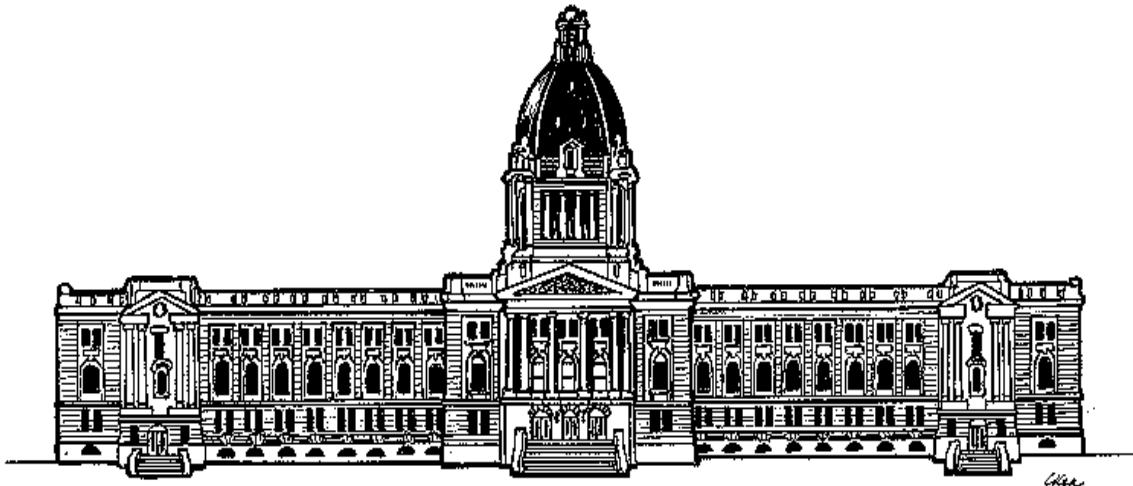




STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND INFRASTRUCTURE

Hansard Verbatim Report

No. 26 – May 16, 2006



Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON INTERGOVERNMENTAL
AFFAIRS AND INFRASTRUCTURE
2006**

Mr. Ron Harper, Chair
Regina Northeast

Ms. June Draude, Deputy Chair
Kelvington-Wadena

Mr. Denis Allchurch
Rosthern-Shellbrook

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

Mr. Andy Iwanchuk
Saskatoon Fairview

Hon. Maynard Sonntag
Meadow Lake

Mr. Kim Trew
Regina Coronation Park

[The committee met at 15:05.]

Bill No. 48 — The Parks Amendment Act, 2006

Clause 1

The Chair: — I will convene the meeting of the Intergovernmental Affairs and Infrastructure Committee. The first item of business before the committee is the consideration of Bill 48, The Parks Amendment Act, 2006. I'll invite the minister to introduce his officials.

Hon. Mr. Nilson: — Thank you. I'm pleased to have with me this afternoon Dave Phillips, on my left, who is the assistant deputy minister; and on my right, Syd Barber who is the director of the provincial parks system.

The Chair: — Thank you, Mr. Minister. Mr. Minister, if you have any opening statements, we would entertain that now.

Hon. Mr. Nilson: — I think we're in a continuation mode from previous questions. And so we'll be happy to respond to any of the question that are available.

The Chair: — Thank you. Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Yes, the minister is correct. We'll pick where we left off in the last meeting of this committee. Minister, since our last meeting on discussion of Bill 48, I have had an opportunity to talk to some representatives of the cottagers, and they have a few questions that I will be asking on their behalf. And I have some of my own. But I believe we should be able to wrap this up in a half-hour or so.

One of the questions that came from the cottage association is the issue of park passes. They tell me that, as part of their proposal, they were prepared to buy a park pass, the seasonal passes which they felt would contribute about \$200,000 in the form of revenue which they felt would help with their share of the indirect costs that are associated with parks. So therefore if they bought the park passes, that, as I said, would make up \$200,000 worth of revenue. And then the rest, the remaining 1.9 million would come from the two fees that we are looking at — the direct service fees and the lease fee.

Their question is now that they've been provided with complimentary park passes for their particular park, they're concerned about which area you're going to be making up that additional \$200,000. Is it going to come from the lease fee, or is it going to come from the service fee, or is it a combination of both? They just would like some clarification as far as this \$200,000.

Hon. Mr. Nilson: — Well I think, as discussed previously, the total revenue that we are anticipating for this year is \$2.1 million. And those amounts that ostensibly relate to the costs of the park passes will be tied in with the lease fee portion.

Mr. Hart: — Thank you, Minister. I guess one of their concerns is that, by them purchasing seasonal passes, that would enable them to use their pass in other parks, whereas by

being provided with passes for their specific park and then paying the remainder, making up that \$200,000 in the form of increased lease fees, the . . . I believe they're not . . . That wasn't their proposal that they put forward. And they're just wondering, I mean, why the change?

Hon. Mr. Nilson: — I think the specific answer here is that we needed to have something for the people to use for this May long weekend, so we sent out the park-specific passes for this year. The intention is that next year they would get one that would be province-wide. And by raising this question, I think we can look at whether they can't trade them back in for a province-wide one if they require that.

Mr. Hart: — Thank you, Minister, for that answer. One of the other concerns that I was made aware of is . . . From our discussion last week, there was concern about whether you and your department were comparing their lease fees to what landowners surrounding the parks pay in the form of municipal taxes.

They were concerned about the number of references made to that comparison, and we certainly feel that, you know, it's not legitimate to compare a lease to ownership. You know, you don't have the rights and privileges of ownership. You certainly don't have the ability for any capital appreciation and that sort of thing. And they felt that perhaps there was too much emphasis on the comparison between lease fees and ownership.

And it is just an issue that they would like you to be aware of, and I'm sure they will be . . . in the future if you have some meetings with their association, they will be raising this. And I just thought we would bring that forward here today so that you're aware of that particular concern. If you would care to respond.

Hon. Mr. Nilson: — Well thank you for that comment. I guess I'm just reflecting what people outside the parks have said to me and to others. And so I think that we all need to know that that's where some of the pressure . . . Are there many more people outside the parks than inside the parks, and they're watching what these fees are as well.

Mr. Hart: — Thank you, Minister. I'm sure, you know, I think most people recognize that, and it's just I think . . . I guess basically what we're looking for at the end of the day is we don't want to be overcharging people who have cottages in our parks. But also we don't need to undercharge them. We need something that's fair and equitable. And I can sense from talking to representatives of the cottagers and to you and your officials that this is not a simple task that you've been dealing with. And hopefully through this Bill and particularly through regulations, we're able to strike a balance that will meet the needs of all people of the province.

One other area that I would like to raise is the area of . . . I understand that there are camps, some of them being Bible camps, that are permanently located within parks. How are they treated as far as, you know, annual fees that they pay? I might just say that I'm guessing perhaps that some of the non-for-profit organizations may or may not be treated in a special manner. I wonder if you could just explain in general

how those situations are handled.

Hon. Mr. Nilson: — My understanding is that as non-profit corporations they pay a nominal fee. But this has been an issue that was raised in the overall discussion with the cottage owners and with others. And so it's not included in this direct package, but it is something that we'll continue to look at. But it directly relates to the kind of activity that they have. And so it will be something that's reviewed in light of the whole thing, but it's not included in this package.

Mr. Hart: — Thank you. Another area is the number of commercial enterprises within parks. And I wonder if you could explain the types of fees that these people pay. Are they part of this package? How are you dealing with those commercial enterprises?

Hon. Mr. Nilson: — Thank you for that question. I think how the commercial leases work that their lease fees are tied to the amount of revenues that they have in their operation which is very different obviously than the cottage leases. The revenues from the cottage alone is the 2.1 million, so this other commercial lease fees are not included in that amount. So it's money on top of that.

One of the issues that continues to be a question is that some of the commercial operations are services that the cottage owners and others like to use, like golf courses. And so we want to make sure that there's an incentive to keep these — especially golf courses — up in good shape because it makes a big difference on the numbers of visitors to the parks, and also it enhances the enjoyment of the cottage lease people.

There has been a commitment to the cottage owners that we'd also be looking at the commercial lease fees, but sometimes the local area is saying, how can you reduce them for certain golf courses versus how can you get some more revenue to improve that local park in other places? So it's once again another aspect of this which is quite complex. But I think the general intent is to make sure that businesses survive that are there and that they have the ability to enhance the facilities that they have so that they're used by the cottage owners and also the visitors.

Mr. Hart: — Minister, I understand that there are at least one or two or perhaps more golf courses within provincial parks that are owned by a group of investors. I wonder, first of all, how many golf courses are operating under that format and if you could briefly explain the business arrangement, I guess, that's in place.

Hon. Mr. Nilson: — Well the golf courses . . . I assume what you're asking me is that the golf courses operated by a group of investors and they in fact then have a lease so that the parks never sell the land to the golf courses, but they give them long-term leases. And so they have security of tenure which allows them then to invest more there. And that's the issue around negotiating the lease contracts with each of the different ones.

There are 11 golf courses within the provincial park system that are operated by outside people on leases. And as we know some of the best golf courses in Saskatchewan are in some of our provincial parks. And we want that to continue, and we're

trying to work with them as well to enhance that experience. They have a group of operators from the different parks that are like a committee — like the cottage owners committee — and they come and raise issues with parks management as well.

Mr. Hart: — So are all the golf courses that are located within provincial parks operated under this arrangement?

Hon. Mr. Nilson: — I'm going to have to correct my previous answer. There are 11 that are integrally involved with parks. But in fact three of those are just outside the park but people . . . I mean they're right there. So there's actually eight in the parks plus three.

And I don't think there are any other golf courses that are operated by the park systems itself. There may be some that . . . No, I just don't think there are. But there are, in the vicinity of all of our parks, there is a golfing experience because this is Saskatchewan and every community has one or two or three golf courses that are easily within driving distance.

Mr. Hart: — Thank you, Minister, for that answer. One other issue that I'd just like to raise — and it's been raised with me — have you and your officials looked at requiring park users to have permits or passes on a year-round basis? Like quite often I mean our parks sit idle during the, you know, the fall and winter months and . . . but yet they're being used by citizens of the province and outside. And I'm just wondering if you've ever done a cost-benefit analysis to see whether it actually would pay to have someone manning the gates and selling the passes and that sort of thing.

Hon. Mr. Nilson: — Well the simple answer to your question is yes; it has been considered on a number of occasions over a number of years. And especially cross-country skiers are willing to pay a fee, or different groups have said that. But last summer when the broad consultation was done across the park system, this particular question was asked. And it was pretty well unanimously rejected by people.

And I think that on a very practical basis, the primary use of provincial parks out of season when there's nobody collecting fees, it's local people and Saskatchewan people. And we encourage people to do that, but they know that the services are more limited than the summer season. And so I don't see any change in that at this stage.

It is conceivable at some point though that we would have even more activity. A good example is that in February in Greenwater Park this year they had 100 per cent occupancy in all of their cabins and places where people could stay because they had the best snow on the Prairies. And people were coming from all over to go snowmobiling or cross-country skiing at Greenwater Park because it was one of the best experiences on the Prairies.

Mr. Hart: — I guess just a couple of questions, Minister, that I'd like to present is . . . are you and your officials planning on consulting with the group of five . . . or the representatives of the cottagers prior to the mailing of the annual fee notices to basically, you know, answer some of their questions and explain the final process?

Hon. Mr. Nilson: — Yes, I think it would be our intention that we would meet with them and try to explain how this all works. And then we'd have some actual examples of what was going to happen. And that's what we're trying to get all of . . . the Act passed and get the regulations done and get those examples.

But no, that would be . . . And it's, you know, very possible that I would be a part of that meeting as well because it's important for me to understand what further concerns that they may have because this is a long-term relationship. These people like the parks. We like the parks. The citizens of the province like the parks. So we need to make sure that we get it right so that we can benefit everybody.

Mr. Hart: — Minister, I'm happy to hear that response because I think if we can deal with problems that may arise, you know, just prior to sending the notices out and so on, I think we can avoid some of the problems that we had a couple of years ago.

So, Mr. Chair, that would conclude any questions I'd have with regards to Bill 48.

The Chair: — Thank you, Mr. Hart. Seeing no further questions, the committee will now consider the Bill. Clause 1 short title, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 48, An Act to amend The Parks Act. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Mr. Trew.

Mr. Trew: — I move that the committee report this Bill without amendment.

The Chair: — Mr. Trew has moved that the committee report the Bill without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you, Mr. Minister.

Next item of business before the committee will be the consideration of vote 16, 17, and 145 for the Department of Highways. As soon as the minister and his officials get here, we'll continue on with that.

**General Revenue Fund
Highways and Transportation
Vote 16**

Subvote (HI01)

The Chair: — Welcome, Mr. Minister. We understand that

we're a bit ahead of schedule, so if some of your officials aren't here yet, we can understand that. Because of the quick, short order of changing of the timing here, we certainly understand that. But I welcome you, Mr. Minister, and I ask you, Mr. Minister, to introduce your officials.

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chair. Mr. Schmidt, who would be sitting here, is the assistant deputy minister of operations. And I'm told he should be here shortly. But to my left is John Law who is our deputy minister. George Stamatinos, who is assistant deputy minister of policy and programs division, is sitting next to Mr. Law. Behind us on the right-hand side — my right-hand side — is Ted Stobbs who's the assistant deputy minister of corporate services division. And to his left is Tim Kealey who is the director of corporate support branch for the Department of Highways and Transportation.

The Chair: — Thank you, Mr. Minister. Mr. Minister, if you have any opening remarks, we would entertain them now.

Hon. Mr. Lautermilch: — I think not. We've appeared, Mr. Chairman, before the committee on a couple of occasions prior to today. And I have made my remarks then, at that time, and they are on record.

The Chair: — Thank you, Mr. Minister. The business before the committee is the consideration of vote no. 16, Highways and Transportation. Mr. Kirsch.

Mr. Kirsch: — Thank you. I think the minister knows why I'm here. Once again the people of St. Brieux are wanting an answer. I mean, they are the economic drivers . . . Like it's unbelievable; \$175 million moved out of St. Brieux, and their highway's falling apart. A trackhoe had to go across it this year to drain the water, so it wouldn't wash away. It's just deplorable, and it's not a situation that's just happened. I've been an MLA [Member of the Legislative Assembly] since '03, and each year I come up with 368. So the people of St. Brieux are wondering when.

Hon. Mr. Lautermilch: — Mr. Chairman, if just I could make a few comments before I ask my deputy to respond. I think members will all be aware — and we've spoken about this before — of excess moisture in many parts of the province.

I think it's obvious that even a high water table in that area has really weakened Highway 368 in many spots, and the department is responding. We've been adding gravel. We've been blading the road on a daily basis. But this is an example of a thin membrane surface highway that can't sustain the loads to which it is subjected. If we're going to be upgrading this road, I'm told that we're looking at not 3 million or 4 million or 5, but many more millions than that.

And this really is an example of a need to realign the provincial transportation system to supply what has become a growing economy here in our province. And we have been investing in thin membrane roads, and I think the record will show that. We have this year the largest highways and transportation budget in the province's history. And with respect to TMS [thin membrane surface] roads, we've upgraded 1,500 kilometres of TMS since 1999 which includes 22 strategic corridors to a

paved standard. And we've invested nearly 400 million to upgrade and maintain TMS highways.

Now, Mr. Speaker, I understand the opposition and, you know, I mean they've been in here in session, and they've been questioning the condition of highways from all over and all areas of this province: Highway 310, Highway 5, Highway 20, Highway 55, Highway 3, Highway 18, and Highway 368. I would just want to say to members of the opposition that to resurface to a granular pavement these roads, it comes at a cost of in the neighbourhood of \$300,000 per kilometre.

Now if you look at how many thin membrane roads that have been built in the '50s and the '60s in our province and if you calculate that there are 6,400 kilometres of TMS roads remaining in this province, if we were to resurface and to supply all of the upgrades to a granular pavement standard, that would come to a cost of \$2 billion. Now \$2 billion out of a \$7 billion budget is an awful lot of money.

And the spring causes special circumstances where you have frost coming out of the roads. You have cracks. You have a high water table, as I indicated, this year. And so it's obvious that we've got some circumstances.

Now what I would like to do is share with the member what the department's estimate of costs to bring this road up to the standard that the member is requesting, and so I will do that. I'll also ask my deputy to respond to some of the alternatives and some of the options that are around St. Brieux and around that area. And I'll also ask him to respond to bringing primary status, primary weight status and what options the department has been looking at.

And the member is right; this is not a new issue. And we have been looking at alternatives for a considerable period of time. And so what I will do is turn the Chair over to Mr. Schmidt and Mr. Law to respond with respect to the details, the specifics of Highway 368.

Mr. Law: — Thank you, Mr. Minister. There are three initiatives that I'd like to speak to in terms of the member's question. The first is that the primary vehicle that we have used in terms of programmatic response to upgrades for TMS highways of the sort that Highway 38 falls into is the PGRP [Prairie Grain Roads Program] program which has provided significant cost sharing from the federal government. We have re-approached the federal government about renewing that program. It comes to an end this year.

It really provided a financial basis for us to be able to do significant amounts of the upgrading that the minister has referred to to make improvements in those areas. The costs, as the minister has referred to, are significant and without some cost sharing, very difficult for us to be able to address all of the needs across the province. So we are back at the table looking for a renewal to the PGRP program and also for an opportunity to deal with the backlog that was left over as a result of the federal government's capping of that program.

The other thing that we've discussed with St. Brieux in particular is the significance to that industry of us being able to bring primary weight status to the community so that they have

access to be able to be as competitive as they need to be in terms of the work that they're doing to export a lot of their products to other parts of the world. And we have discussed options for a couple of different routes that we can bring more immediately that would allow us to provide them with access to primary weights. They are not as direct as perhaps would be preferred if we had the full availability of funding to be able to do all of the resurfacing on Highway 38, but they do provide at least one or two options.

We were out recently as this past fall for a meeting to discuss these options and are currently in the final throes of approval for the primary weight package that we have put together and discussed as a basis for providing a couple of different options to them in St. Brieux that would be available to them to have primary weight status. This may not be the ultimate solution in terms of what the community is looking for, but it would provide them with that opportunity in the immediate term to be able to make changes in terms of the amounts of weights they could haul.

I might ask my assistant deputy, Mr. Schmidt, just to talk to the program that we have for this year. I can tell you that, as the minister has pointed out, one of the difficulties we have had is just the spring conditions have been very difficult for us this year. So this is one of a few areas where we're having some difficulty in terms of our ability to respond as early as we might like this spring.

Hon. Mr. Lautermilch: — Mr. Schmidt.

Mr. Schmidt: — Thank you. Thank you. What we have planned to do for Highway 368 this year is, as members may be aware, with the excessive moisture, the high water tables this year from the rains, from the flooding that has occurred this spring in the area there, it has softened the subgrade, the earth material on Highway 368, to the extent that we are seeing extensive failures. So as the road continues to dry out, our crews will be working there on a regular basis repairing those failures, adding granular material to the earth subgrade to strengthen it. And when that has been completed and compacted and put into place for a stronger subgrade, the dust-free surface will be restored as conditions allow, which is similar to the strategy that took place last year.

So depending on weather conditions again, crews will be . . . crews already are working. They're doing emergency repairs. And they will be in the area doing more permanent repairs. Hopefully this weather will continue to allow it to dry out in a timely manner, and we can do more permanent repairs there to restore that to a dust-free surface.

Mr. Kirsch: — Thank you. The area St. Brieux to Lake Lenore, like I said, has been such a large economic driver. You quoted numbers and figures. They've got \$100 million worth of taxes they're paying a year. There is potential for growth. One of the companies even signed a contract with the American army.

How can we ignore the situation? If somebody on the edge of Saskatoon or Regina was doing such a job of developing Saskatchewan, we would say we have to back them. St. Brieux needs this backing. Lake Lenore needs this backing.

It's not a case of just thin membrane. It's a case the whole road is rotten. If you see open spots, there's black dirt inside it. It was dragged together and paved over top. It's not adequate. And the area is just . . . it has to have some backing by the government. The government's job is to supply these things. And we still have not got the answers. When will we get 368 to what is needed?

Hon. Mr. Lautermilch: — Mr. Chairman, let me say to the member that he is suggesting that if there was infrastructure required closer to the two major centres, that the government would move to back those changes. I want to say to that member that of the \$345 million, the vast majority is spent in opposition members' ridings — the vast majority — which happens to be rural Saskatchewan which is where much of the need for infrastructure is.

Now Mr. Law indicated that we are on the end of the PGRP, which is a program that was helped and helped support this kind of development and this kind of building. And it was funding that came from the national government. And obviously we're hoping for a renewal of that program, as we were hoping to see in this budget infrastructure for a national infrastructure program and funding for that.

And so I say to the member, obviously we have a role as a province. We have committed this year the largest Highways budget ever. And the member will say it's not enough, and I understand that because when you couple the requests from opposition members for Highways 310 and 5 and 55 and 20 and 3 and 18 and 368, and Highway 21, and when you go through the list, the requirements are much larger than this budget.

So my point is that what we need is federal involvement in a national infrastructure program that will allow us to allocate more funds to some of the roads that need attention.

And no one will deny that Highway 368 is in pretty difficult circumstances this spring. It is. We know that. And as the weather will permit us, we're going to be on there. We're going to be grading, and we're going to be repairing, and we're going to be working towards a road that will allow for much better traffic flow.

But what I would say to this member and other members is that we would appreciate and we need your support in attempting to convince the federal government, through the 12 members of parliament that we have elected here in this province — the Conservative members of parliament that we have elected, who sit on the government side — not to come home empty handed but to work with us to develop a national highways program that will allow us to compete economically with the other G-8 countries.

We're the only country of the G-8 countries that doesn't have a national highways program which puts a lot of pressure on a sparsely populated province, and a large province like Saskatchewan with more per capita roads than any other jurisdiction in Canada, occasioned by the building in the '50s and the '60s that you or I had no control of. But we now have those roads, and we now have those infrastructures. And we would encourage you to work with us to support the federal members of parliament as they lobby their colleagues to bring

back to Saskatchewan some of the federal tax dollars that are collected in this province. That's the support we need.

It's not good enough to point fingers at the province. What we need to do is come up with some solutions. And every day, every day in this legislature, I hear from members of this House hundreds of millions of dollars of expenditures committed and/or promised, whether it's roads or whether it's pensions. Every day I hear expenditures in the billions. And I hear promises. There isn't a promise, I believe, that could be made that hasn't been made to whomever.

And so I say, we need to have a little responsibility here and work together to garner some support from our federal counterparts. And we have 12 members of parliament which we have never ever had before in this province, which should be a political base to create some understanding, one would hope, with the new federal, national government. And frankly I'm encouraged by the fact that we have those 12 members.

And what I would say is, if you would as an opposition work with us on transportation dollars from the federal government, on equalization dollars and a fair equalization treatment for this province with the federal government, that would be helpful. But I mean obviously we're not going to have the provincial dollars to commit \$2 billion to upgrade the TMS roads.

And I can tell you, I know what happens. You fix one and the opposition will move to another and then to another and to another. And your requests will come, and fair they should. I mean you should be raising these issues, and I appreciate that you do.

But I would really appreciate the Saskatchewan Party caucus's support in lobbying our federal members of parliament to get our share out of Ottawa in terms of road infrastructure, equalization, and all the other things that we need in this province.

Mr. Kirsch: — Mr. Minister, I believe you — or was it your officials? — had a meeting with the mayor of St. Brieux, Mr. Paul Leray. And he was promised that within days there would be upgrade to primary hauling. When is this going to take place because that meeting took place quite a while ago already?

Hon. Mr. Lautermilch: — Mr. Chairman, I can say to the member that the connect north of St. Brieux to Highway 41 is scheduled to be in first phase of a primary weight program. And I'm told by my deputy that our processes should make that happen very shortly. So it would certainly give access to Highway 41 north of St. Brieux, and that would be primary weight status that would allow interconnect with other roads of that quality.

Mr. Kirsch: — Thank you, Mr. Minister. For the information on 368, you've asked me to talk to our federal colleagues. If you would, talk to the ones on your side of the House federally to make sure that they're going to back initiatives that are going to help Saskatchewan highways too. Thank you.

Hon. Mr. Lautermilch: — I will commit to the member that the New Democrat members of parliament will and are being made well aware of the deficiencies. They don't govern,

obviously. They do have a voice. So I think if we collectively approach the federal members of parliament with respect to Saskatchewan's case we can be successful. And I want to commit to the member that, however many MPs [Member of Parliament] there are with my political persuasion in the federal House of Parliament, they'll be contacted. Thank you.

The Chair: — Thank you, Mr. Minister. Mr. Morgan.

Mr. Morgan: — Thank you, Mr. Chair. My constituency is Saskatoon Southeast, and I have two areas of concern regarding the highways that pass through my constituency. One is Highway 11 which is the main highway going between Saskatoon and Regina. Immediately south of Saskatoon in the area of Baker Road, which is three or four miles south of Saskatoon, there's large numbers of acreages. And there's people turning left onto the highway from one side and right from the other onto that roadway, and there has been a number of accidents where people were crossing the highway.

And I've been receiving calls from people that are looking for some kind of traffic control by way of turning lanes and improved signage. And I'm wondering whether the department is aware that there's that kind of a problem and whether they have plans to try and address the high traffic areas on Highway 11 immediately south of Saskatoon.

Hon. Mr. Lautermilch: — Mr. Morgan, those are all the challenges. And I mean I know the highway well. I drive it often, as you do. And where there's that type of traffic and . . . It seems that the growth around the larger cities and the acreages that are being developed are creating, you know, new circumstances in terms of traffic flow and more traffic coming onto the roads. And obviously the more traffic, the more probability of an accident.

I'm going to ask Mr. Schmidt to comment with respect to what work has been done, perhaps traffic flow patterns, and what the plans are for that stretch of Highway 11 that you mentioned.

Mr. Schmidt: — Thank you, Mr. Minister. Yes. The department does work closely with the local rural municipalities, the city of Saskatoon, the Saskatoon and district planning commission. And we are aware of the growth areas around the city of Saskatoon, the impacts that has on some of the highways.

What I will do is I will undertake to determine what work has been done at the intersection of Highway 11 and Baker Road, and as well some of the other intersections south of Saskatoon that are experiencing increases in traffic due to growth, rural residential acreages. And I'll undertake to determine what work has been done.

And if the necessary work has not been done at this point in time, we will do the necessary safety studies and reviews to determine if there is any safety countermeasures; such as turning lanes, enhanced signing, different safety countermeasures, that can be put in place if they're so warranted.

Mr. Morgan: — We realize and appreciate that it's not appropriate to consider interchanges. But at rush hour there's

often, you know, a number of cars waiting to turn off or on. People rush. They turn out. It's become increasingly dangerous.

We have similar issues east of Saskatoon on Highway 16 as it goes between Saskatoon and Clavet. And if you would give us similar information on that, I'd appreciate that as well.

And my last area of concern is Highway 219, which goes from Saskatoon directly south to Outlook. The immediate area of concern is between Saskatoon and Whitecap First Nation. That area is an older highway. There is only two curves on it. In the last year, the curves have been straightened and enhanced, but it's the rest of the area.

My understanding is that the department has acquired additional land from adjacent landowners and it's been surveyed. And I'm wondering when those people can expect that road to be widened and completed.

The casino at Whitecap is now well under way, expected to be completed some time in '07. I don't know whether there's a chance that that road would be completed by then. But if it's not, there will be huge safety concerns with people travelling back and forth between Saskatoon and Whitecap.

Hon. Mr. Lautermilch: — Thank you, Mr. Morgan. I will ask Mr. Schmidt to respond to Highway 219, as well as the other one you mentioned.

I would like to say to you that we will forward to the opposition information as it relates to the PGRP, the program that I just talked with the former member who spoke in terms of the backlog of the highways and how the program functions, and we will get that information to you as well.

I can say with respect to 219, there's been some work, as I understand it, with the municipalities in terms of preparing to make that road more suitable to the kind of traffic that will be there as a result of the casino, and I'll ask Mr. Schmidt to respond to your questions on that . . .

Mr. Schmidt: — We've been working for some time with the local municipalities, the local RMs [rural municipality], the Whitecap Dakota First Nation, the city of Saskatoon towards positioning ourselves for upgrading Highway 219. And as you mentioned, the first phase of that was working to eliminate those curves which were a safety concern. There'd been some serious accidents on those two curves. So in partnership with the RM of Corman Park and several other RMs, we were able to improve those two curves and straighten that I think it's about a 3-kilometre section out, purchase the property, build it to its final standard so that when the rest of the road is upgraded, the work is completed on that section already and we don't need to return.

So we're continuing to work with the municipalities on other partnership opportunities, identifying opportunities for the different partners and identifying as well the economic activity along the corridor, the benefits of that corridor, continuing on the design so that the design is prepared and ready. And that you are correct, that we have purchased some property along there. Not all of it, there's still some to be purchased. So as willing landowners come forward, we'll do that as well as the

design is completed and as the details have been determined and how much property that needs to be required.

So as we continue to work towards positioning ourselves for upgrading that road so as when the funds become available, we can deliver it in a timely manner without further delay, knowing all the economic activity that's occurring along the corridor.

Mr. Morgan: — Again thank you very much. We'd very much like to see a fixed timeline for that process. I know right now that some of the land has been acquired from the adjacent landowners because during the last election I got calls from people that owned the adjacent land saying, the land isn't being used by the province; perhaps you'd like to put your political signs up on there. And for the minister, I was certainly able to avail myself of that opportunity on quite a number of pieces of land along there as well as on the adjacent landowner.

And it would be my preference next election to find different locations for my signs, although I'm sure there will be many offers forthcoming from the constituents that live there. So I'm giving the minister an opportunity to limit my electioneering by fixing that roadway. So thank you for your time, and I look forward to the information you provide us.

The Chair: — Mr. Minister.

Hon. Mr. Lautermilch: — Mr. Chair, I will do everything in my power to limit your necessity to put lawn signs up or signs in rural Saskatchewan, or anywhere for that matter, Mr. Morgan. Thank you.

The Chair: — Mr. Hermanson.

Mr. Hermanson: — Thank you, Mr. Chair. And thank you, Minister, and your officials, for appearing before the committee. First of all I want to thank the minister for the little lecture about speaking up on behalf of our constituents and trying to get our roads improved. We don't apologize for that. We recognize that there's a lot of work to do, and I can assure the minister that for my part I'm trying to prioritize. There's certainly far more I could bring to your attention than I will.

And as far as the other point about lobbying the federal government for more involvement, correct me if I'm wrong, Mr. Minister, but I understand that the last budget earmarked five point some billion dollars for highways. And I guess I would hope that Saskatchewan would get a portion of that if it goes to the national highways which would be the Yellowhead and the Trans-Canada. And perhaps some dollars earmarked for even twinning in the shorter term could be redirected to some of these dangerous situations that we now experience.

I have three areas that I want to ask questions. I'll try to be as brief as possible. These are mostly not new to the minister and his officials because the problem hasn't been fixed. And they are in fact the key areas that need to be addressed in the Rosetown-Elrose constituency.

First question is with regard to the Riverhurst ferry. I wonder, when did the ferry begin operating this season, and why was service not commenced sooner?

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told by Mr. Schmidt that he was there this morning, and it is operating and some things are happening. The lake trial testing started on May 1, and they've been ongoing.

As you will know, there was a new hydraulic drive system that was installed over the winter season. The inspection trials begin on May 1, and that was the time because that was when Timberland Equipment's manufacturing technician was able to manage his work commitments along with some of his duties overseas, and he wasn't available till that date. So without the technician and the work that he would do, it couldn't begin until May 1.

Mr. Hermanson: — Thank you, Mr. Chair. I don't think I heard the answer as to when service commences this year. I think it was one of the last ferries, at least on the Saskatchewan River system, to commence operation.

Hon. Mr. Lautermilch: — I am told that it commenced operation on May 5.

Mr. Hermanson: — Could the minister tell me how much money was spent on modifications over the winter months? And were those modifications ... Why weren't those modifications part of the original rehab for the ferry? Was it in fact that the original rehabs were unsatisfactory and thus further modifications were required?

Mr. Law: — Mr. Hermanson, there were three, I think, categories of work that we would characterize for us to be able to try and give you the breakdown between them. If we could bring that back to you, I think it would be preferred. There was the initial retrofit work that was done. There has been some ongoing maintenance, and then there was the installation of the new cable drive system this season. As to which categories of work took place for which reasons, I think we would be more accurate in our response if we were able to go back and segregate those expenditures and provide them to you in a little bit more detailed fashion than I think we can do probably off the top our head here today.

Mr. Hermanson: — Thank you, Mr. Chair. Certainly actually written documentation would probably be better because then I'll, if I forget it, I'll have something a little more tangible than my recollection of your answer and won't have to go to *Hansard*. So I would appreciate that.

What is the acceptable noise level on a ferry? How many decibels of noise is permitted?

Hon. Mr. Lautermilch: — Mr. Chair, for one who wears hearing devices, any level would be too loud. But I am going to ask my officials to attempt to answer that for you, Mr. Hermanson.

Mr. Law: — That's information we'll have to get for you. I'm sorry, Mr. Hermanson; we don't know.

Mr. Hermanson: — Thank you, Mr. Chair. I have ridden on the ferry too since the new hydraulic drive was put in, and I would not want to work on the ferry and put up with that noise on a constant basis. I was appalled at how loud the noise was.

And it was irritating for me as a passenger. And I could roll my windows up. I didn't have to work in that. And I could turn the radio on I guess and try to smooth it over a little bit.

But that was a hull at least, a part of the ferry, and it wasn't . . . The operator, I actually asked the operator, and he said that some parts of the ferry are worse than others if you go off to the side and the front. But of course if you happen to be on a full ferry, you don't have a choice as to where you park and where you sit, and then the operators have to be able to traverse the entire deck. So I would guess that if you do have standards that in fact this is borderline or maybe over acceptable decibel levels. It was terribly, terribly noisy.

End of my . . . You'll provide me with the answer to that, I understand? Okay, with that understanding then, Mr. Chair . . . I was quite interested in your response to my colleague from Saskatoon Southeast when he asked about safety considerations. And you said that you had straightened out that stretch of 218, which I also drive on because it serves part of the Rosetown-Elrose constituency from Outlook into Saskatoon. And it certainly is an improvement. And much more is required, and I would hope that that would be an ongoing project.

But it gave me hope because I have been for quite some time saying that there is a major safety issue with Highway 4 as it crosses the South Saskatchewan River, Lake Diefenbaker by the provincial park. Traffic has increased. I've raised this issue now for three or four consecutive years, and I'm continually told, well it's not on our planning list, yet but we know it's there and hopefully someday it will appear on this list of work that is scheduled to be done.

Mr. Minister, this is a safety concern. There is so much truck traffic on that road. And with the steepness of the grade, these trucks are loaded, are often crawling along at speeds of less than 20 kilometres an hour. Going up a hill where you're not allowed to pass with a line of traffic behind that, you know, in holidays and peak periods . . . become very irritated. And I have travelled throughout the province. I've seen other valleys with parks and valleys, and almost without exception they have passing lanes even when they have far less traffic than Highway 4, the major north-south route on the west side of the province.

So I would, I would pray for mercy for the poor motorists that have to drive that highway, that in fact for safety reasons alone, let alone any other reasons — and there are many others — that you could assure me that you have now scheduled to put passing lanes on Highway 4 in the South Saskatchewan River valley.

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told that the studies would show that Highway 4 doesn't meet the national standards for a hill-climbing lane. As you'll know, Mr. Hermanson, the provinces use standards that are set by industry to determine at what point different facilities would receive different treatment.

What I'm told is that as the highway becomes due for resurfacing, the department would again review the cost and the benefits based on the standards when that rehabilitation does come forward.

Mr. Hermanson: — Mr. Chair, if I could just follow up. You know, I've driven on Highway 2 north of Moose Jaw through Buffalo Pound, and there's a passing lane where there's far less traffic and a less severe grade. I'm sure that that did not meet the national standards, whatever they are.

And I have travelled through many spots through the Qu'Appelle where there are passing lanes. Highway 6 I believe has an extra lane, and that traffic would likely be similar to the traffic on Highway 4 although I'm not sure if they're getting more truck traffic on that highway than there is on Highway 4.

So quite frankly, I'm not concerned about what some national standard . . . we're not talking about British Columbia. I've been in British Columbia's traffic, and they have their own problems, and Toronto has their own problems.

What I'm concerned about is that there's going to be a loss of life. There have been accidents on this highway. There will be loss of life in the future. And I don't want to have to be the one that said, I told you so. But if it happens I will be the one who says, I told you so. And I will write letters. I will talk to the media. I will do whatever it takes to point out the fact that the Department of Highways was warned that this needed to be dealt with, that it's a danger.

There's high volume of traffic. There's holiday traffic. There are boats, trailers being pulled up and down that hill because there's a provincial park down there. There's a golf course down there. And it's the major commercial north-south route on the west side of the province. So you can tell me that, you know, that you can find some national standard that says that it's not required. But I see in other parts of Saskatchewan, that certainly have not met whatever those standards are, that the passing lane is in place, and they aren't nearly as dangerous or as steep or as long as Highway 4 going through that valley.

So I'm not going to pursue this any more. I mean we're not children. I don't need to restate this 10 times, but what's there is unacceptable. It needs to be dealt with. And there will be consequences if it isn't dealt with properly.

I want to go on to the third point that I have. And that's something that's come up in the legislature. And I know, Mr. Minister, you're familiar with it. And I appreciated your answer when I asked about the highway depots at Lucky Lake and Eston, and you assured me that there would not be any closure of any highway service depots in the province. So simply I guess my question is for Eston and for Lucky Lake, can you assure me that the proper contingency, the standard contingency of employees and equipment will be maintained at those depots so that in fact they are not just open in name only but they actually do function?

Hon. Mr. Lautermilch: — Mr. Chairman, I can say to Mr. Hermanson, what I said I meant. And I'm convinced that that is the right approach to take. And I've said that. There are people who retire. There are different needs that surface in different areas based on the changes and the demographics in our province and the growth in our economy in some areas. And it's very difficult to gauge what will happen five years down the road in terms of traffic and in terms of traffic patterns, just as it was five years ago.

Much of the activity that's taking place in terms of this economy is putting pressure in areas of our system that wasn't there five and six and seven years ago. Examples of that would be when we restructured our oil and gas royalties, we assumed that there was going to be incremental activity as a result of that. I'm not so sure that we envisioned \$70-a-barrel oil along with those changes and making our province more competitive. But it has put an awful lot of strain on some the roads in areas that is new, and it's new pressure.

So having said that, there have been some staffing initiatives that have taken place in Lucky Lake. I'm told by Deputy Minister Law that there have been ongoing meetings with the union. It's our attempt to be able to work together with our workforce so that they can understand and work with us in terms of the needs and the changing pressures.

Are we committed to the continuing maintenance in areas of rural Saskatchewan such as the one you mentioned? The answer is absolutely yes. And we'll continue to work with our workforce to ensure that we're serving rural Saskatchewan in the best way that we can. And part of that has to be done along with the men and women who work within the Department of Highways.

Mr. Hermanson: — Thank you, Mr. Chair, and thank you, Minister. I guess I could try to restate my question another way, and I may yet before I'm done.

But you know, those of us who occupy these seats in the legislature from time to time retire, but the seat does not go vacant. I mean, an election occurs, whether it be a by-election or a general election, and the seat is filled. And I guess the people that are dependent upon service from these depots want to know that yes, staff will move — and I think one member of the staff did locate in another community — but you know, they want to be assured that if there's a vacancy that it's filled.

So let me make the statement, and you tell me whether I'm right or wrong. Maybe that's a better way because that way I can put it in my own words. I would say then that I understand from your answer, Mr. Minister, that for the foreseeable future, perhaps looking three to five years down the road that both the Eston and the Lucky Lake depots will continue to be operated with a complement of staff similar to the complement of the past and with the equipment needed to maintain the service that has been provided in the past.

Hon. Mr. Lautermilch: — And, Mr. Hermanson, I guess I'll respond in this way. The key has to be that we need the adequate resources to be able to supply the service. I mean, that I think goes without saying. But as I indicated in my answer, there will be retirements so there will be people who will bid out of a location into another area. And there will be times when we don't have the same staff complement. And it may be that there will be more pressures in Lucky Lake than in Eston in five years from now. I don't know that.

But I think it's fair to say that management within the Department of Highways and Transportation has to continue to monitor the changes in our economy, monitor the pressures in the different area. But it's our goal not to remove employees from communities in which they are living. Having said that,

we have to be . . . I mean, we have to be open to change when change makes sense.

But no one here is interested in change for change's sake. It has to make administrative sense. It has to make sense with respect to service to the rural communities, the ability of the employees to make sure that our roads are safe in ice and in snow conditions and that they're not driving needless miles to get to where they need to do the job.

So obviously some change, I would say, will take place. No one here has an interest in closing facilities for any other reason than at some point in time it may become necessary. And I just think we are cognizant of pressures on communities in rural Saskatchewan and how depopulation is making it more and more difficult for some rural communities to survive. I mean, no one's oblivious to that fact. And it's important. You know, the people who work for the Department of Highways are part of the economy in those communities and we recognize that.

Mr. Hermanson: — Thank you, Mr. Chair. And of course, these communities are striving to strengthen their economy. This area was devastated by the potato fiasco, but they are trying to recover. And there are new interests, private sector people that are moving in and trying to re-establish the industry. Obviously transportation is key to that type of industry.

So I guess in effect what you are saying — and again, correct me if I'm wrong because, you know, I will quote you on this if you don't — what you are saying is sure, there may be vacancies, but your department will fill those vacancies, at least for the foreseeable future. Let's say, looking three to five years down the road, you will fill those vacancies and maintain a service that is of the traditional standard for the service from those depots.

Hon. Mr. Lautermilch: — All I'm saying is we're going to work with the unions to do what makes sense. And there will be vacancies. There will be people moved. And we will do, working with our staff, what makes sense for the administration of maintenance and whatever else the Department of Highways employees do.

Mr. Hermanson: — Mr. Chair, I didn't get a very good answer. The minister would not assure me that there would be every effort made to continue the quality of service we've seen in the past and that disappoints me.

And I hope that I'm not correct in my suspicions that in fact documents that were provided that show the department has a plan to reduce and eliminate those services in the next three to five years are in fact true and the minister has just been whitewashing the fact. He could have stated very clearly that the department would fill vacancies and maintain the standard of service in those depots, and he didn't use this opportunity to do that. And that certainly disappoints me.

I hope that at some point in the very near future the minister will clarify his position. That's the end of my questions. Thank you.

Hon. Mr. Lautermilch: — Mr. Chairman, I don't want to disappoint the member and so I won't. And I think his

interpretation of what I have said is not accurate. What I said is we have a commitment to those communities. We have a commitment to the service. There will be at times staff changes. We will work with the workforce within the Department of Highways and Transportation to be as efficient as we can and effective as we can. That is my response, and that's what I'll quote when anybody asks me.

The Chair: — Thank you, Mr. Minister. Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. To the minister, I'd like to start off by asking a few questions about damage claims. What is your department's policy and procedures for a person to apply to be reimbursed for damage to their vehicles caused by deteriorating highway conditions?

Mr. Law: — Mr. Weekes, the general answer to your question is that the department's policy and vehicle damage claims is operated through our regional offices. That is to say that if damage occurs to an individual vehicle anywhere in the province, claims can be made through our local offices in those particular regions, so the individual claimants are not required for example to come through Regina or Saskatoon or a major centre. Those can be done within the regions that those take place.

And we have a pamphlet which we can make available that goes through the various criteria that are used for purposes of making that determination, and we're undertaking to provide that to you as we speak.

Hon. Mr. Lautermilch: — Mr. Chairman, if I could, I would want to say that since 1999, the amount of damage claims has decreased substantially, and I'm hopeful that that's reflective of the incremental money that we've been putting into our system.

Mr. Weekes: — Thank you, Mr. Chair. Thank you, Mr. Minister. If I could just probe a bit more on what is the criteria for the regional office to determine if a claimant has a valid case or not.

Mr. Law: — I'm not going to wander too far into details that I can't speak to at the appropriate level of detail, Mr. Weekes. But I would tell you that we look at each case on its own merits. And generally the process is one in which we ascertain the circumstances of the damage that was brought forward by the claimant, and we send our staff out to examine the locations and the circumstances.

And generally speaking, what we're looking to determine is whether or not there has been anything by way of action by our department that has not been appropriate in the context of our existing policies and procedures and/or the conditions of the road that would have contributed to that damage taking place.

Mr. Weekes: — Thank you, Mr. Chair. Thank you for that answer. You mentioned you could supply a pamphlet. I'd appreciate receiving that from you. For the fiscal year 2005-2006, how much money did the department pay out as a result of damage to vehicles caused by deteriorating highway conditions? And you had mentioned it's been decreasing since 1999. Could you supply me the numbers since, from 1999 on?

Mr. Law: — Our claims last year, as I understand, were in the range of about \$47,000. That's down from about \$125,000 in the year 2000-2001. We will get the actual details by year for you and provide that back to you.

Mr. Weekes: — Thank you very much. I have a few questions concerning the federal budget. The federal budget renewed the municipal rural infrastructure program and the Canadian Strategic Infrastructure Fund. How will these renewals of these programs affect the department's plans and budgeting in the next budget cycle?

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told that existing commitments under PGRP twinning, and the border infrastructure funding will be met. What we will be pursuing with the minister is a renewal of PGRP, a national NEIS [northern economic infrastructure strategy] program, the national highway system program, and the northern economic infrastructure program. So there are three programs that we're interested in seeing renewed and expanded — PGRP, NEIS, and NHS [national highway system] — and that the existing funding, as I said, under PGRP twinning and Border Infrastructure Fund are there.

Mr. Weekes: — Thank you. So as you said there is a new Border Infrastructure Fund that has been established. Now your government has been long calling for federal support of a national highway system in Saskatchewan. So you're in favour of this initiative?

Hon. Mr. Lautermilch: — We are not. Frankly as I told the . . . As I understand it we're not aware of whether or not there is new funding, and it's what we're going to be pursuing with the new Transportation minister. I mean obviously if we can find some money for the national highways program — 116, 11, you know, and others — we would be interested in seeing that program go forward. But we're not aware that that is available.

Mr. Weekes: — I see. So you will be meeting with the minister on that, the federal minister, concerning the Border Infrastructure Fund. Are you able to give any insight whether this program or any of the other programs that have been announced will mean increased work done on twinning of the Yellowhead or No. 1 or any other highways that your department is working on to date?

Hon. Mr. Lautermilch: — Mr. Chairman, as I have said and I'll say again, it's unclear whether there's any new money. The money that is there, we understand is for past commitments. But we're not aware of new funding in this budget. I mean, this is why we're going to be working with the officials, with the national officials, and with my federal counterpart to determine what might be there to assist our province.

Mr. Weekes: — Thank you, Mr. Chair. To the minister, I'd like to raise another issue. Last fall I raised the issue of William Kurk in a Highways contract that went bad, leaving many out of thousands of dollars. I'd like to ask a few questions regarding this. What is the current status of this situation?

Hon. Mr. Lautermilch: — Mr. Chairman, the department officials tell me that all valid claims that have been brought forward with respect to this issue have been settled, that outside

of our purviews, the department and the member will probably be aware, the RCMP [Royal Canadian Mounted Police] have laid charges against this individual. But all valid claims and all the claims that we could validate have been settled.

Mr. Weekes: — Thank you, Mr. Minister. You say valid claims. Your official said last fall that they believed the department had gone through all the appropriate steps in checking out Mr. Kurk's surety. Is it true that some of the affected contractors or people, without naming them, involved in this case have settled with payments from the department?

Now I know you said all valid claims. But has everyone that's involved here had their payments settled?

Hon. Mr. Lautermilch: — Mr. Chairman, I'm told that we don't have any outstanding claims that we can validate. I mean there may be other circumstances out there that don't involve the Department of Highways and Transportation. I don't know that. But the ones that we could validate as having to do with the department, all of them have been settled.

Mr. Weekes: — Thank you. Well has there any claims been turned down then?

Hon. Mr. Lautermilch: — Mr. Chairman, there was one request for settlement that was not settled. And without going into details, I'm told it was a loan to this individual. And the department officials didn't feel it was in our purview to be settling on that basis.

Mr. Weekes: — I don't quite . . . You're unable to get more details than that. It was a loan, you said?

Hon. Mr. Lautermilch: — It was a loan to this individual who has been subsequently charged for fraud. That loan has not been repaid. The department was approached, but we have not compensated that individual for that loan obviously. I mean it's not a responsibility of the department.

In terms of what arrangements or what loan arrangements individuals have, irrespective of whether the individual worked for the department through a contract or otherwise, it doesn't involve the department so they won't compensate.

Mr. Weekes: — Thank you, Mr. Minister. Last fall Mr. Law said that he would submit more information to me about this case, but I have yet to receive this information. So I'll ask the same question I asked of you in November: what is the department's policy with regard to checking sureties?

Mr. Law: — Mr. Weekes, if . . . I'm just asking for some additional information about what documentation we may have regarding our policy. The one that I referred to in my answer to you last year was in the additional level of diligence that we've added to the process when dealing with suppliers or contractors who may not be familiar to us — those who for example may be low bidders, who may be first-time contractors for our department.

We have a process that we've now put in place internally which ensures that we've had direct discussions with the surety provider to ensure that the bonds and appropriate due diligence

has been done in that regard before we move forward. If there is documentation to that effect regarding the protocol inside the department, I'll provide it to you.

Mr. Weekes: — Thank you. If I understand correctly, you say that there will be a check for the first time in case of a new contractor, but not subsequent checks after that.

Mr. Law: — We do checks with respect to the bonds that are in place. But prior to entering into the business arrangement, we would do a check if we were not familiar with the company. Presumably if we were dealing with a company with whom we'd done business previously, we would have an awareness of their ability to obtain those kinds of bonds.

There may be circumstances that would warrant us doing an a priori check on some of those businesses. But for the most part, we would expect to have an awareness of their ability to secure those bonds. We would do the check on those bonds being in place, but we wouldn't necessarily warrant that for each case in which we were dealing with somebody who would perhaps be more familiar to the department.

Mr. Weekes: — Thank you. Did your department check to make sure the surety that Mr. Kurk presented was in fact legitimate?

Mr. Law: — We did do a check, yes.

Mr. Weekes: — As it turned out though, it was a forgery, and it wasn't a legitimate surety.

Mr. Law: — That's correct.

Mr. Weekes: — And your check didn't pick that information up.

Mr. Law: — No, that's correct. The forgery that was undertaken was . . . We checked to ensure that the surety was in place. The signature was the signature of the appropriate officer. It just was not executed by that officer.

Mr. Weekes: — So have you changed your procedure now that you take the added step to make sure that it is actually in place other than just having a piece of paper in front of you that in this case was forged and was not legitimate?

Mr. Law: — Yes that in fact is the nature of the change that we have introduced so that in the case that we've just described, we would be in touch with the individual who would have been responsible for providing the authorization of that surety and therefore be able to verify that in fact the signature that was on the document . . . not simply having the document or checking with another agent with respect to the document being in place, but will have made the phone call to know that that in fact has been the appropriate signature.

Mr. Weekes: — Thank you. I'd like to move on to a case file in my constituency. A gentleman by the name of Dave Collins from Delisle, and he runs a used car lot and a car wash. And there has been work done on Highway No. 7 that has affected him greatly. I understand that he's been offered some land across the highway to replace the land that is being taken for

this highway development. It's affected his business greatly, and I just wonder if you're away of this situation and what is the status of it.

Mr. Law: — Mr. Weekes, I'll have to get that information for you. I'm generally aware of the case you're talking about, of the individual. I cannot provide you with the current update on the status of that. I'll have to get information and get back to you.

Mr. Weekes: — Thank you. I appreciate that. He certainly feels he's been treated unjustly because of the loss of business that he's had to endure. And also . . . Well really, the lack of compensation and a place that would be similar as far as a site, that he would need to continue his business in that area . . . and so certainly, I will pass this information on, and I hope that you get back to me with the status of his situation because it certainly is affecting his business greatly.

I'd like to move on to another situation. This is a letter, a copy of a letter that Mr. Minister has received going back to January 16, 2006. It's regarding removal of a memorial that was erected between Lewvan Drive and Albert Street on Highway No. 1. And this was placed there in honour of four young people that died there in a horrible car crash September 10, 2004. This memorial was removed on or about September 23, 2005.

They received information that it was someone from the Highways department that ordered it removed, and they claimed it was . . . They were assured by two officials in your department that they would not undertake such a thing without first advising them. Their request is simply that, as a minister in charge of the Department of Highways, to find out who removed it and why.

And basically I do not believe they've had adequate answer from your department concerning this. And it's a letter from a Mr. Mark Harding who lives in Regina. Could you update me on that situation please?

Hon. Mr. Lautermilch: — Mr. Weekes, I do recall the letter. I did have, subsequent to that letter, a conversation with the author after checking with the department. It was determined that it was not the Department of Highways' officials who removed that. I may be wrong, but I believe it was city officials who removed it.

Mr. Weekes: — Thank you. I'll pass that on. What is the Highways' procedures concerning those types of memorials? I know that we see them all over when there's been tragic death along the highways. What is the Highway department's procedures concerning that issue?

Hon. Mr. Lautermilch: — Mr. Weekes, we do have a policy, and we'll get that to you. I don't think the officials have it here, but they'll send that along to you.

I should tell you that I did speak to the individual, with respect to this letter, directly and explained that it was not the Department of Highways officials.

Mr. Weekes: — Thank you very much for that. I'd like to move on to another issue. I have a letter that was sent to you, Mr. Minister, from the village of Loon Lake. And it's

concerning, I understand there was . . . Well I'll just read part of it:

. . . thank you for the completed and future . . . [planning] improvements to Highway [No.] 26 between St. Walburg and Loon Lake.

They appreciate that work done, but the issue here is there is approximately 4 kilometres of unfinished improvements from Highway 304 to the village of Loon Lake. And the letter goes on to say how important that stretch of highway is for their economic development and access to tourism. And I'd just ask you what is the status of that situation near Loon Lake?

Mr. Schmidt: — Thank you for the question. We've identified an investment strategy on a corridor there linking St. Walburg to Meadow Lake to support the agricultural industry as well as the forestry industry. And the corridor is Highway 26 and then Highway 304. Highway 26 has been identified under the Prairie Grain Roads Program.

There's three projects I believe there through the Prairie Grain Roads Program. The first one has been completed, from Highway 304, the junction of Highway 304, south. We have already tendered and started grading on the second project on Highway 26. And the plans are to complete that corridor from St. Walburg to the junction of 304, which will result in a granular paved structure corridor capable of carrying the heavy traffic right from St. Walburg along that corridor.

The remaining 4 kilometres from the junction of 304 to Loon Lake, we'll continue to maintain through maintenance practices, preventative maintenance practices. And also maybe if there's some opportunities, we'll do some strategic strengthening on areas that require some additional maintenance to maintain the road in a safe, dust-free condition through that type of strategy.

Mr. Weekes: — So the 4 kilometres in issue will not be brought up to the same standards as the rest of the highway?

Mr. Schmidt: — That is correct, that that road has not been identified to be upgraded to the same pavement structure, same capability of the corridor linking St. Walburg to Meadow Lake. But as I mentioned, we'll continue to provide maintenance there. If there are sections that require additional enhanced maintenance, we will look at some strategic strengthening on those 4 kilometres to provide a safe access road suitable to carry the traffic that is on there.

Mr. Weekes: — Thank you. I'd like to bring up another case file that's come to my attention from the village of Zenon Park, a letter to your department December 15, 2005.

And the village of Zenon Park has some serious concerns regarding the south access road off of Highway No. 23 coming into the village. It has been brought to the attention to the village council by several people that the conditions on this highway are deplorable. There's certainly safety issues, economic development issues concerning this stretch of highway. As an example, that when a recent rain caused a culvert to wash away on Highway 23, the traffic was routed on a grid road rather than on the pavement. And the council village of Zenon Park would like to know . . . they would urge the

Department of Highways to maintain a safe and paved access to the south before something inevitable happens.

Mr. Schmidt: — The access road south of Zenon Park is, as you mentioned, in that area that has seen impacts of flooding and the high amounts of rainfall that have been experienced there since last fall. So the Department of Highways is part of a strategy looking at the impacts of the flooding damage that has occurred for roads, culverts, bridges, municipal roads, other infrastructure in the area.

So we're in the process of right now assessing that. Up until this point in time, we've focused our efforts on monitoring the situations, on providing safe routes for traffic where the flooding has washed roads out, where we needed to flag — 24-hour flagging — so a lot of resources has just gone into those areas. So we're just now beginning to focus on getting an idea of the damage and an assessment and putting a package together that would be part of a more broader strategy on the impacts of infrastructure and identifying ways that we could address those impacts.

Mr. Weekes: — Thank you. Mr. Minister, I'd like to ask some questions on behalf of my colleague from Martensville constituency. The first one is concerning Highway No. 12 north of Hepburn going towards the Petrofka bridge. And there is a bad 5-mile stretch north of Highway 312 junction. There's large potholes. They have counted 17 flags in five miles. And they have received reports of near collisions due to drivers swerving in oncoming lanes to avoid potholes. Could you give me an update for my colleague?

Mr. Law: — Mr. Weekes, this is another one of the unfortunate circumstances that have been precipitated by the weather conditions in that part of the province that will require some drier weather for us to be able to come up with more permanent fixes. I was out meeting with some of the crews this morning in that part of the province, talking about the challenges we've had.

Normally we would try and redeploy some of our staff. Everybody has been in these areas. We haven't been able to borrow from other areas because they were all busy with the same challenge in terms of trying to do the preliminary safety initiatives that we can do in terms of temporary fixes and the identification for motorists of where we expect that those issues are going to be problematic.

So we will get to those as soon as we can with more permanent fixes as soon as the weather dries out. But at this juncture, the best we probably can do until we get a little bit drier conditions is to continue to flag those and to do the temporary patches, gravels, and so on in terms of trying to enhance the safety.

Mr. Weekes: — Thank you, Mr. Law. Another question from the member from Martensville concerning Highway 305 between the junction of Highway 12 and the town of Dalmeny. Again large potholes, including a huge crater just south of Dalmeny, has there been any temporary patching done on that part of the road? It seems it's a perennial problem, and it's getting worse every year. Are there any plans to fix that stretch of highway?

Mr. Schmidt: — That area, in the Dalmeny area there, there's two highways or two roads that serve Dalmeny and provide access to Dalmeny, one being Highway 305 which you mentioned from the junction of Highway 12, as well as the Dalmeny access road which goes from Dalmeny south to 16. That road — the Dalmeny access — did experience some distresses as well, some surface failures. That carries the majority of the traffic to the community of Dalmeny as a commuter route to Saskatoon.

So our crews were deployed to that area as soon as conditions allowed. And in fact we were pleased to hear back from, very positive feedback from some of the people in Dalmeny sending correspondence back thanking the crews for the good work, for paying attention to that road.

So now that we've been able to address that, we will be focusing efforts on Highway 305 which is fewer traffic volumes providing access to the community. And again as conditions allow, as the other priorities allow, we will get out there, do the more permanent repairs. And until such time, we'll be doing emergency repairs and flagging.

Mr. Weekes: — Thank you. One more question on behalf of the member from Martensville. It's concerning Highway 11 between Hague and Rosthern. And it's reported to be starting to break up in sections. And the highway staff has been out there patching as required, but it will need resurfacing. Could you tell us when that might happen?

Mr. Schmidt: — Highway 11 is, as you know, a very busy corridor. It's a main strategic economic corridor linking Saskatoon to Prince Albert and points north, as well as a major commuter route to those communities outside of Saskatoon. So it is a very important route. It is a route that ranks high on our maintenance schedules. So annually we do our assessment using our asset management tools, which is condition-based and optimizes the treatments based on available funding. And this corridor would rank high in that.

At this point in time it's not scheduled for rehabilitation this year, but as you mentioned, crews are already out there working. It will be given priority because of its importance for addressing safety concerns. So we will continue to do our maintenance procedures such as crack filling, hand patching, spot sealing, and ensuring that the surface failures are fixed in a timely manner. And it will be a safe corridor for all those road users that use that corridor.

The Chair: — Mr. Allchurch.

Mr. Allchurch: — Thank you, Mr. Chair. Mr. Minister, welcome to your officials here today. I also want to ask a question on behalf of my colleague, the member from Martensville. And it's regarding the answer that was just given regarding Highway 11 north of Warman. There are two sections under construction, with the second one bringing the twinning portion to just south of Hague. Both of these sections will be paved and open to traffic in 2007. Or does the department have some other timeline for the completion of this project?

Mr. Law: — The member is correct that our current schedule would provide the work necessary to position the department to

be able to finish that work for 2007. We have some grading work and some crushing that is going on in anticipation of the paving that we would do next, in the next construction season. So that would allow us to . . . So if all things go as planned, we would be able to complete it according to that schedule.

Mr. Allchurch: — Thank you for the answer. Mr. Chair, what is the department's timeline for the future of twinning to Rosthern?

Mr. Law: — We do have a program schedule that we have put together for that particular section of Highway 11. In part timing will be dependent on the availability of federal funds. This is one of the routes that has recently been included in the national highway system, and we have been sensitive in the past to trying to take advantage of federal cost sharing.

With respect to the twinning that has gone on so far on Highways 1 and 16, we were able to significantly advance the time frames that we had originally proposed as a result of the availability of federal funding.

And at this juncture, we do not have any firm commitments with respect to the availability of funding, but we will be pursuing those later this spring and summer. And so subject to the availability of federal funding, hopefully we'll be able to make good progress on that route. Our current time frame . . .

And again we don't want to pre-empt the availability of federal funding. In the past there has been concerns that if we get too far ahead of the federal government in terms of committing to some of this work that the federal government will still recognize that work. So hopefully as this being a new route under the national highway system, it will be eligible for federal cost sharing, and we will be able to advance the work according to the availability of federal funding as well.

Mr. Allchurch: — Thank you for the answer, Mr. Chair. The \$200 million debranning and oil refinery plant to be constructed just south of Rosthern, south of Rosthern is expected to be operational by the spring of 2007. This facility is projected to require somewhere between 50 and 60 super-Bs a day of grain. This will add an already heavy traffic congestion and add some safety concerns. Can the minister provide me with any detailed information as to what they plan on doing with this part of the highway?

Mr. Law: — To the member's question, there have been investments made and intersection improvements. As he may know, at Rosthern we invested approximately three and a half million dollars and have done work and intersection improvements at 312 and 11 that should have a direct bearing on both the safety and the traffic capacity in that regard. And hopefully those will contribute to improvements.

I'm not immediately familiar with the exact location that has been identified, but our understanding would be that the investments that have been made to date should contribute to facilitating traffic flows at those intersections.

Mr. Allchurch: — Okay. Thank you for the answer. According to my knowledge, the place where they're going to set up this debranning plant is just south of Rosthern. And I don't know if

it's 2 miles or 3 miles or whatever but just south of Rosthern. So this year should help out. That's all the questions I have in regards to that part.

I want to bring up an issue that I've raised for some time in the Legislative Assembly, and that's with the Petrofka bridge guardrail. Now I raised this last year, and at that time the minister in charge at that time said that the guardrail on Petrofka bridge would be coming very, very soon. I wonder if there's a timeline as to when it will be installed. And also if the minister has what will be the initial cost of the guardrail when it is completed.

Mr. Law: — We're just checking what information we brought with us. If we have it here, we'll provide it to you. If not, we may have to retrieve the information and provide it to you at a later date.

Mr. Allchurch: — Okay. Thanks for that. I was just wondering if it is on the schedule for this year in 2006, or is it going to be put off for another year.

Mr. Law: — Again I'm going to have to double check. We were aware the project was given consideration this year. I'm not sure if it made it to the list this year, or if it's being considered for next year. We'll have to check that and get back to you.

Mr. Allchurch: — Okay. I would appreciate that information as soon as possible. Thank you.

Another area that I want to ask a few questions about and that is regarding Highway No. 3. I presented many petitions in the Legislative Assembly regarding the Highway No. 3 from Livelong to Turtleford. The part of Highway No. 3 from Glaslyn to Livelong is built and surfaced. I'm wondering in regards to the rest of the Highway 3 as what has been anticipated as when more work will be done on that highway and possibly when will it be completed to the full extent to Turtleford.

Mr. Law: — The project, as I understand it, is comprised of three parts. The member is correct, that the first section has been completed. Last year's work, as a result of weather and other factors, has been carried over to the current year, and that will be completed in the current construction season, all things proceeding as we would hope with respect to weather and so on.

The third part of the project is part of the 30-odd million worth of funding shortfall that we inherited with the federal government's capping of the program, and we have not, as I understand it, finalized the date for that particular initiative. We are trying to wrap up all of our outstanding PGRP work within the next three years. If we have better information than that, I will provide it to you as soon as we're able to go back and check the work schedule.

Typically we're trying to prioritize the outstanding work of that \$30 million within our current budgets, but again this could be affected if we are successful in obtaining a renewal or an extension of the PGRP program with the federal government and would allow us to move much more quickly in terms of that

remaining section of work that's outstanding on Highway 3.

Mr. Allchurch: — Thank you for the answer. Mr. Chair, this year's project that will be ongoing — which was supposed to be last year and due to weather commitments that's why it's been postponed till this year — it'll start from Livelong and go west, or will it start from Turtleford and come east? And whichever direction, how far will it come to this year?

Mr. Law: — I'm going to quote from the project description, and I hope this answers your question. The work will start west of Fairholme, and the project will go to just west of Livelong access. And that's a total project length of 11.2 kilometres. So if that helps, I can't be more precise with reference points, but we can again go back and look at that if you would like some additional detail. So 11 kilometres in that particular section between Fairholme to just west of the Livelong access.

Mr. Allchurch: — Thank you for that. I think in my previous questions I asked from Livelong and that was incorrect. It wasn't Livelong; it was from Fairholme. The road has already been completed from Glaslyn to Fairholme.

Now this year they were looking at building from Fairholme for 11 kilometres. Is that correct? In regards to that, that would leave quite a portion of that highway still be left to complete to Turtleford. In your previous answers, it was going to be a three-year term. This will be the second year. That leaves quite a remaining portion of that highway to be completed next year if financial commitments are met. Is that correct?

Mr. Law: — I should clarify that when I answered your question earlier, I was talking about the remaining time frame within which we've tried to apportion the \$30 million, not going back in time but from this year forward. And so that we would consider the work sometime in the next three-year time frame or concluding the current construction season to get that work finished to Turtleford. So again subject to financial availability, that's the time frame I was talking about — not from the start of the program but from the current year.

Mr. Allchurch: — Okay. Thank you for those answers. I now want to refer to . . . And also I await the information that you also have, that you will be forwarding to me.

I also want to ask at this time some questions regarding the Dore Lake road, which is from Highway 55 up to Dore Lake. I believe it was two years ago Kay's Construction from Regina was the contractor that was expected to commence work on approximately August 29, 2005, and expected a portion to be completed weather permitting — and we understand weather permitting — on October 31, 2005. Can the minister provide me with details of the road that was being built and how much was done? And I understand that there was some weather problems.

Mr. Schmidt: — Yes, as the member mentioned, much of northern Saskatchewan construction was delayed last year due to the wet weather. The contractor, Kay's Construction, had several projects in northern Saskatchewan. They did move to the Dore Lake road late in the year hoping they'd be able to start some work. They did start doing some work in some . . . [inaudible] . . . pits. It was so wet they just could not even get

the material out with traditional earthmoving equipment. So what they did was they moved on to Highway 26 actually. And that's where they finished the year. And I believe that's where they're starting the year again.

So they will be returning to 924 as soon as they can to complete that first 8 kilometres. We actually are working with the contractor to actually find drier borrow sources. It's still very wet up there. So we are looking at drier borrow sources which will result in some increased haul but will probably be the only method available to complete the road this year.

So that's the status on that project . . . is I believe as soon as Kay's has completed 26, they're looking at moving to Highway 924 next. Unless they get another project in and maybe priorities change again, but to date that's the latest status.

Mr. Allchurch: — Thank you for the answer. Mr. Chair, from my understanding then it's just the first 8 kilometres of that road that is being expected to be built. I'm wondering what is happening with the remaining area of the road from there on up to Dore Lake because it is very narrow, it's very hilly. And that was some of the safety concerns brought forth by the Dore Lake people in regarding to Weyerhaeuser hauling down that road. I think the anticipation of the people from Dore Lake or surrounding areas, Sled Lake and whatever have you, that the road was going to start being built and continue on till it was finished up to Dore Lake.

Can the minister provide us as to what's going to happen after the 8 kilometres does get built? And I know, I understand that there are weather problems, especially last year and it is very wet this year. But what's happening from after the 8 kilometres is done, what is the time frame for the remaining road?

Mr. Law: — The short answer to the member's question is that we have included that remaining piece of work where the timber haul is taking place, on the current spring tender schedule. So that is part of our program that will be tendered. That work would be part of the current construction season.

Mr. Allchurch: — That would not be completed this year though. That would be completed in the next year if weather permitting. Or is that part of this year's . . .

Mr. Law: — The work will be tendered within the next two weeks. So again subject to weather conditions and sort of the construction schedule that we have worked out with our contractors for that area, we would hope that that would be a part of the current construction season.

Mr. Allchurch: — Okay. Thank you for those answers. I now want to switch on to issues that we as a opposition raised regarding the future of several highway maintenance shops in my area, one being Shellbrook, one being Green Lake. And I also understand that the shop at Glaslyn — which Glaslyn has been closed to date — that building was sold or tendered to be sold. Can the minister provide me with details in regarding Glaslyn's maintenance shop as it stands because there was a fire in the shop?

Mr. Law: — The minister previously spoke to the commitment that's been given to retain and maintain our offices in the

locations that they are currently operating in, and that certainly would include the locations you've mentioned at Shellbrook and Green Lake.

At Glaslyn, the building as I understand it is operated on our behalf by the Property Management Corporation. We would have to check, but we'll undertake to do so to find out what the disposal process was that they've undertaken with respect to the building. I'm not familiar with the provisions of what was done with the building or what process was followed in that regard, but we can certainly undertake to find that out.

Mr. Allchurch: — Okay thank you for that answer, Mr. Chair. In regards to the first question, Shellbrook and Green Lake, you said that they're going to stay in operation. Can the minister tell us how long they will be in operation? Are they slated for closure at a later date? If so, when?

Hon. Mr. Lautermilch: — Mr. Chairman, they're not slated for closure.

Mr. Allchurch: — Thank you for that answer, Mr. Minister. In regards to the Glaslyn one — and yes I would appreciate more information in regards to that — I believe it was tendered. I had somebody say that it was tendered. And I don't know where it was tendered, but it was tendered. But apparently whether there was no tenders or not, but the building was moved off the property now and moved onto temporary property.

The moving firm that moved it had a cost of somewhere 8 or \$9,000 to move it. And if the figures are incorrect, then please advise me if they are. These are only figures that I've heard. But the building was sold for \$1, and I know you don't have any information now. But through SPMC [Saskatchewan Property Management Corporation], could you get that information and provide it to me at a later date? I'd appreciate it.

In regards to my hometown of Spiritwood, I understand that there is going to be an added facility to the highway maintenance shop. Is it going to be a new building, or is it going to be an add-on to the existing building and if so what is the cost?

Mr. Law: — Mr. Chair, the answer to the question is that the work planned at Spiritwood is an expansion to the current facility, the addition of two additional bays. And I understand the estimated cost — again this is work that will be done on our behalf by the Property Management department — is estimated in the range of \$250,000.

Mr. Allchurch: — Okay, thank you for that. Mr. Chair, I would move on to allowing my colleague, member from Moosomin, to ask a few questions.

The Chair: — Mr. Toth.

Mr. Toth: — Thank you, Mr. Chair. Since our last meeting, Mr. Minister, I received a letter across my desk. I believe you may have received one as well from the community of Glenavon regarding Highway 47 between the junction of 48 and No. 1.

And it's my understanding that the community, after fairly significant discussion, have asked whether it might be possible to . . . Well they don't want to eliminate the dust-free surface. The road is in such poor condition, they're wondering if it could be even just turned into gravel where it could be at least graded and be passable, versus the condition it's sitting at today. What kind of response the department has given to the community?

Mr. Law: — Mr. Toth, we're not as current, I think, as you are with respect to the request that's come from the community. But we are certainly open to discuss with them the options around what sort of levels of service we might be able to provide in that regard.

We were trying to recall whether or not an application which had come from the community previously for support under the Prairie Grain Roads Program, which we had supported, was something that we were able to conclude an agreement on. There was I think a grid road that runs, I believe just to the east, but I could be wrong as to my location, which the intent was to have that serve the purposes of heavier haul traffic so that 47 itself would be freed up for lighter traffic. We will have to get a little bit more information as to what the status of those two items are, but we'll certainly be open to discussions with the community group if they haven't already been undertaken with our local officials.

Mr. Toth: — Thank you, Mr. Chair. I just want to follow up. I think, Mr. Minister, and to your officials, 47 . . . And it's not just the community. It's the people living on it and it is very . . . Really that portion between 48 and No. 1 is certainly atrocious. And what the request was basically asking for is something that could at least be maintained, so you're not constantly having these open, broken pieces, chunks of pavement. So if you can get back to me as to where we could go with that, it would be greatly appreciated. Thank you.

Hon. Mr. Lautermilch: — We'll undertake to do that, Mr. Toth.

The Chair: — Committee members, it now being 5:30, our appointed time of recess, the committee will now stand recessed until 6:30.

[The committee recessed for a period of time.]

General Revenue Fund Government Relations Vote 30

Subvote (GR01)

The Chair: — Good evening. We will reconvene the meeting of the Committee of Intergovernmental Affairs and Infrastructure. The item of business before the committee this evening is the consideration of vote 30 Government Relations. I'll invite the minister to introduce his officials.

Hon. Mr. Van Mulligen: — Thank you very much, Mr. Chair. Seated beside me on my immediate left is Harvey Brooks, the deputy minister of the department, and seated beside him is Marj Abel, the director of finance and administration. Seated beside me on my right is John Edwards, the executive director

of policy development. Seated behind us are Russ Krywulak, the executive director of grants, administration, and provincial-municipal relations; Paul Osborne, the assistant deputy minister, trade and international relations; and Dylan Jones, the executive director of Canadian intergovernmental relations. And seated behind the bar are Peggy Brunsdon, the executive director of community planning and Doug Morcom, the director of grants administration. I believe that's got them all. Yes.

The Chair: — Thank you, Mr. Minister. Do you have any opening statement you wish to make?

Hon. Mr. Van Mulligen: — No, I don't.

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

Mr. Huyghebaert: — Thank you. Welcome again to officials. Just a continuation of where we were last time we met, I have a few more questions to ask. And then Mr. Hermanson will be here to ask intergovernmental questions, and that will probably conclude our visit to Government Relations.

We were speaking last time, Mr. Chair, about estimates obviously, and I did get a few comments and answers about revenue sharing and whatnot. But I didn't get into the components of the community share program, and I'm not sure if that's the correct terminology for it. And I wonder if the minister can explain a little bit about the community share program for 2006.

Hon. Mr. Van Mulligen: — Mr. Chairman, the community share program was announced in, I believe, January of this year and was made possible because of additional revenues for that current fiscal year, the 2005-06 fiscal year, where I think at the end of the third quarter the government calculated that it had additional revenues.

We recognize a need within our municipalities for additional capital, and therefore we constructed the community share program. The funds were paid out to municipalities before the end of the fiscal year and were paid out on a per capita basis, per capita based on the 2001 census.

The nature of the infrastructure dollars is that it's unconditional. And we wanted to emphasize unconditional because there are a number of programs, capital programs being funded in part by Ottawa or a major part by Ottawa. But those funds have a number of conditions attached to them, and it became difficult sometimes for municipalities to do the kind of financing and packaging that they would like to do to see projects being put forward through to completion. So we made it totally unconditional. And I think it's being well received in . . .

Mr. Huyghebaert: — Thank you, Mr. Minister. I understand because it seems to me that municipalities had issues with the fact that the Municipal Rural Infrastructure Fund, MRIF, and the Canada Strategic Infrastructure Fund, CSIP, and New Deal money were designated green. Is that correct? They were designated for green projects?

Hon. Mr. Van Mulligen: — I think that's a fair characterization.

Mr. Huyghebaert: — And so with this unconditional money from the province, the federal money is still conditional. Is that correct? Okay.

Hon. Mr. Van Mulligen: — At this point we're not aware of any changes in the criteria, the requirements of the federal dollars whatever guise they may come under, although that's always entirely possible that those things could change over time. But at this point we've had no indication of any change.

Mr. Huyghebaert: — Mr. Minister, what type of monitoring program has the department installed as to how the community share money was spent? Or is it so unconditional you don't care if they spend it on anything or is there . . . When you say unconditional, I don't want to sound facetious, but is there any checks and balances in there to monitor what this money is actually spent on?

Hon. Mr. Van Mulligen: — Again, the intent was to provide maximum flexibility for municipalities and, as such, we require nothing more from them except a report back on how they expended their funds. And of course the municipality also provide their public and the provincial government with audited financial statements.

Mr. Huyghebaert: — And this total was a one-time payment?

Hon. Mr. Van Mulligen: — Yes.

Mr. Huyghebaert: — And if municipalities for an example wish to pay off debt, that's fine within this unconditional monies?

Hon. Mr. Van Mulligen: — Yes.

Mr. Huyghebaert: — Okay.

Hon. Mr. Van Mulligen: — Recognizing that they may have incurred some debt to fund a portion of some other infrastructure program that might have been done in the context of federal funding. So we take the position that, yes, that's an appropriate use of funds.

Mr. Huyghebaert: — I just want to switch now to the (GR07) municipal financial assistance portion. And I believe there is \$153 million in this allocation — 153.009 million — and my question would be, how much of this is federal money through federal programs?

Hon. Mr. Van Mulligen: — On page 79 and (GR07), the estimated figure for 2006-07 of a number of allocations — urban revenue sharing, rural revenue sharing, northern revenue sharing, the infrastructure programs and the like . . . funding provided to municipalities is 126.427 million, is coming from the provincial government. Federal government, 14.882 million. And of that figure, 3 million is attributable to the Canada-Saskatchewan infrastructure program, CSIP, and 11.882 million is attributable to the Municipal Rural Infrastructure Fund, MRIF, for a total of 14.882 million. There's also some other categories under grants-in-lieu, SAMA [Saskatchewan Assessment Management Agency], and SAMA supplementary, but in terms of federal-provincial that's the breakdown.

Mr. Huyghebaert: — Okay. Thank you. I notice there's a bit of a drop in the CSIP funding, 900 K is what I see. Do you have any idea what the reason for that 900,000 reduction is?

Hon. Mr. Van Mulligen: — Yes, the estimated figure is 6 million for this year and the previous year was 22.658 million.

Mr. Huyghebaert: — Halfway down, just toward the bottom of (GR07), it has 2005-06 at 5.9 million and '06-07 at 5 million even.

Hon. Mr. Van Mulligen: — The Canada Strategic Infrastructure Fund.

Mr. Huyghebaert: — Right.

Hon. Mr. Van Mulligen: — The short answer is that Regina completed some projects in '05 and '06 and therefore was not the recipient of like dollars in '06-07. The 5 million budgeted for '06-07 would have gone to Saskatoon as I understand it.

Mr. Huyghebaert: — Okay. Thank you. And I notice there's a real upswing in the MRIF, which was 9 million to 23 million. What was the significance of that huge increase?

Hon. Mr. Van Mulligen: — As I understand it, this is maturation of the program in that it's taken municipalities a while to figure out what kinds of proposals to make and to become familiar with the constraints of the program and therefore to get their applications up and going. And so I think what we're seeing here is a more vigorous uptake on the part of municipalities.

Mr. Huyghebaert: — Okay, Mr. Minister, back to the CSIF [Canada Strategic Infrastructure Fund], the Strategic Infrastructure Fund. It's my understanding that many of these agreements with the federal government are in their final stages. And that's a question I would ask you, if you can confirm that if in fact they are in the final stages. And a follow-on question to that would be, if they're in their final stages, is there any negotiations ongoing yet or today with the federal government to develop or to continue with a new program such as CSIF?

Hon. Mr. Van Mulligen: — The CSIF program was originally intended to be completed this year, but there's now an indication from the federal government that they're interested in carrying on with the program. But we have not yet entered into any discussions with them on that particular program.

Similarly they have indicated that the Municipal Rural Infrastructure Fund is something that they would like to see continued. But again we've not yet entered into any discussions with them on that program. We look forward to doing that. We look forward to consulting our municipal partners as we go forward into discussions with the federal government.

I think it's fair to characterize municipal reaction that perhaps the conditionality of the grants is perhaps a little bit more than that some municipalities care to see. And that may well become an item of discussion as we go forward in our discussions with the federal government.

Mr. Huyghebaert: — I guess my follow on to that, Mr.

Minister, would be, if you say this is the last year of the program, somebody's got to start the discussion going. And I'm wondering if your office is going to, if they've not started yet, because we don't want to see in January of next year saying, oh gosh, they didn't call us, for an example. We've got to get something going. I wonder whose court the ball is in to get the talks going so this program continues?

Hon. Mr. Van Mulligen: — All we have at this point is an intention. There's no funds as such that were committed by the federal government but an intention to want to proceed. I would expect that the minister responsible, which would be the Hon. Mr. Cannon, would be wanting to consult with the provinces. After all, the federal government has no real mechanism to flow funds through to municipalities because municipalities are creatures of the province. And so we look forward to positive constructive discussions with him and the federal government as to how we might move forward on this.

Mr. Huyghebaert: — My next relates to page 80 in New Deal for Cities and Communities. Now you explained to me the other day in the FTEs [full-time equivalent] that there's five new employees currently on the staff to administer the New Deal money. There's five staff for that specifically. I guess I would like to know what it takes five staff to administer the money that's being . . . the flow-through money, what all that entails to occupy the work of five staff people.

Hon. Mr. Van Mulligen: — I'm going to let the deputy minister, who's certainly much more familiar about the details of what it is that this have, to deal with this question. As I understand it, four are to deal with the New Deal dollars. Another position is specifically allocated to help us to deal with the funds that are set aside for the public transit program.

Mr. Brooks: — Thank you. Certainly this was a topic of much debate for all the provinces and territories entering into the New Deal discussions with the federal government. And the federal government came with certain reporting requirements that were quite unique for this program and were certainly more onerous than we had seen in the past, particularly for some of our smaller municipalities. And we were very interested in getting a program together that wasn't burdensome for the municipalities, that had a high level of efficiency of money going directly through that wasn't tied up into administration. And in fact we did deliver that and worked with the municipalities to get agreement that the money for the administration would come out of the New Deal transfer.

However the types of activities that are still required to fulfill the requirements of the agreement that we signed and that are in the plans across the country are that each individual municipality will fill out an infrastructure plan and have that reviewed and approved before dispersal of the money. Those are coming in now.

The department is required to verify the outcomes of the investments, environmental outcomes of the investments that are made and have to make annual reports to the federal government on the expenditure of the funds and the outcomes. And again this will cover all of our New Deal activities, and it will be done in such a way that is very efficient.

Mr. Huyghebaert: — Thank you. And on page 80 (GR10), I would take it that the salaries are for the five FTE positions for the New Deal, and the other associated costs are listed there as supplier and other payments. Is that also just for office space, etc., for the five FTEs, that 168,000?

Mr. Brooks: — It would not include office space but would include the operating for the positions and the salaries would be the . . .

Mr. Huyghebaert: — Forty-two?

Mr. Brooks: — Yes.

Mr. Huyghebaert: — Do you have a cost breakdown of what the total cost of administering these flow-through dollars would be including office space, everything?

Mr. Brooks: — We can certainly provide that to you. We haven't got the full figures here that would include the office space but can make those . . .

Mr. Huyghebaert: — It would just be interesting to find out what the flow-through costs are for the program.

I just have one last question, and it's on the same issue of New Deals. And has your department had contact with the federal government as to what the future of this program was going to be?

Hon. Mr. Van Mulligen: — The information that we've received from the federal government is to the effect that what we have is a 10-year agreement between Ottawa and the provinces with respect to flow-through of the gas tax dollars, the so-called New Deal for Cities and Communities. And that funding was assured by the government for the first five-year period of that 10-year deal, subject to renewal. What we have from the federal government is assurances that they intend to honour the five-year commitment. We are not sure where it is that we will be going after the period of five years, but realistically we wouldn't have been I think any closer to knowing that with the previous government either. But at this point there is a clear undertaking to fund this program for the five years.

Mr. Huyghebaert: — Thank you. And, Mr. Chair, I'd just like to thank the minister and the staff. That's all the questions I have on Government Relations, and I'd like to now turn it over to my colleague for intergovernmental.

The Chair: — Mr. Hermanson.

Hon. Mr. Van Mulligen: — If I might, Mr. Chair, I also want to thank Mr. Huyghebaert for his questions and his participation.

The Chair: — Thank you. Mr. Hermanson.

Mr. Hermanson: — Thank you, Mr. Chair, and good evening, Minister, and officials. I'm not sure how long this'll take but I have a few issues I'd like to touch on with the time we have allocated this evening. And they pertain to the intergovernmental relations part of the Government Relations

ministry.

Perhaps I can just start with some more or less housekeeping questions. And actually for this first question, perhaps even if you could provide me with a list it would be better than trying to orally answer it because it's more for just ongoing knowledge of what's coming up on the calendar. Could you provide me with a list of, upcoming for the next year, the scheduled first ministers' meetings and other ministerial meetings that would be occurring in Canada, in which the province of Saskatchewan would be participating.

I know that's a major responsibility of your department, and it's always good to be aware of what's coming down the pike. So I would assume you could provide me with that list and hopefully perhaps before the legislature rises.

Hon. Mr. Van Mulligen: — To the extent that we are knowledgeable about these things, yes, we will. We'll be glad to provide that, recognizing too that meetings are sometimes scheduled, meetings are cancelled. But yes, we can.

Mr. Hermanson: — Thank you, Mr. Chair. Certainly we understand that. Secondly just with regard to the size of the intergovernmental relations department within the larger department, I noticed you have a full-time equivalent staff complement of 166.7. How many people of that 166.7 would be designated under intergovernmental relations (GR04)?

Hon. Mr. Van Mulligen: — The number that we have is that of the 166.7 FTEs for the department, 23 would be engaged in the area of intergovernmental relations.

Mr. Hermanson: — All right. Thank you, Minister. The other question I have that's more of a general nature — and I may zero in on a specific area after I find out whether or not you're involved in this — but does your department provide opinions to the federal government on issues that they're dealing with if they have ramifications on the province of Saskatchewan? I'm not thinking so much of the trade issues, which I know you do, but on other national issues, whether it be, you know, First Nations or whether it be Criminal Code or something that will have impact on Saskatchewan. Would that be something that would be handled by intergovernmental affairs, or do you leave that to the individual ministers in the areas that may be impacted, whether it be Justice or Environment or whatever, to put forward opinions to the federal government on what they might be doing that would impact the province?

Hon. Mr. Van Mulligen: — That's a very good question and one which I'm still trying to get the answer myself, but let me just check with the deputy because I think there is some . . .

I think it's fair to say that where there exists existing forums on a sectoral basis for the sharing of information, communication, discussion, negotiation between the federal government and the provinces — for example Finance ministers who have their own regular meetings and so on — we would not as a rule become involved in those discussions. There may be from time to time issues that arise where it's not clear if there is an ongoing forum for that kind of debate and discussion, where we may work with provincial government departments to formulate responses and replies to the federal government.

In the area of trade policy, it is our responsibility, but we consult heavily with Industry and Resources and other departments within the provincial government to formulate our replies. I'd need not have been as concerned as I have been about the lack of information from my colleagues about some of the meetings that they're having or proposing to have, although I like to keep abreast of what it is that they're doing. But strictly, you know, if there is an ongoing relationship on a sectoral basis or a departmental basis, then we give them their head.

There may be occasions where we become more involved. If for example we have meetings of the Council of the Federation where we want to deal in a cross-departmental way with issues — for example the financing of higher education — where not only the ministers responsible for higher education and the Finance ministers are brought together, where also intergovernmental affairs might be there to provide assistance.

Mr. Hermanson: — Thank you, Mr. Chair, and thank you, Minister. That was actually a pretty good answer. I think it's a difficult area. Could you expand on that just a little further and tell me some of the areas where there aren't normal channels that are followed that are currently issues that intergovernmental affairs is monitoring and perhaps expressing an opinion on to the federal government?

Hon. Mr. Van Mulligen: — There are a number of specific examples. One would be, for example, the first ministers' meeting that was held with respect to Aboriginal peoples in Kelowna, as an example. Because the issues touch on so many different departments, intergovernmental people from Government Relations would become involved in coordinating the responses for the provincial government.

When there are requests from Ottawa with respect to humanitarian relief efforts that might arise from the UN [United Nations] or what have you, the first point of contact for the provincial government from the feds would be the Department of Government Relations.

We also recently a few years ago — we, the Canadian government — signed a Security and Prosperity Partnership agreement between Canada, the United States, and the president of Mexico. And in that particular case I think there's probably something like 11 different government entities in Saskatchewan that are affected some way by that. And then it's our responsibility to coordinate a response on behalf of the Government of Saskatchewan with respect to this specific agreement. So that's where our role comes in.

Mr. Hermanson: — Okay. Thank you, Mr. Chair, and thank you, Mr. Minister. Let me just toss something out. In the news today of course is the Auditor General's report on the gun registry, which does have some provincial implications. Moving forward, if the federal government is to suggest changes or scrapping that, would intergovernmental affairs be involved in those discussions as to what ramifications that would have on the province, or would that be merely a Justice matter?

Hon. Mr. Van Mulligen: — We have viewed that as a Justice matter. And the lead minister on that for Saskatchewan has always been the Minister of Justice, and we do not anticipate

that changing.

Mr. Hermanson: — Okay. Thank you, Minister. Now we'll get to a softball question. And I'll just ask to you just to give me the latest update on what's happening with the equalization file.

Hon. Mr. Van Mulligen: — Well like everyone in Canada, I'm reading the various newspapers and magazines to see what's being said on a day-to-day basis. Let me just back up and say that it is my view that the federal government has made it very clear in the election prior to them assuming office — and the election prior to that and even between elections on the part of some of their members of parliament — made it very clear that as a principal position, the federal government, the Conservative Party, agree with the position of the people of Saskatchewan. And that is that non-renewable resources should not be taken into account when determining equalization entitlements.

And so we know that that is their position. But we also know that they have other pressures and other, how shall we say, challenges with respect to federal-provincial relations and of course the flow of money between the federal government and provincial governments and the broader issue of a fiscal imbalance between the provinces and the federal government. And we know that they need to construct a strategy, a go-forward strategy on how to deal with that because they have raised a number of expectations and certainly the provinces, if you like, are knocking on the door.

And so we take the point of view that the federal government simply needs time to sort through that and to develop a strategy, and we think it will not be possible for them to do that much before this fall.

And we have had a number of contacts with the federal government. The Premier certainly has had contacts with the Prime Minister. Any signal that we get that the Prime Minister isn't there solidly in terms of the commitment that has been made, then we raise questions about that. But the feedback we get is that the federal government is committed and is looking forward to a solution. And we've indicated that we're very much interested in working with them in finding a solution.

And so I think it's fair to characterize that is the state of play on the equalization question. And we look forward to working constructively with them on this.

Mr. Hermanson: — Thank you, Mr. Chair and Mr. Minister. Could you update me on the current status of the independent expert panel. I know that the provinces were not able to agree on who should sit on the panel representing the provinces. Is that panel still operating? And what are the results of the work of that panel and how do they impact Saskatchewan?

Hon. Mr. Van Mulligen: — Yes. We understand that the so-called independent panel — the O'Brien panel because it's chaired by Mr. O'Brien, the former deputy minister of Finance from Alberta — and he was one of a number of appointments by the federal government in the absence of any agreement on the part of provinces who the provinces might want to put forward as also a participant on that panel . . . The federal government chose and I think chose very good people to be

involved in that panel. That panel has done its work. They've had their meetings. They've had a number of consultations. I've met with them on two or three occasions, and we await their report.

As I understand it that report should be coming down within a matter of weeks, perhaps a couple of weeks. What the panel will say is a matter of intense speculation. And certainly it's something that the federal government is saying that, well, with respect to equalization, at least we have to see what it is that this independent panel might report.

When we met with them, we pressed the point of view that equalization as it was constructed did not appear to be treating Saskatchewan fairly. There were a number of indicators that we looked at such as disposable income that seemed to be low, but provinces that had higher average disposable incomes seemed to be receiving equalization payments. So we used that as a macro measure if you like about how it is that we felt that we weren't being treated fairly.

We also went on at some length to talk about the unique nature of non-renewable resource revenues as distinct from revenues that might be generated by a much broader economy because resource revenues effectively are a sale of assets and therefore may not reflect a broader economy which is what equalization was intended to do.

We also made points about how it is that these two provinces in Canada, outside of equalization, associated however with equalization, are the beneficiaries of agreements with the federal government that effectively exclude non-renewable resources from their calculation of equalization and how prior to Alberta moving to the status they have now as a have-not province, and when they were a recipient of equalization, that at that point 50 per cent of their non-renewable resource revenues were excluded from any calculation of equalization entitlement. So we feel we're on solid ground. In our meetings with the panel, I think they listen very respectfully. I think it's fair to say that they understood our position, and we look forward to the release of their report.

Mr. Hermanson: — Thank you. So then I would believe from your answer that you anticipate the panel will make some kind of recommendation regarding the treatment of non-renewable resources. We'll wait and see that. Are you also anticipating then to make a recommendation as to whether equalization be based on the current five-province standard or should it move to a 10-province standard?

Hon. Mr. Van Mulligen: — I'm not sure on the latter because one of the criteria for the panel was that they could not increase the amount of funds that the federal government would be putting into equalization. And so therefore a move from a five-province standard to a 10-province standard in today's context would almost certainly increase the amount of money that would go into equalization. They may comment on it, but I don't think that that would be a specific recommendation on their part.

But again on the question of the treatment of non-renewable resources, how far they will go, I'm not sure, but again I just . . . You know, based on my interaction with them, the officials'

interaction with them, we are positively encouraged.

Mr. Hermanson: — Do you know of the federal government and the 10 provinces, where they stand on a five-province standard versus a 10-province standard? I'm assuming Saskatchewan would prefer a 10-province standard. I'm not sure where the federal government and the other nine provinces sit. Is that public knowledge, and could you relate to me who sits where on this issue?

Hon. Mr. Van Mulligen: — I think it's fair to say that the provinces that are recipient provinces and provinces like Saskatchewan that might become the recipients of equalization if there was a fair treatment of non-renewable resources, that those provinces would favour a 10-province standard, that the provinces that are not recipient provinces would not favour a 10-province standard. And the reason is that a 10-province standard in Canada . . . And I know this is going to be a bit esoteric for the people that are watching this at home. I'm going to try my best. But the idea is that equalization is supposed to measure the revenue-raising capacity of all the jurisdictions in Canada. And then you take some standard of their ability to raise revenues and if you're below that line, then you should receive equalization. If you're above that line then you do not receive equalization.

Back in the early '80s a change was made, in 1982, to the equalization program because the standard in the view of the federal government was too high. And it was too high because it included resource revenues from the province of Alberta. And those resource revenues then and are now massive, and therefore raise the bar if you like — the 10-province standard — to such an extent that the federal government said, well that's not really affordable. We can't pay out that kind of money. And therefore they proposed and put in place a five-province standard. A five-province standard that excluded Alberta's resource revenues, on the other hand also excluded the four Atlantic provinces. And therefore in Canada the average is now a five-province standard.

If the federal government were to go from a five-province to a 10-province standard, given the revenue basis that we have now, it's almost certain that the standard would go up and that all the recipient provinces would receive additional equalization entitlement. This would be opposed by Ontario very strongly. In fact they have said so much in various ways, shapes, and forms because they view that as a transfer from federal taxpayers, of which there are many in Ontario, to recipient provinces, of which they are not one, and therefore they would oppose that.

They would take the point of view, if the federal government has additional dollars, the federal government should expend those dollars on per capita transfers to support education, health, or whatever priorities we may have as a nation.

So I think there will continue to be strong disagreement between Ontario, Alberta too — to some extent although they've been less clear on that — but certainly Ontario in terms of moving from a five- to a 10-province standard.

Mr. Hermanson: — Thank you. And you started to answer my next question. I was aware that Ontario was preferring a per capita basis for equalization. Can you tell me what

Saskatchewan's position is on a per capita basis for equalization and how that might affect us?

Hon. Mr. Van Mulligen: — Per capita basis for equalization.

Mr. Hermanson: — Ontario's asking that equalization be based on per capita.

Hon. Mr. Van Mulligen: — What Ontario's saying is that equalization, yes, but we shouldn't put any more money into equalization and that fund should be expended strictly on a per capita basis. And it's our point of view that we would like to see the equalization program fixed and that Saskatchewan is treated fairly within that equalization program before we would begin to expound on what kind of scenarios and what kind of funding there should be. We are fixed on an improvement in the equalization program.

Mr. Hermanson: — Thank you, Mr. Chair. Recently Jack Mintz who is the outgoing president and CEO [chief executive officer] of the C.D. Howe Institute spoke in Saskatchewan. And he related his impressions of how equalization has affected the stability of Canada. And he suggested that it used to provide a stabilizing influence on the country because there were about three provinces that were traditionally significantly above the national norm, and they comprised over 50 per cent of the population of the country. And he said the way equalization worked, they could all dig in a little, and it would help those who were significantly below the line to the point that they felt the benefit.

He suggests that the current equalization formula as it now is impacted by the size of the provincial economies and how they qualify for equalization is very destabilizing. Recognizing that two of those three provinces are about at the line — I think Ontario is maybe just a percentage point or so above the median and British Columbia I think has now dropped slightly below — Alberta is the only province significantly above the norm. And he said that Alberta could give a lot, and it wouldn't make the same impact on the rest of the country, particularly those provinces requiring assistance to the degree that it had when the majority of the country was helping those provinces. He feels this is a destabilizing force on the nation and could lead to problems particularly in the economic area.

Have you and your department researched that as well? And would you share those feelings that the current equalization formula, if it's not corrected and if there isn't a change in the way it's playing out, could be destabilizing to the nation?

Hon. Mr. Van Mulligen: — I think, without getting into details of Mr. Mintz's article and his discussions on this, I think it's fair to say that one of the reasons that equalization is — how should I say? — being criticized or is under stress in Canada is because of the number of additional complications and changes that have been made by the federal government. For example the equalization was supposed to be a measure of the revenue raising capacities of five provinces, but now the federal government says, no it's a fixed pool, and it's going to up by fixed percentages. Well then how does that relate to the original construction of the equalization program?

The associated deals such as the ones that the federal

government has entered into with the two Atlantic provinces — Newfoundland and Labrador and Nova Scotia — with respect to the treatment of their non-renewal resource revenues, oil in one case and natural gas in the other, also create doubts then about the effectiveness of the equalization program and the value of the equalization program and therefore brings it into doubt.

I think there's other factors too — that an equalization program goes back to the '50s and '60s, was enshrined in the constitution in 1982, I believe, but those were different times; and that was a time when Canada had a much more closed economy. And so, you know, Ontario government might look charitably upon additional dollars that would flow out to other parts of Canada, recognizing that the economic stimulus provided by those extra dollars would in some way, shape, or form find their way back into the Ontario economy.

But now that we have an economy that's much more focused on North America and also the world and therefore additional dollars in some part of Canada might not be translated through into increased economic activity for Ontario I think might be part of the explanation why it is that Ontario's chafing at the notion of equalization. And I think in some ways, if you read between the lines, they're fundamentally attacking the, you know, the principle behind it.

I think all of these factors combined to raise questions about the equalization program. I'm not totally familiar with Mr. Mintz's work, but the notion that one province would be that wealthy always — you know, Alberta — always risks the envy of other provinces and that they would seek somehow to provide for changes in federal-provincial funding structures in a way that sees some of that wealth going to other jurisdictions, you know, that's always, I guess, a possibility. Witness the energy program.

But I think that given at least, you know, the current government and its position on that — and also the previous government was quite clear on that — there'd be no return to that. But I think in the main it's when you have a program that's based on principle, and then successively you make changes. You make additions and seem to get away from principle to political — how shall we say? — fixes in that, yes, then the program doesn't have the same support it might once have had. But it's still, I think an effective measure.

And it's not unlike revenue-sharing mechanisms in other federations. I know Australia has a program as an example. The United States finds its own way in mechanisms of distributing funds to other parts of, you know, the United States. They have different ways of funding certain things. For example the federal government there is much more involved in highway construction and the like.

So there's always some ability for a federal government to redirect federal dollars to regions of the country to help those regions and to — in the case of Canada in any event — is to make sure that you know the services and programs that are provided in one region of the country, if not the same, some rough comparability to what's provided in other jurisdictions so that if you were to move to St. John's, Newfoundland tomorrow, you have some assurance about health care system

being more or less equal, that the universities provide an education that's comparable, that you know your children might readily transfer from a grade in our education system to a similar grade in their education system and vice versa.

That's what it was intended to do. But you know over time any institution, any structure is subject to change and whatever changes that might make, sometimes in a negative way, bring it into question.

Mr. Hermanson: — Thank you, Mr. Minister. I think you may be correct. And if we ever try to untie the knot, we'll find it's a Gordian knot and very difficult to change. And of course the concern is that if the rest of the country is envious of Alberta's wealth, and in fact they do have money in the bank, and take steps to address that through equalization, it may affect Saskatchewan very negatively because we depend on our natural resources as well, and we don't have money in the bank like they do, and we may be caught in the crossfire. So obviously I guess we would urge you to make sure that we don't see this destabilization and these tensions arise.

I want to move now to the issue of softwood lumber. I know that there's been a new agreement reached. I think it's more than tentative. Perhaps you might even want to comment on that. But my understanding is it's just a matter of ironing out the details, but the substance of the agreement is in place. Could you tell me, based on the information you have, what in that agreement is positive for Saskatchewan and where you might have any concerns?

Hon. Mr. Van Mulligen: — I would like to let Mr. Osborne deal with that specific question. There are some nuances here; I'm very concerned that I get them right, and I know that he will get them right.

Mr. Osborne: — Yes, with respect to your first question, the agreement is an agreement in principle. It's a framework agreement at the present time. I believe the two governments have given themselves 60 to 90 days to craft that agreement in legal terms. So that would mean . . . the agreement in principle was April 27, so 60 to 90 days from there they're expecting to put it into place.

With respect to its impact on Saskatchewan, as you know, above a certain price level, \$355 US [United States] per thousand board feet, basically we're in a free trade position which is why the Prime Minister characterized it as free trade under current market conditions. If the price falls, then we will be subject to one of two border measures. One's a straight export tax, and the other one is a mix between a tax and a quota.

We think that under normal and foreseeable market conditions, we're going to be constrained by one of those two border measures. And the way in which they're constructed, we think we'll have the impact of basically freezing our exports at the level at which they've been for the past five years, that is to say, for as long as the duties have applied.

So this is problematic for Saskatchewan I believe because that's about some 40 per cent below what we were shipping prior to the duties being imposed. So our concern is that, by freezing us essentially where we're at, it's going to lock in significant

capacity underutilization in terms of our existing mills. And it's going to make it difficult, if not impossible, for expansion and new entrants to come into the forest patch. So now it all depends on what the price level is, you know, in terms of the US market. So that's our principal concern with this agreement.

I would add one other factor that is of concern to us, and that is that there's supposed to be a way in which provinces can exit from these border measures by making policy reforms in terms of forest management practices. Even the federal government the other day characterized that provision of this agreement as the faint hope clause, you know. Because the way it's constructed, realistically I don't think any province believes that they'll find a way out of this over the term of the agreement. So if that turns out to be the case, then we're sort of stuck with this for seven to nine years.

Mr. Hermanson: — Thank you, Mr. Chair. What is the current price, US price per 1,000 board feet net?

Mr. Osborne: — I don't have the prices for this week, but last week they were at 377.

Mr. Hermanson: — Thank you. And have they been above . . . how long have they been above \$355 US?

Mr. Osborne: — Well I don't exactly have that figure. What I can tell you is that between January 2001 and March 2006 the average monthly price — that is to say over the past five years — has been 346 US.

Mr. Hermanson: — Thank you. And how do they calculate it? I mean obviously if the price went down to \$351 for a day or two and then back up to 360, we're not going to suddenly see some kind of a quota or duty. There's got to be a time frame involved. What's the time frame involved in determining whether we've dropped below the \$355?

Mr. Osborne: — Well those are the questions they're trying to work out in the next 60 to 90 days, the issue of trigger prices and all of that. You know, when do we go from free to constrained trade? Is there a lag and if so how long? All of these issues are being crunched through at the present time, so there isn't an answer I can give you to that technical question.

Mr. Hermanson: — Okay thank you for that. Can you tell me what the value of our softwood lumber exports to the United States were over, say, the last five years which would then begin before the duties? Tell me what year the duties went on; I've forgotten. So backing up a couple years before the duties went on, through the duties, to what the current exports are, could you give me an annual value of those exports?

Mr. Osborne: — I don't have the exact figures with me. And in fact . . . the numbers though . . . I can say that in the year 2000 . . . the trade action started in 2001. The duties were in fact imposed in 2002. But the trade action itself began the chilling effect on the Canadian industry. But in the year 2000 the value of our exports exceeded 200 million. Last year I believe they were under 100 million.

Mr. Hermanson: — So given some of the problems we've had in the forestry sector with the shutting down of Weyerhaeuser's

pulp and paper mill — and I know that's not softwood lumber, but I think it does have some ramifications with some of the softwood lumber production as well — will that have any impact on our ability to sell under the new agreement? Or is it totally based on price? Volume of sales have nothing to do . . . There's no threshold that you have to cross before you'd be considered as subject to duties or tax or a quota?

Mr. Osborne: — No, it will all be triggered by the North American price of softwood lumber in any given quarter. So under the quota option . . . As I said there are two options in terms of border measures. Under the quota option, Saskatchewan will be provided with a quota which amounts to essentially our average share of the value of exports over the past five years.

Mr. Hermanson: — Okay. Thank you, Mr. Chair. So that's based then on value, not on quantity. Okay that's good to know. I think that covers the softwood issue. We'll wait to find out what some of the details are.

Alberta and British Columbia just recently signed an interprovincial agreement for trade and co-operation. Can you tell me whether or not Saskatchewan was approached to be involved and participate in that? I know we didn't participate, but were we approached by either British Columbia or Alberta regarding this?

Hon. Mr. Van Mulligen: — Maybe if I can just back up a little bit. When the Council of the Federation was established, the first ministers identified internal trade as a priority for all provinces. And pursuant to their direction, the ministers responsible for internal trade have met — and there have been various discussions — and put in place a work plan. We reviewed that work plan in Quebec City in June 2005 and provided direction on further work.

The idea was that various provinces would assume responsibilities for various subject areas and then report back to the next meeting of the ministers which was scheduled for June this year in Halifax but, because of the election campaign in Nova Scotia, is now being postponed until later in the fall sometime. But the idea is that various provinces would assume responsibilities for various internal trade issues and then report back.

For example Saskatchewan's role was to do work on dispute resolute mechanisms so that if there were to be some future dispute among the provinces, how might we solve that? What kind of mechanism would we develop? I believe that Prince Edward Island took an active role in the area of agriculture. Other provinces had other responsibilities. Alberta had responsibilities in the area of energy specifically.

But Alberta and British Columbia, I think reflecting bilateral meetings that the two provinces had had, were asked to develop, if you like, two models for consideration by all of the ministers with respect to internal trade. And they've developed two models as I understand it. But they went a step further, and they've said that as two jurisdictions that have been working on this issue, we've come to our own bilateral agreement on how we want to promote internal trade between our two jurisdictions.

As I understand it any and all provinces are certainly entitled, by virtue of the agreement that we have as provinces, to join with them in that particular agreement. Will we do so? I don't know. I think we'd want to take a look at what the agreement is, recognizing that these are two provinces who have now been working some years on some of these issues. This is an agreement that will not see full implementation for some years yet and also assumes further study and analysis, in part by their respective jurisdictions, before full implementation.

So I think it's fair to say that we would want to look at that. But would we want to look at that in isolation of trade with the rest of Canada? I'm not sure that we would want to do that. Most of our internal trade is still with the provinces to the east of us, and therefore there is a question as to what extent one wants to become tied into an arrangement with our western neighbours. That might improve trade within that area, but on the other hand it might create some challenges with the rest of Canada.

So we applaud them in their efforts. We look forward to reviewing the agreement that they have in detail to see what potential benefits it might have for us. And I assume that other provinces will be doing the same. But ultimately the goal is that all 10 provinces are signatories to an internal trade pact that increases the opportunity for internal trade among all the regions of the country.

Mr. Hermanson: — Thank you, Mr. Chair, Mr. Minister. I can't see how having a good agreement with the provinces to the west of us would somehow hamper trade with the rest of Canada. I would think it would enhance it because obviously the more we trade with everyone, the better off our economy is in Saskatchewan. So it puzzles me to the fact that we're still in the dark over, you know, how this agreement is working.

I would have thought we would have had some kind of observer status. We would have asked at least, you know, to sit at the table and see how things were going and perhaps we could have jumped in. It appears to me like we've sat back once again and let someone else put together an agreement where we were excluded by our own choice. Unless we were . . . you know, unless they specifically said, Saskatchewan, you're not welcome, and I would be surprised if they said that.

And as a result, particularly given the heavy oil and the oil sands project which is so close to our border and which could very much impact our economy if we had a better interprovincial agreement with Alberta . . . And also the fact that BC [British Columbia], Alberta, and Saskatchewan do share agriculture, oil and gas, and transportation sectors, it puzzles me that we would not have been more aggressive in being a party to this. I know it's not a question, but I am puzzled.

Hon. Mr. Van Mulligen: — Can I just say that Saskatchewan and all the other provinces signed on to a process, as directed by the first ministers, to pursue the issue of internal trade for all jurisdictions. Towards that end, each province had some specific responsibilities to report back to the ministers responsible for internal trade to see if we can begin to define the essential pieces of what might form the basis for enhanced internal trade for all jurisdictions in Canada. Part of that was the request of BC and Alberta to provide for two models, and we

haven't seen the other model yet. They've just indicated that they're signing on to one model. That they want to go further than what was asked of them by the ministers, you know, that's their prerogative and I think goes back to bilateral meetings that they have had and obviously they find some comfort in.

But we look forward to reviewing, not just the model that they've signed on to, the other work that they've done, the work that's being done by the other jurisdictions and to see where we can move forward from there.

And we want to move forward. We think there are trade irritants in Canada that can and should be resolved so that all citizens can enjoy the benefit of improved trade among all the provinces. But again I just want to also just, again, say that the majority of our trade is with the provinces to the east of us. And one would not become party to some other trade arrangement that might create thresholds or barriers that might in any way implicate trade with the other regions in Canada to the detriment of the economy in Saskatchewan. So we want to be very careful about that.

Mr. Hermanson: — Thank you, Mr. Chair, and thank you, Minister. Of course this interprovincial trade issue is not a new issue. I remember when I was a Member of Parliament — I guess it's around 10 years ago now — that I could tell you that Saskatchewan was one of the provinces that had a bad reputation when it came to the discussion of breaking down interprovincial trade barriers. Saskatchewan was depicted as a province that wanted access to other provinces but was not prepared to give in the give-and-take world of freer trade between provinces.

That being said, I want to move on to a totally different issue. I am aware that the province of Alberta has opened — I don't even know what to call it — a provincial office I guess is the best way to describe it, in Washington and the Canadian embassy. And they are making claims that they have impacted very positively the United States. It's increased the interests in their oil sands project. They claim that the benefits by far outweigh the minor cost in opening up that office.

Have you looked into the impact that the Alberta office in the Canadian embassy is having on trade with the United States and investment by Americans into Alberta? And have you considered a similar office for the province of Saskatchewan or perhaps even co-operating with Alberta in sharing their office for instance?

Hon. Mr. Van Mulligen: — Mr. Chairman, might I preface my response by saying that one of the things that I've learned in my years in government and observing other provinces is that I'm not sure that Saskatchewan, or for that matter many provinces, would ever be able to emulate Alberta when it comes to the resources they have — how shall I say it? — in their administrative resources.

We go to federal-provincial meetings. I think it's fair to say that they are certainly much better represented in terms of staff and support than Saskatchewan and many other provinces are supported. So I'm not sure that we can ever aspire to the same dedication of resources that Alberta's able to do.

Having said that, what the federal government has made available at the embassy in Washington is space for any and all provinces should they choose to rent that space. And I think the cost is about one million and a half dollars a year. But only Alberta of all the provinces has taken Ottawa up on that offer to rent space at the embassy.

It may well be that Alberta, for strategic interest, feels the need to have a presence in Washington to deal with the regulatory bodies and others that have a role to play in terms of energy issues, and therefore they want to make sure they're represented there for that reason. I'm not sure if there has been any demonstrable payback for Alberta for this investment they've made. But, you know, that's a question you would have to ask them.

We will continue as a matter of investment attraction to focus where and when we think the time is right. The Premier went to Washington a few months ago, had visits with the Vice-president of the United States among others to talk specifically about opportunities in Saskatchewan. But there are other areas not only within the United States where we are likely to focus our activities. It might be in Houston, or it might be in New York or in Denver. It may not necessarily be in Washington. And certainly I think we're all aware of the tremendous opportunities in China and other parts of the world that we also need to pursue. And therefore to take what are always finite resources in government, to concentrate those in one area, raises a question of how might those resources be better spent if the goal is investment attraction.

Mr. Hermanson: — Thank you, Mr. Chair. And I won't ask any more questions on the Washington office, but I will just leave you with a couple of comments and observations because I have done a bit of investigation into this office. And my understanding is that the office costs 1 million dollars a year. And that includes the costs of the people who work in the office, and it also includes the fact that they travel throughout the entire United States. And their opinion was that Washington was the correct place if you're going in to impact the nation.

And they felt that they had more than paid for the investment, or paid for it many times over, just because of the increased value of the companies who were investing in the oil sands because of the publicity they received through the office. They talked the American government into doing an evaluation of the project, and the value of the companies involved increased I believe it was by 10 or 20 percent as a result of that. And of course with the province's ability to tax them, they recovered much more than they . . . I mean many, many times more than they had invested.

So I thought it was rather forward-looking and just wondered if we were exploring the same option.

Want to just ask again briefly . . . I don't want to spend a lot of time on this. I know our time is limited. But, Mr. Minister, when you met with the federal Minister for Intergovernmental Affairs and graciously invited me to sit in on the meeting, the minister mentioned a new initiative — I believe he called it the charter of open federation — which would deal with any new initiatives that the federal government might consider where provincial jurisdiction was involved.

Have you given any more thought to whether or not Saskatchewan sees that as a positive move and how you might approach discussions and negotiations around a charter of open federation?

Hon. Mr. Van Mulligen: — Might I say that the member said that our time is limited. I just might also say that in government resources are also always limited.

With respect to the issue of this charter of the open federation, we haven't seen anything more specific from Ottawa on that except their invitation to Quebec to join Ottawa as a participant at the UNESCO [United Nations Educational, Scientific, and Cultural Organization] conferences. We've had some preliminary discussions about what that might mean for Saskatchewan, but there's nothing substantial at this point.

But it is an area that we're very mindful that Minister Chong made that invitation. We applaud them in looking forward and wanting to involve the provinces in a more proactive way on the international stage where this will benefit the various jurisdictions, and we look forward to exploring this further with them.

Mr. Hermanson: — Okay thank you, Minister. I think this is the last area I want to touch on. I left the best for last as you might imagine.

One other issue that the federal minister raised was the issue of Senate reform, and I thought you did a fairly good job of throwing cold water on his request that the province at least express their interest in Senate reform.

My understanding, and correct me if I'm wrong, but my understanding is that the federal government had indicated that it definitely plans some type of Senate reform. It's questionable as to how far it can go without a constitutional change, and my expectation is we won't see any tinkering with the constitution for a while.

Nevertheless I believe there is already a precedent set where, at the provincial level with provincial legislation, there was a Senate election and a previous prime minister actually appointed that person to the Senate.

Was I right in understanding that this government in Saskatchewan has pretty much shut the door on any participation or co-operation with the federal government on the issue of Senate reform? And you're just going to see what they do, and they can do it by themselves and if it affects us so be it? Or perhaps have you moderated your position a bit, and are you looking at being a bit more proactive on this file and perhaps seeing if there is room for co-operation on the whole issue of providing a little more democracy to the upper House of the federal parliament?

Hon. Mr. Van Mulligen: — Well I'm not sure that simply to take the position that a Senate body which has unequal representation from the various provinces and where . . . because this is a body that was constructed well over 100 years ago, has huge numbers from Atlantic provinces, much smaller populations we have and much smaller populations than Alberta or British Columbia . . . that changing the Senate in a way that

allows for those unequal numbers to be now elected, I'm not sure where the democracy comes in that.

Now if election is accompanied by an equality of senators or reflecting regional interests, also is accompanied by a more effective and understood discharge of responsibilities and powers by the Senate vis-à-vis the Parliament of Canada, then I think we would be interested in looking at that. But to simply say, will you support an elected Senate because that's the pathway to a greater democracy, I'm not sure I follow you, and I'm not sure that very many people in Canada would take that position.

I think it's acknowledged that the last attempt to change the Senate was initiated by Prime Minister Mulroney in the context of Meech Lake. And Saskatchewan signed on to that because the change in the constitution that was envisioned by Meech Lake, the Meech Lake Accord, was not just the Senate but also had a number of other improvements in the constitution that we said yes we should do that. And I think we agreed in this House.

But to simply say well we're going to reform the Senate, outside of all that, I'm not sure I see that. I can well anticipate that there will be interests in Canada that would say that this does not provide for democracy. This does not provide for equality and therefore should be opposed.

We're not closing the door on anything. But if you're asking me to simply support an elected Senate without clearly spelling out how it is that these elected senators would then represent the various regions equally, that doesn't really work for me because I think we would be disadvantaged by that.

Mr. Hermanson: — Thank you, Mr. Chair. Obviously this would be a long road to travel. I'm not suggesting that one minor change would create utopia.

But on the other hand if there is no courage and no determination to correct the situation, we will be stuck with a federal parliament in which approximately one-quarter of the parliamentarians are appointed by the person that happens to be the Prime Minister of the day. And we now have a . . . You know, we have a pretty inflexible Senate. I think there's some good people in the Senate. I wouldn't argue that.

But in a federation like Canada, and there are federations around the world that are similar to Canada, we are I think the only country in a, you know, parliamentary democracy that still allows one-quarter of its parliamentarians to be appointed by one person, with the exception that as you mentioned, I think Britain is still rather archaic. And I think the rest of the world laughs at them as well.

I didn't ask you if this step would make the Senate perfect. What I asked you is, you know, have you closed the door to moving co-operatively with the federal government in this or as I understood you to say in that meeting? Or have you moderated your position? Are you prepared to work with the federal government in moving the process along? I'll grant you it still wouldn't be perfect.

Actually quite frankly representation in the House of Commons is not one person, one vote with equal weight right now. There

are some provinces that have far greater weight in our federal parliament on the elected side. Yet we strive to make it work, and we strive to make it better. We don't throw up our hands and say, it's no good just simply because it isn't perfect.

You know, we know that Prince Edward Island has four members of parliament and one of those four members represent about the same number of people as one Member of Parliament in Ontario represents. So we do have some significant discrepancies in fairness already. You know, the goal would be to have more fair regional representation. But you have to start somewhere. And I was hoping I would sense a willingness that you were prepared to be co-operative and work towards that end. Do you want to maybe restate that position a little more positively than you did the last time?

Hon. Mr. Van Mulligen: — Again I don't think we would ever close the door on anything. If the federal government were to come to us and say, look, we want to have an elected Senate because here's our next step in terms of ensuring equitable representation across the country more or less; here's the next step in terms of providing for an effective discharge of duties and powers by the Senate vis-à-vis parliament; here's the advantages to the provinces of doing that — then of course we want to listen to them.

But if the party that is now the Government of Canada takes a position that, look, we just simply want to have an elected Senate without any clear idea of where that might go, what that does in terms of equitable representation . . . Hmm, we're not very much interested in that.

But if they have a plan and if this is in the context of other constitutional improvements or other improvements that can be made in the country, of course we want to work with them, and we want to participate with them in a positive way. But if the issue is simply election, I'm not sure what that gets us or gets anybody.

Mr. Hermanson: — Thank you, Mr. Chair. So then do I understand you correctly to say that if election is the first step towards a reformed, more modern Senate that has the potential or that has the desired final outcome of providing better regional representation, that you would look favourably upon that?

Hon. Mr. Van Mulligen: — I think we would need to see a pretty clear game plan from the federal government as to where they want to go on this. And I think all Canadians really want to see that as well.

Mr. Hermanson: — Thank you, Mr. Chair. I think I've finished my questioning. We have 15 minutes to spare, so everybody can get home just a few minutes early tonight. But I appreciate again the minister and your staff for being with us this evening and allowing my first chance to really dig down deep into a few of these issues that I've been watching for quite some time. So thank you very much and thank you, Mr. Chair.

The Chair: — Thank you, Mr. Hermanson. The minister.

Hon. Mr. Van Mulligen: — Well if the member says we're digging deep, I think if we really started to dig deep in some of

these areas we'd be here for another three, four hours yet, but I'm not sure if the public is ready for that. And so in saying that, I want to thank him and the other members of the committee for their participation. Thank you very much.

The Chair: — Thank you, Mr. Minister. That now concludes the business before the committee for this evening. The committee now stands adjourned.

[The committee adjourned at 20:15.]