with respect to bonding.

**Mr. Weekes:** — Well thank you. That was the point I'm getting at. You've just stated that that's the department's policy to check with the bonding agency. Obviously that check was not made because the bonding agency did not issue a bond and this gentleman I understand forged a signature on a form to show that he had a bond. And that's my question.

I'm told by the industry that the department does certain checks including WCB [Workers' Compensation Board] and the bonds on a regular basis. And that's the point. That's where these people had the trust in the department that this was done, that they would have some fallback in the case there was a problem. Now if there was not a check on it, I would like to know why there was not a check. And when the check is being made, well obviously if you check with the bonding agency they would say whether they had one or not. And in this case there was a forgery and the bond was not actually taken out. And I think that's the point that these people . . . their concerns arise from, that the department had a responsibility to do that check and they expected it would be done, and they took out contracts and third party contracts based on that knowledge that they had some protection to be paid in case there's something went wrong with the contractor. Do you agree that the check should have been made?

**Mr. Law:** — I want to be careful not to say that a check wasn't made because . . . but I want to be careful also not to say something that might be inappropriate in the context that this being before the courts. But we will check as to what information we can provide with respect to the actions that were taken by the department. It is my understanding that we believe appropriate steps were in fact taken. Whether or not those were complete or not in context of what's before the courts, I couldn't say at this point.

**Mr. Weekes:** — I understand that the case is before the courts, but this is to do with this William Kurk and his actions. But my questions are coming from the subcontractors and I understand that your department has a copy of this bond and it was a forgery. And this is what this gentleman is in court about, or one of the many reasons he's in court about. And the whole point is when you talk about legal liability, that is where this may end up is in the courts, and these subcontractors feel that the department didn't do due diligence, didn't uphold their end

of the bargain, you might say, didn't do the work that needed to be done to protect their interests. And they very likely will be suing the government if their problems aren't addressed in some way.

**Hon. Mr. Lautermilch:** — Mr. Chairman, you know, I think the deputy minister has responded in the appropriate fashion in that we will check to find out and give you an update and the information that we can bring forward with respect to process and with respect to where this is headed. I don't think there's any doubt that if . . . I mean if there's a grey area, if there's an uncertainty in some area. I think business people generally trust that they're dealing with a reputable contractor. In some cases that doesn't happen to be the case. I guess it's an unfortunate circumstance but not 100 per cent of the people who take out a business licence in the province are reputable and some of the business dealings go sour.

And obviously this is an unfortunate circumstance for the people who are subcontracting under this contract. And so we will certainly undertake to do what we can to help provide clarity and to get information to you as it relates to this matter. I don't think anybody wants to see a court situation.

I think on the other hand the department has to be responsible to the people who fund the operations of the department. That would be the taxpayers. But I think we'd like to see what is right done. And so we'll review this as we have been doing.

**The Chair:** — Order. Thank you, Mr. Minister. The time allotted for this item has now expired so we will ask the new minister and new officials to take their position. So we'll just recess while the officials change, change their order here.

**Hon. Mr. Lautermilch:** — Mr. Chair, I'd like to thank the members of the opposition for their thoughtful questions and thank the officials for their support today. Thank you.

**General Revenue Fund  
Supplementary Estimates — November  
Government Relations  
Vote 30**

**Subvote (GR04)**

**The Chair:** — We'll reconvene the committee. The item of business before the committee is the consideration of estimates for the Department of Government Relations and we'll be doing this in two parts. The first part will be interprovincial relations (GR04), which is from the Estimates book on page 13. I invite the minister to introduce her officials.

**Hon. Ms. Atkinson:** — Thank you very much, Mr. Chair. Joining me this afternoon are Eric Johansen. He's the director of immigration. He's to my left. To my right is Wanda Lamberti, who is the executive director of central management services. And behind us is Marj Abel, director of finance and administration, and Ken Kolb, who is the executive assistant and policy adviser to the deputy minister of Government Relations.

**The Chair:** — Thank you. Since we're doing this particular item in two parts, we'll allot 20 minutes for this particular

immigration file. And if the minister has an opening statement we'll invite that statement now.

**Hon. Ms. Atkinson:** — Basically I can say very quickly that in the Throne Speech we outlined one of the long-term strategies for economic and population growth, which was to recruit and retain a significant number of economic immigrants to our province. As part of an immediate three-year plan we're going to be delivering an aggressive immigration strategy to help Saskatchewan business people compete internationally by attracting skilled workers.

For the remainder of the 2005-06 budget year, cabinet has approved incremental funding totalling \$749,000. What this will allow us to do is to hire 24 additional employees in the department of immigration. We will see a significant increase of employees under our immigrant nominee program, 12 employees to be precise. As well we are going to see a significant increase in our settlement program and we will see six employees hired.

We are going to endeavour to enter into community partnerships with those communities that are bringing newcomers to their communities and we are hiring two people to assist in that endeavour. And we will have four additional people hired in our program area to assist us with policy, planning, and marketing and communications. I believe we'll also have someone assist us in the international and employer unit.

So in total we're expecting that we're going to double the case processing capacity in the next fiscal year under our immigrant nominee program in order to accommodate our backlogs and increases in applications. We have seen a significant increase in the number of applications that are coming through the department. We're going to implement a new . . . under the immigrant nominee program a new family category so that existing newcomers in our province can under the program bring family members to the province. And we're going to implement a new entrepreneur category.

We're also going to initiate a foreign credential recognition program in partnership with the federal government. This is key in that we have immigrants in our communities that come here with significant numbers of credentials and skills and yet those credentials are not recognized by our regulatory bodies and by our post-secondary institutions and we are going to initiate a program of this kind. And we're going to greatly expand our marketing and promotions under the immigrant nominee program and we're going to obviously develop a welcoming community program because it's key in terms of retaining immigrants and newcomers that we have communities that welcome them to their area.

We expect that these changes will allow us to expand our immigrant nominee program. At present we nominate 400 immigrants under the program. We expect that in the next three years that we could see 1,500 to 2,000 newcomers nominated each year under the program and with that would come their accompanying family members.

With that I'd be quite happy to take any questions the committee might have, Mr. Chair.

**The Chair:** — Thank you. Mr. Weekes.

**Mr. Weekes:** — Thank you, Mr. Chair, and welcome to the minister and your officials. As you know, we're on record with the Saskatchewan Party as being fully supportive of increasing immigration in the province. I think it's vital to the future of our province that we do more and a better job of increasing our immigration, considering the demographics of our workforce. And so there certainly is no concern there from the Saskatchewan Party as far as our support in what you and your government announced.

But there are a number of problems with your announcement. On paper it is exactly what I've been hearing from the immigration and business community that needs to be done. The only problem is, to be totally fair and honest, your government has made these announcements, I think this is three years running. And certainly compared to other jurisdictions, Saskatchewan is far, far behind and continues to lag in what I say is the competition in the immigration field.

And taking as an example Manitoba, which has attracted more than 4,000 immigrants through their nominee program in 2004 comparing to 323 through this program. And in 2005 Manitoba expects in total 8,500 immigrants and most of these people coming through the provincial nominee program.

And I've attended seminars and luncheons and met with private consultants in the field that work in Manitoba and in Saskatchewan and quite frankly around the world, and they are not impressed at all with what is happening in Saskatchewan. And I'll explain their concern with what is happening in Saskatchewan.

They have heard that there is a larger budget, more people hired in the department, but that is precisely their problem. What they're saying is needed in the province is a program to allow private consultants, businesses, communities to first of all in many cases get on board with the idea of immigration, but to allow those groups to do their job. And they feel in Saskatchewan that your department is quite frankly interfering with that process. They feel that we in Saskatchewan should be doing things more like Manitoba has been doing for a number of years. And by their own numbers, they've attracted literally thousands of people through their nominee program.

And there's a real suspicion in the immigration community — both at the community level and at the consultant level — that things aren't just going to get done in Saskatchewan like they would hope it should be. They see the private consultant as a link between immigrants around the world. And naturally the federal government certainly has a major role in what it has to do and the provincial government has a major role as far as getting the applications processed and in place.

And if I just could go on to another area of concern that has been given to me is the support at the community level, that the government needs to enable communities and individuals to keep the immigrants here. And I mean naturally they're coming from a foreign land and in many cases limited English skills. But the Saskatchewan government needs to do something to enable the communities to work with these people, to make them feel at home, to integrate into society.

And again there's a great suspicion that that certainly hasn't been done in the past and they're concerned that it won't be done in the future. And I'd just like the minister to address those two major concerns.

**Hon. Ms. Atkinson:** — . . . need to do that, Mr. Weekes. First of all let me say this, that under the immigrant nominee program we had, it's a partnership or an agreement with the federal government. Under the immigrant nominee program we initially had an arrangement with the federal government where we could nominate up to 200 immigrant nominees.

When I was appointed by the Premier, because we recognized that immigration is extremely important in terms of our demographic challenge in the province, we negotiated a change in that number to 300. And then in the 2003 or 2004-05 budget year we were able to negotiate an additional change of 400. And then the federal government agreed that they would lift the cap, so we no longer have a cap under immigrant nominee program.

There's no question that of all the jurisdictions in the country the province that has had the most experience with the immigrant nominee program is Manitoba. And what's interesting is that, from my point of view, people started talking about Manitoba after I came back from Manitoba, having gone to Manitoba with our officials and visited the program because I wanted to see precisely how they ran their program.

And here's what I learned. What I learned is that they have a significant number of people working in their immigration branch. They have significant numbers of people working in the nominee program. They have significant numbers of people working in their business program. They have an international promotions program. And they have a very sophisticated program when it comes to settlement and integration of newcomers. And in fact they've now taken over the settlement and integration programs of the federal government and they now administer them.

So when we came back to the province, we clearly needed to ensure that we changed our processing procedures at the immigration branch. And we will.

And here's what I learned from Manitoba. In Manitoba they have administrative staff at the front end of their program that determine whether or not an application is developed, is fully developed by the employer. They don't start processing an application until all of the documentation is there.

We weren't doing it that way. The way we were doing it was the employers were putting forward applications, and then we would send the applications back and say, you need to get this, you need to get that, you need to have all of your documentation. Manitoba doesn't do it like that at all. The employers have to provide the application. It needs to be complete and then they process it.

So we're re-engineering our program so that we will have administrative staff at the front end. They'll determine whether or not an application is complete, that we can begin to process it. And we aren't going to accept an application until all of the documents are there. And we hadn't been doing that in the past.



So the way they process applications is much different than ours. So Manitoba calculates their processing time from the point of receiving a complete application. We didn't do that.

Now obviously we're going to have to work with employers because this is new to employers. And we're going to have to be very, very clear in terms of the type of documents that are required. And we're going to have a lot more flexibility because I've had an opportunity to meet with the federal government, and it's clear that the federal government relies upon the province to put forward the application and then they check the applicant in terms of criminality, whether or not they have any health issues associated with themselves, and whether or not they're a security risk.

We think that we can speed up our processing times quite significantly by having employers that provide very well-documented applications. We have the staff — they're being hired now — to process those applications and then send them off to the federal government.

In the meantime what we're also doing is working with the federal government to ensure that those companies that have people that are ready to go can come in under a work permit. So they come into the province . . . Now this will be up to Service Canada to ensure that those work permits are available. But the people can come in under the work permit, they can work for the employer, and then they can be nominated under the program. And we think that's how we're going to get workers here in a much more, faster way.

The other thing that we learned from our Tisdale experience. And Tisdale, I think, really is the way we want to do things in the province. The people who are leading the immigrants coming into Tisdale — and we worked very closely with the company, Northern Steel — they did a community preparation process where they got the community ready to accept newcomers from Ukraine. And the community really went to work. They outfitted homes. They got all the furniture in place, all the dishes, all of that sort of thing. There were people that were ready to welcome the newcomers into their home — invite them, you know, to their homes. There was a welcoming party from the community. And I think that has worked very well in terms of making people feel at home. They also worked very closely with the Ukrainian congress.

And so we have been busy working with a variety of ethnic organizations to ensure that when we are bringing people from the Philippines, for instance, to Saskatchewan, that we have the Filipino community involved. When we bring people from El Salvador, that we have the El Salvadorean community involved and so on and so forth. So there's no question there's been criticism and some of that criticism has been appropriate. But I also think that we are going to have a department that is going to be much more flexible and is going to work much harder at engaging the community than we've had in the past, because we're going to have the capacity to do so.

**Mr. Weekes:** — Thank you, Minister. Could you supply me with samples of the documents that are required, at some point.

**Hon. Ms. Atkinson:** — What I can say to the member is that it varies because different immigrants obviously come from

different countries and so there will be a variation. Because different countries have different types of documents when it comes to showing that you have a welding certificate from a particular country.

All of the information that is required is on the website. We are redesigning our website to make it much more employer friendly, applicant friendly. We are ensuring that the website is easier to manoeuvre. This is one of the important parts of the Manitoba site. It's very easy to manoeuvre and we have people that are in the process, as I understand it right now, working at adapting our website and our application process.

So to say that there is a one . . . one process for each . . . a one process, I wouldn't say that. It depends on the country that you're coming from.

**Mr. Weekes:** — Okay.

**Hon. Ms. Atkinson:** — Pardon me. That's why it'll be very important that our department work very closely with the employers so the employers understand precisely what kind of documents they have to provide with the applicant, because I think that's been part of the frustration. Employers have not been as clear as they should be and I think it's because they're new to this process, because it is a new process. And we need to ensure that we have the appropriate documentation because this is helpful when it comes to getting it through the federal system quickly.

**Mr. Weekes:** — Thank you. Well I'm also told by businesses and employers they don't have the expertise, the time to do a lot of this. They're willing to hire a private consultant to do much of this work. What do you see as the role of a private consultant in the whole immigration program?

**Hon. Ms. Atkinson:** — Well I think that there's no question there are private consultants that are quite capable of doing this work and employers are using private consultants. I've met several employers that have brought people in, not on a . . . large numbers of people but certainly smaller numbers of people. They've worked with consultants and as far as I know most of that experience has been positive. Because the consultant will know the country that they're trying to bring people from and will know what kind of documentation is required.

Now some people obviously haven't used a consultant process and so they're attempting to do this on their own and that can be a real challenge for some of their HR [human resources] departments.

**Mr. Weekes:** — Thank you. You talked about speeding up the time in processing. What is the average time in processing application to date and what do you hope to accomplish in the future?

**Hon. Ms. Atkinson:** — If you would have asked me a year ago I think we processed about 20 applications a month. Now we're processing . . . we're getting about 56 a month. And that's why it's important that we increase the numbers of people working in our processing department because the processing time has lengthened as a result of the numbers of applications that are

coming in.

And we've just, we've got two offers to hire out to people, and we have another three where we're checking references. But our intention is to have five people hired to assist us in trying to get these processing times lowered. But they have increased as a result of the doubling of the numbers of applications that are coming into the branch.

**The Chair:** — Order, order. Thank you, Minister. The time allotted for this particular subvote has now expired. So we'll ask the ministers and their officials to make the switch and we'll continue on with the next subvote.

**Hon. Ms. Atkinson:** — Just before I leave, Mr. Chair, I'd like to thank my officials for joining me this afternoon.

#### Subvote (GR10)

**The Chair:** — We will continue on now with the consideration of estimates for the Department of Government Relations. We will now deal with the subvote (GR10), the New Deal for Cities and Communities. I invite the minister to introduce his officials.

**Hon. Mr. Taylor:** — Thank you very much, Mr. Chair. I'm very happy to be here today on supplementary estimates. Sitting immediately to my left is the assistant deputy minister of municipal relations, Maryellen Carlson; to my right is the executive director, central management services, Wanda Lamberti; to Wanda's right is the executive director, grants administration and provincial-municipal relations, Russ Krywulak.

Behind me is the director of finance and administration, Marj Abel; the executive assistant and policy adviser, office of the deputy minister, Ken Kolb . . . Oh he's over against the wall over there; and the director of the New Deal secretariat, Kathy Rintoul is behind me as well.

**The Chair:** — Thank you, Minister. Minister, if you have any opening statement we'll receive that now.

**Hon. Mr. Taylor:** — Okay. Thank you again, Mr. Chair. We are here today on supplementary estimates. The estimates of course in this case refer to the flow-through and administration of the federal New Deal for Cities and Communities money. This is new federal funding for municipalities, new relationships involving all three levels of government, and new ways of making decisions.

This represents, I think, what Saskatchewan people have been asking to see for some time — that is their governments, all three levels of government, working together for the benefit of their communities and the ratepayers. It's a long-term commitment, this New Deal for Cities and Communities, the gas tax money. It's a long-term commitment to invest in infrastructure in Canada and in our case in this province of Saskatchewan.

In August of this year the provincial government signed a bilateral agreement with the federal government on the transfer of the federal gas tax revenues under the New Deal for Cities and Communities. This agreement, this five-year agreement

with the renewal clause for another five years, this agreement will provide \$147.7 million in new federal funding to Saskatchewan municipalities over five years. These estimates in front of us show 17.7 million in the first year. And I indicate to members there's another 17.7 million that will come forward in the next budget year.

Government Relations is administering the program and has provided information on how this program works to municipalities. Municipalities can use this funding for environmentally sustainable municipal infrastructure projects that contribute to clean air, clean water, and greenhouse gas emission reduction as well as municipal capacity building projects.

In order to access funding, municipalities will be required to submit an infrastructure investment plan. And to date my department has received 32 of these plans, indicating that communities are taking up this with some vigour. These plans are being reviewed by the New Deal secretariat to ensure the proposed projects are eligible and that the benefits and outcomes are appropriate.

When the infrastructure or if the infrastructure investment plan is accepted, the secretariat will enter into a funding agreement with the municipality. After the funding agreement has been signed, the province will start to flow through these dollars to Saskatchewan's municipalities.

Municipalities under the terms of the deal will be required to report on their use of the New Deal gas tax funds and the progress of projects included in their infrastructure investment plan each year in order to access next year's funding.

The New Deal agreement and the transfer of the federal gas tax revenues to Saskatchewan municipalities I say is a good deal for communities, a good deal for the environment, a good deal that will create jobs in our province, and perhaps most importantly and ultimately a good deal for the health and safety of Saskatchewan people.

Those would be my opening remarks, Mr. Chair.

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

**Mr. Huyghebaert:** — Thank you, Mr. Chair. And welcome to minister and officials. I very much agree with the minister that we're very, very pleased to see the gas tax money coming to the province. It's probably long, long overdue. And as we know, municipalities are very limited in the methodology by which they can raise funds. And at the municipal level it's through property tax, is one of the only ways. So this gives an opportunity for some more funds to get into the hands of the municipal leaders.

Mr. Chair, and with the concurrence only, with the concurrence of the minister, I'd like to ask for some latitude to ask some questions related to the checks and balances concerning fraud, if the Chair and the minister would be willing to answer some very generic questions on that.

**Hon. Mr. Taylor:** — Mr. Chair, the member was asking for some latitude to discuss fraud issues. I simply look to the

members. Has this been the practice of the committee to move in this direction?

**The Chair:** — The rules that govern the operation of the committee are the same rules that govern the operation of the House. And as long as the question is in relationship to the subject matter before the committee, it would be an acceptable question. If the member will keep his questions to the subject matter that's before the committee, then there is no reason why the question cannot be put.

**Mr. Huyghebaert:** — If that's fine with the minister.

**Hon. Mr. Taylor:** — Waiting on my light here. I have no problems with the member asking some questions. If I'm capable of answering those questions here today, I'll be happy to do so. And if I'm not, I will make a representation to provide answers.

**The Chair:** — Thank you, Minister. I'll just remind the member to confine his questions to the subject before the committee, and please put your questions.

**Mr. Huyghebaert:** — Thank you, Mr. Chair. Thank you, Mr. Minister. These are just generic questions that I would like to just ask on the security, fraud security I guess. In your department, the minister's department, were there programs and controls established to mitigate fraud risks or to help prevent or detect fraud.

**Hon. Mr. Taylor:** — Mr. Chair, I can say that without conditions, we have a variety of administrative practices, policies, procedures, controls in place to minimize the risk of fraud or illegal activity. Our department has a system of delegated signing authorities in place to ensure the appropriate expenditure and distribution of funds. Each year department managers are asked to confirm whether they are aware of any instances of fraud or illegal activity by signing a management representation letter that clearly outlines these points.

I guess the only other point is — because I've been thinking about this obviously — we are in receipt of a formal written question in respect of these types of things, and we are presently preparing a response to that question that reflects a process of due diligence, and it will be provided in due course.

**Mr. Huyghebaert:** — Thank you, Mr. Minister, and you've answered a couple more of my questions. And I guess my last question on this issue would then be, was the department aware of any allegations of fraud or other illegal activity within the department, for an example, information received from employees, former employees, customers, clients, suppliers, or others? And if so, what was the nature of the activity?

**Hon. Mr. Taylor:** — Mr. Chair, I think this question is substantially the same as the written one. I think that we are in the process of compiling an answer to that question and an answer will be forwarded once it is complete. On the surface I'm not aware of anything that would cause us to provide answers to the member indicating any problems.

**Mr. Huyghebaert:** — Thank you, Mr. Minister. And did I hear you correctly say you would forward us a copy also once it's

complete?

**Hon. Mr. Taylor:** — It would normally be done through the normal process. If the member wishes that answer to be forwarded, we will do that as well.

**Mr. Huyghebaert:** — Thank you, Mr. Minister. I've some questions with the New Deal and I've noticed that in (GR10) there is 17.729 million. Is this all federal government dollars flow-through?

**Hon. Mr. Taylor:** — Mr. Chair, all of those dollars are flow-through federal dollars, yes.

**Mr. Huyghebaert:** — Is there any provincial dollars going into this at all?

**Hon. Mr. Taylor:** — Mr. Chair, we have negotiated with the federal government on this issue. The province, Government Relations, is administering this program. The administrative costs that we are incurring as a result of providing the benefits of this program are all paid for through the agreement we have with the federal government.

**Mr. Huyghebaert:** — So, Mr. Minister, the administration costs that are realized by your department come out of the 17,729?

**Hon. Mr. Taylor:** — Yes, Mr. Chair, that is correct.

**Mr. Huyghebaert:** — What would be the amount of those administration expenditures?

**Hon. Mr. Taylor:** — We have calculated those costs, Mr. Chair, to be — and negotiated with the federal government — roughly \$410,000.

**Mr. Huyghebaert:** — 410,000 for the administration flow-through of these dollars. Can the minister explain the 410,000 — a breakdown of the 410,000 for administration?

**Hon. Mr. Taylor:** — Yes I can. The breakdown is actually fairly simple. Salaries would make up \$141,000 of this; the operating costs, \$269,000.

**Mr. Huyghebaert:** — And can the minister describe to me what the operating costs entail?

**Hon. Mr. Taylor:** — Mr. Chair, I'm sorry it took me a few minutes. I needed to make sure we had the paperwork here so I can be as accurate as possible. Fortunately we have the manager of the New Deal administrative unit with us so I can be fairly direct.

On the operating side, most of these costs relate to the normal start-up of any new operation. We have a fairly significant database that has to be created in order to ensure that the applications received by the communities, the investment plans instructed by the federal government to be put into place, the distribution of money, the monitoring of the programs, the outcomes-based evaluation, the work that needs to be done, there's a fairly significant database that has to be created.

So in this start-up phase we have money set aside for the information technology, sort of the office space, the telephone hookups, the supplies that are necessary to do this. We have calculated our year 1 costs to be roughly \$80,000.

We have some internal operating costs for a partial year that the federal government has agreed to flow through to us that would include: internal office space, travel throughout the province with regards to working with the communities on getting this set up and ready; again a telephone, some software; licensing, printing materials, photocopying supplies. There's about \$50,000 in this first year that's set aside for that. And about \$50,000 as well for external operating costs which would be related to financial and environmental auditors that are required in the handling of this work.

**Mr. Huyghebaert:** — Thank you, Mr. Minister. Can you tell me or tell the committee how many new personnel will be hired to administer this flow-through.

**Hon. Mr. Taylor:** — I'm more than happy to do that. Again the determination, working with the federal government and actually knowing all the other jurisdictions in Canada have a similar circumstance working for them, it's been our estimation that we will require and therefore have set in place a system that will have four people working in the secretariat.

**Mr. Huyghebaert:** — That's four new people. New people.

**Hon. Mr. Taylor:** — Yes.

**Mr. Huyghebaert:** — Okay, thank you. Somewhere I read about a 1.4 per cent administration fee. Is that included in the \$410,000? I don't have my calculator here so I don't know if that is what the 410,000 is or not. Or could you confirm the 1.4 per cent administration fee?

**Hon. Mr. Taylor:** — Yes I can. When we look at year 1, including our start-up costs and the way things flow through with the 17 million in place, 1.4 per cent is the administration cost. If we look at the five-year program and the escalation of the federal dollars that are coming through the province, we do not see an escalation of administration costs. In fact over the five years of the program the administration fee will be roughly seven, seven and a half per cent or point seven to point seven five per cent — less than 1 per cent.

**Mr. Huyghebaert:** — Thank you, Mr. Minister. So I would take it from what you have indicated that this year the 17.729 million — and we're using 410,000 as administrative fees and start-up costs — the next instalment of 17 million or whatever it is that's the flow-through, we're down to point seven. Is that correct?

**Hon. Mr. Taylor:** — It wouldn't be that way immediately in the second year because we're still talking 17 million as the total dollars that come forward. At the end of the fifth year we're talking \$60 million annually coming into the province. So as the annual amount comes forward and the administration fee isn't changing, the percentage will in fact drop.

I don't have the budget for next year in front of me so I can't say if we're talking exactly 1.4 again next year because the total

value of the federal transfer hasn't changed. But I do know when we've calculated it out over the five years, 147.7 million in total, that the administration fee calculated over those five years will amount to no more than point seven five per cent.

**Mr. Huyghebaert:** — Thank you, Mr. Minister, and I know our time is expired but I just have one before the Chair cuts us off here. I've noticed you had said you've received a number of applications for the New Deal already. And I just received this today and it's a draft for discussion purposes and I've just received it. And I'm wondering if people who are already applying for the monies from the New Deal, if you could give me an up-to-date version of what the application form would look like when we meet next week. If he has an up-to-date one — if they're already putting in applications for it and I've just received this today which is a draft, so I'd like a current one if I could.

**Hon. Mr. Taylor:** — Mr. Chair, we certainly can provide the member with whatever forms he's looking for. The New Deal secretariat is in place. There is a process that we need to go through. There is some paperwork that needs to be done. If you need some more specifics I can ask Mr. Krywulak to answer further to that, but if you're just looking at copies of material, we can certainly provide that to you.

**Mr. Huyghebaert:** — If you would that's all I . . . like I say this is brand new to me today, I just received and it's a draft. It says it right on it — draft. And when you indicated there's already people applying for it, I know there's people in my area that would like to apply but I can't give them a draft copy. I'd like a real one that they could reproduce.

**Hon. Mr. Taylor:** — Maybe I can even go further than that. Each of the municipalities have received a package of information that includes not only the forms but on what to do with them and how the program will roll itself out. And we can provide that entire package to you.

**Mr. Huyghebaert:** — I'd appreciate that.

**The Chair:** — Thank you, Mr. Minister. Our time allotted for this particular item has exhausted itself and we are past the designated closing time. So with that, the committee now stands adjourned.

[The committee adjourned at 17:16.]