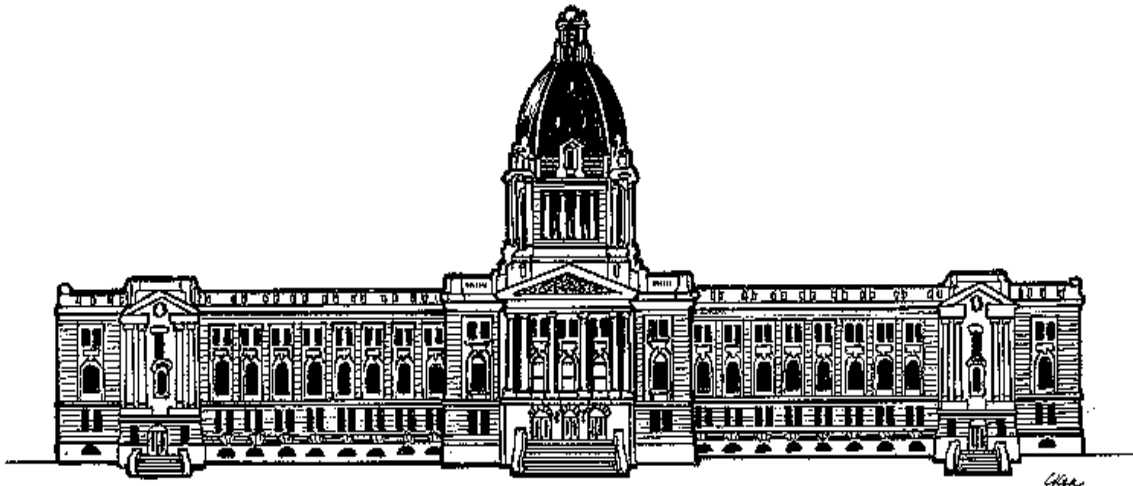




STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND INFRASTRUCTURE

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

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Hon. Len Taylor
The Battlefords

Mr. Kim Trew
Regina Coronation Park

[The committee met at 19:00.]

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

The Chair: — Good evening. I will now call to order the meeting of the Standing Committee on Intergovernmental Affairs and Infrastructure. The item of business before the committee this evening is the consideration of the estimates for the Department of Highways and Transportation, vote 16, which can be found on page 16 of the Supplementary Estimates book.

Mr. Yates is substituting for Mr. Iwanchuk this evening. Mr. Minister, if you would like to introduce your officials.

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chairman. I'm going to begin with deputy minister John Law to my immediate left. And to his left is George Stamatinos who is the assistant deputy minister of policy and programs division. To my right is Terry Schmidt who is the assistant deputy minister of the operations division. Behind us at the table on the left side — your right — is Tim Kealey, is the director of corporate support branch. And to his right is Mr. Ted Stobbs, the assistant deputy minister of corporate services division.

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

Hon. Mr. Lautermilch: — Mr. Chairman, I'm going to be very brief. I would like to begin by thanking the committee for allowing us to present the supplementary estimates to the committee.

As you will know, our transportation system — and members of the committee will know — has been critical and is critical to Saskatchewan's economic prosperity. We as a province export about 70 per cent of our GDP [gross domestic product], so it's very obvious that a good, sound transportation system is important for us. We're also distant from deepwater ports, and that puts even more importance on how our system is designed and how it is developed.

Our transportation is also critical to the social prosperity of our province. Our population is dispersed over a large geographical area, and people rely on our roads and highways to access vital services like health care and education. They also use the system to enjoy all this province has to offer.

In this year's budget, our government has recognized the importance of transportation. The department's original budget was \$345 million which was the largest transportation budget in the province's history. Since that time, the department has faced some pretty significant challenges. First of all, this past spring was one of the wettest on record. There was above-average precipitation and widespread flooding in many parts of the province. The moisture conditions took a heavy toll on our highway system. Culverts were washed out; bridges and other structures were damaged. Roadbeds became completely saturated resulting in many surface failures.

I want to say that the department crews work very, very hard — often more than 12-hour days and seven days a week to repair this damage — and I commend them for that work. These efforts to ensure public safety put a strain on the department's budget.

Another challenge we face is inflation. For the past few years, inflation and shortages of key inputs like oil and asphalt, concrete, have been major challenges for all transportation agencies. On some major contract items, triple-digit inflation rates have not been uncommon. Obviously this affects the amount of work that we as a department can deliver.

Another challenge is the capacity of the road building and heavy construction industry. The government has invested heavily in transportation in recent years. We've invested more than \$2.5 billion over the past 10 years, and I mentioned that this year's budget was the largest in the province's history.

But we're not alone in investing in infrastructure. Municipal governments, the federal government, and other provinces and industry are all competing for industry capacity. To deal with capacity and inflation issues, we've been working closely with our stakeholders, in particular the Road Builders and Heavy Construction Association of Saskatchewan. We've been looking for ways to help the industry ramp-up its capacity and help us deal with inflationary challenges at the same time. Our partners have told us that one thing we can do is to put as much work on the market as early as possible that we can.

So to deal with the public safety concerns caused by the spring flooding, inflation, and capacity issues, we are providing the department with additional resources. A total of \$54.6 million in mid-year funding has been allocated to Highways and Transportation for emergency road repairs to make advance preparation of next year's construction season and to pay for special projects. This brings the '06-07 budget for Highways and Transportation to \$400 million, the largest budget in this department's history.

Included in the \$54.6 million are 25 million for emergency repairs, public safety related to spring flooding; \$3.8 million for repairs to Highway 302 related to a landslide along the North Saskatchewan River; and \$2.6 million to advance the Highway 210 partnership; as well as \$23.2 million to build aggregate inventories and secure contractor capacity to ensure the department can deliver on an ambitious '07-08 capital construction and preservation program construction season.

Our commitment shows clearly that this government is focused on building a better transportation system to foster and align with this growing economy we have here in our province, and all for the benefit of Saskatchewan families today and for the future of our young people.

Mr. Chairman, that's an overview of what is included, our supplementary estimates before this committee, and I look forward to questions from members of this committee.

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

Mr. Weekes: — Thank you, Mr. Chair. Welcome, Mr.

Minister, and welcome to your officials.

Certainly, Mr. Minister, I agree with you that infrastructure and highways infrastructure is vitally important to Saskatchewan's economy. And certainly the state of the highways in the past is really coming to a head in the last few years where we have many businesses and many complaints from travellers that it's obviously beginning to affect the economy of the province. And certainly in order to grow the economy, we need to certainly improve the highways and infrastructure in this province.

Just some specific questions on operations. What road management projects were initiated with the extra money that was allocated?

Hon. Mr. Lautermilch: — Mr. Chairman, of the items that I listed in my opening remarks, these supplementary estimates, the aggregate amount is 54.6 million. There is 4.1 million for spring flooding initiatives; 20.9 million for public safety expenditures in '06-07. In that amount is \$4 million for First Nations access roads to connect some of our First Nations with our highway system.

There is a \$2.6 million expenditure for Highway 219 which will begin the first of a five-year program to upgrade that road down towards Lake Diefenbaker and I believe to Highway 15. There is \$8 million in advanced aggregate production for additional '07-08 production programs. We want to get that completed so that we can enhance our preservation program next year. Ten million dollars for urban economic connectors which I'm sure you will understand, given the nature and the growth of our cities in the infrastructure, the businesses around it, it is really necessary. Five million dollars is attributed to inflationary costs.

We, as I said, have experienced some dramatic costs. Everyone is attempting to secure capacity from municipalities, the federal government through to other provinces. As you will know, Highway 302 east of Prince Albert was a road that began sinking into the North Saskatchewan River, and that was a matter of pressing necessity. We've been able to rebuild that, and this is funding to deal with that. We will complete the surfacing of that, the paving of that, in the spring of next year.

So that is sort of an outline without minute details but sort of a general overall base of the expenditures that are a part of these estimates.

Mr. Weekes: — Thank you. Just to go into that a bit more, as far as allocation of funds for service for preservation, is that listed in what you've just repeated?

Hon. Mr. Lautermilch: — Mr. Chairman, under emergency repairs and public safety, there is \$4.1 million for emergency flooding damage; 11 million for public safety initiatives, 9.9 million for infrastructure rehabilitation. And then in terms of advanced aggregate production, there's \$2 million for aggregate and stockpiling. There's \$4 million for advanced crushing on the preservation resurfacing project.

Mr. Weekes: — Thank you. Could you give a list of which highways are going to be built or receive funding for both the aggregate stockpiles that's going to be put together this winter and for service preservation?

Hon. Mr. Lautermilch: — Mr. Law will respond.

Mr. Law: — Mr. Chair, the challenge in providing the detailed list is that the stockpiles we have are currently located probably in between 140 and 200 different stockpiles around the province, which are used for different projects across the province. We can certainly get that list and provide it for the member, but we don't have that detailed list with us in our materials tonight.

Mr. Weekes: — Thank you. I appreciate that in the future. You had mentioned Highway No. 219; in the news article I believe you said \$24 million over two years from Saskatoon to Highway 15. Could you give me a breakdown what is it going to cost per kilogram of finishing that highway or upgrading that highway?

Mr. Law: — Mr. Chair, the cost per kilometre for that stretch of highway — which will be approximately, I think, 71 kilometres in total — will be approximately \$330,000 per kilometre, somewhere in that neighbourhood. There will be different costs depending on which section of the road that we're talking about. There's different points in that stretch. There is bridgework, and there are different kinds of construction work that we'll be undertaking along different sections. So if there's an interest in more details in one or another of those sections, we can provide a more detailed breakdown. But the average cost, based on the total number of kilometres we're working out, will be in the range of 325 to 340, something like that.

Mr. Weekes: — Thank you. Just to clarify that, on your capital side you're talking about bridge work and other things. Are you including that in the cost kilometre, or is that on top of the cost of building the road and highway?

Mr. Law: — The number that I gave you was a total cost averaged over the entire section of construction, so it would include the bridge work and all of the other related activities associated with the reconstruction.

Mr. Weekes: — Could you supply a breakdown of the cost of just building the road versus the bridge?

Mr. Law: — Yes. I believe that, if we have this right, that the bridge work itself will approximately be \$1.2 million of that total cost. The remainder of that cost would go directly to the roads.

Mr. Weekes: — Thank you. This announcement, \$24 million for Highway 219, I'm just looking at a news article. It says a five-year upgrade to Highway 219. Could you explain that? I also have heard that it was going to be a two-year project to do 219, so is it two or five or could you explain that?

Mr. Law: — Yes, the total project is phased over five years. The two-year period that was referenced in the announcement makes reference to the amount of work and the time frames associated with getting the road completed to the casino development. The remaining three years is for the work that would take the road down to the junction.

In addition, we actually . . . we've been doing a little bit of

development work prior. We've had an ongoing partnership arrangement with Dakota Whitecap. We did some work this past year as well. So in total, the announcement referenced the two years remaining to get us to the casino development and the three years that will take us down to the junction. And in total we also I think would probably add another 18 months or so to the total project life from when we started last year. We straightened out some of the bends in the curves in the road which were public safety concerns at the time, when we realized some of the traffic volumes were starting to get up at higher levels.

Mr. Weekes: — Thank you. Could you explain about the bridge? Is the bridge going to be completed in the first two years? And where is the exact location of the bridge?

Mr. Schmidt: — What we are looking at doing is we are looking at tendering the bridge later this fall as part of the \$2.6 million funds that have been allotted for the work to this fiscal year. And the bridge is located at the Beaver Creek crossing, approximately 14 kilometres south of Saskatoon.

Mr. Weekes: — Thank you. Mr. Minister, you have spoken about spending money for First Nation access roads. Could you supply us with the priority list of the building and repair on the First Nations access roads?

Hon. Mr. Lautermilch: — Mr. Chairman, I think it's aggregate number of \$4 million. One of the projects has already been announced. That's to the First Nations hospital at Fort Qu'Appelle. I believe that was in the neighbourhood of \$800,000.

There are two other projects in that amount that will be announced at an appropriate time — I would expect quite soon — but I think we're not prepared to announce those at this point as discussions are just being finalized.

Mr. Weekes: — So the \$4 million includes those other two announcements that are pending?

Hon. Mr. Lautermilch: — Yes.

Mr. Weekes: — If you can tell me the one that was announced and the other ones that will be announced, how much road building will take place? Is it the same for each First Nations, First Nation or is it a different distance?

Mr. Law: — The three projects that the minister referred to are of differing lengths. In each case it's unique to the specific distances in to the First Nations communities that have been identified. So there is no . . . They're definitely not the same. In each case they'll be unique to the individual First Nation and so they're different distances and are spread out over the next two fiscal years.

Mr. Weekes: — To what standard will these access roads be built?

Mr. Stamatinos: — The standards to which those roads will be built to depends on the setting. Particularly the healing hospital in Fort Qu'Appelle will be built to an urban paved standard with curbs and gutters, whereas if they are in a rural setting,

we'll build them similar to the standard we normally build, which include double-sealed surface with some grinder materials in between — typical of a road standard that carries that volume of traffic on our highway system.

Mr. Weekes: — Thank you. On these projects that you're talking about here and future projects, are these access roads going to connect to pavement or are they just going to be, I'll use the example of 1 or 2 kilometres of pavement into the First Nations and then the balance will be a gravel road or could you elaborate on that?

Mr. Stamatinos: — What is being planned is that the road, of course, will come off a provincial highway, which in all cases is a paved highway. And it will continue as a paved road to a logical location within the First Nations community, whether it be an administrative office or a school.

Mr. Weekes: — So it'll be paved right from the main highway right to the centre or the high-density area of the First Nation.

I've asked questions in the past, highways that go through First Nations. Your reply was that they're part of the provincial highway. So obviously in the past, you never considered this part of the provincial highway. And why is the department moving in this direction at this time and you haven't done this work in the past or what has changed far as priorities?

Hon. Mr. Lautermilch: — Mr. Chairman, I think it's fair to say that the population in many First Nations communities has been growing dramatically. And I think it's obvious that if we're going to have a healthy province, a healthy community, we're going to have to connect these communities to the rest of our highway system in reasonable roads. We've made an announcement for northern Saskatchewan to connect communities. Some can only be accessed by ice roads in the wintertime and ferries in the summer. And so it's obvious that if we're going to have healthy communities, they need access to sports facilities, to reasonably priced groceries and so on.

I think in the other parts of the province, we see population growth on-reserve. So they are becoming larger communities and it's — I think for too long — been a debate of jurisdiction as opposed to the health of community and fairness. And so we have asked the department to have a look at this.

I think it's fair to say that we've made a decision that . . . For too long it's been a debate between jurisdiction — between whether the feds would do it before we would do it or we would do it or we would cost share. And I think this government came to the conclusion that we needed to change our policy and that we needed to reflect the needs of communities ahead of jurisdiction.

That's not to say that we aren't still committed to ensuring that the federal government live up to their responsibility for First Nations people. That's just not, that's not our feeling. They do have that responsibility. We've had a change of government in Ottawa, and so I think what we are signalling to them is that certainly we want to partner with them and we want to move forward and we want to have healthy First Nations community as we want healthy communities in the non-First-Nations area of our province. And so we have come to the conclusion that we

will do some pilot projects and we will work with municipalities and we will work with First Nations to see what we can do to provide adequate access to some of these growing communities.

Mr. Weekes: — What is the department and the government's plans in the future? I suspect, if not most, all First Nations require access roads to be built. What is the long-term plan?

Hon. Mr. Lautermilch: — Well I think we have a short-term and long-term plan. What we're going to continue to do is continue to press the Harper government that they need to assume the responsibility that they have through treaties to First Nations people and that those services need to be brought forward, funded by them. And I think that is probably a long-term objective as well. Obviously we feel strongly about this or we wouldn't be going ahead with these projects.

And I think over a period of years we will be able to . . . or time — hopefully months, weeks — we'll be able to convince the national government that they need to come forward in a meaningful way to provide those services. But I don't think the fact that they haven't perhaps in the past should hold us back. I think when we have resources to be able to put towards providing better services, we should do that. And that's what we're doing.

Mr. Weekes: — Thank you. How much of the \$4 million is federal government money? And in the future projects, what do you expect in the federal government to commit to these types of projects with First Nations access roads?

Hon. Mr. Lautermilch: — Mr. Chairman, on these projects we're paying 100 per cent of the funding. We believe it is the responsibility of the national government 100 per cent on-reserve. Having said that, we've agreed to partner in the northern part of the province, as you will know, on infrastructure and we've agreed to put up in some cases a percentage and it depends obviously on the negotiations to what that might be.

It's not our intention to move in and assume federal responsibility. But what we do believe is that too long the debate has gone on where the ball has been thrown up in the air and passed off and no one assumes responsibilities. That's what we're seeing. And what we're trying to do, what we're attempting to do is show some leadership to the Harper government. I think they're new out of the gate and what we are attempting to do and what we believe we are going to be successful in, is showing them the need and demonstrating for them the need. And obviously we're moving forward. We're hoping that they'll come along with us but I have to say that we're still hopeful although we haven't seen hugely positive signs.

I've met with the national transportation minister. I've indicated to him what we're doing in terms of a long-term plan for our provincial highways. I've indicated to him what we're doing in the North as it relates to linking communities. We've talked about what we're doing in terms of urban connectors and how we're changing jurisdiction as it relates to municipalities and the province because I mean, obviously, the need is there and what is a municipal responsibility doesn't necessarily mean that

it needs to be fully a municipal responsibility. Just as First Nations don't necessarily mean it needs to be cut in stone or . . . we're willing to work with the federal government but understanding that this component that we're talking about is their responsibility. It's their legal responsibility but we're moving forward.

Mr. Weekes: — Who is responsible for maintenance for these access roads as far as funding and . . .

Hon. Mr. Lautermilch: — Mr. Stamatinos will answer this.

Mr. Stamatinos: — Mr. Chairman, it's probably best explained, the maintenance is going to be essentially not a major issue from the aspect of the surface itself because we are building a paved surface. We do not expect any significant surface work for three to four years after the pavement is constructed.

With regard to the mowing and cleaning of the culverts, things of that nature, snow removal, the municipalities have agreed that they would assume that responsibility as part of the agreement that we have in place with them. And the First Nations, it depends again on the arrangement that we have with them. In some cases the municipality will be doing the right-of-way work. By right-of-way I mean the mowing and the cleaning of the culverts and the snow removal. In other aspects the First Nations would like to do that work because it creates employment for their band members.

Mr. Weekes: — Could you elaborate a bit more on the agreements? Is it up to the First Nation to have an agreement with the municipality as far as maintenance on that section that's in the reserve?

Mr. Stamatinos: — It may be helpful if I were to explain that some of the, a portion of these roads leading to our First Nations communities are municipal roads. Often there'll be a section of municipal road and then there will be a section of the road continue in to the First Nation. And in some cases it would just be First Nations roads. So they're all a little different. So we may have an agreement with the municipality and we may have an agreement with the First Nation so it's a little different twist because these roads are . . . typically they're not provincial highways.

Mr. Weekes: — Thank you. Last spring and early summer we in the Saskatchewan Party had a contest on inviting the Premier to travel the citizens of Saskatchewan's roads. Kind of the worst highways types of entries came on to our website and there was thousands of entries. After that, Mr. Minister, you announced a \$25 million announcement of funding. Could you explain, is that \$25 million that you announced — I believe it was July or August — is that part of this supplementary estimates? Was it part of last year's budget? Could you just explain where that money came from and where it's being spent?

Hon. Mr. Lautermilch: — Mr. Chairman, in the spring it was recognized early in that the flood damage was in excess of what we would normally expect, what the department would normally expect. There were culvert washouts, subgrades were saturated, TMS [thin membrane surface] roads were crumbling, culverts and bridges had sustained damage. And obviously we

were aware at that time that we would be required for public safety reasons to put more resources to the highway system because of public safety initiatives. We had gravel roads to repair, there were principal highway repairs, TMS roads as I said, safety-related preservation activities were required. There were, you know, obvious need for resurfacing from some of the damages.

And so I indicated to the media and others that public safety had no budget, and I think frankly that to be the case, that we would put the amount of resources to the highway system as required in relationship to public safety, and we did that.

I can tell you that this had nothing to do with any particular website initiative that might have been initiated by the official opposition. This was done as a result of what we recognized to be a need and it was put forward in that respect.

We don't design our highways system or our repair and maintenance budget or emergency expenditures based on what the Saskatchewan Party does. We have engineers and we have designers, we have professionals who work within the Department of Highways and Transportation who make recommendations to us as to our requirements and, based on their recommendations, we move forward in areas and in times where we can.

I think it's fair to say that some years back when we had difficult circumstances, we were not always in a position to be able to allocate incremental funds to this Highways budget. This year we were because of an ever-growing economy and the fact that our resource sector has generated more revenue, renewable and non-renewable; the fact that our corporate tax, income taxes have increased because of a growing economy.

When you see an average of 3 per cent GDP growth for five years running, it's obvious that over a period of time you will build some financial flexibility, which is what we have done — hence, the \$25 million that was announced this spring.

We've got a long way to go. No one will deny that we have some catch-up to do in terms of our Highways budget, which is why this year at this point, this government is allocating \$400 million to our Highways and Transportation budget. The previous high prior to this year was \$310 million, and I believe that was in 2001, which means we have \$90 million to preserve, repair, and prepare for next year in a way that we wouldn't have had had this government not managed, first of all, to eliminate and manage our debt; secondly, to move forward on a tax reduction agenda. And now that we have the benefits and reap the benefits of some of that work, we're able to do this kind of work.

And I want to say, as I said in my opening remarks, how much I appreciate the work that the department employees did in this summer. Not only that, but those that we contracted to do work over and above what the department was able to do, what the department's capacity was.

Mr. Weekes: — Thank you, Mr. Chair. Well it's quite a coincidence that the Saskatchewan Party has been promoting the . . . your government to spend the \$25 million that is taken in the . . . the fuel tax, the shortfall in the fuel tax that is taken in

that is not spent on highways, and now your government has introduced a Bill to do that. I don't know why your government feels it necessary to bring in a Bill to spend the money which they . . . All you have to do is budget it from year to year.

Saskatchewan Party has been talking about economic corridors, and you have made a number of announcements about announcements about a corridor plan, so we're waiting to hear about that. And also the Saskatchewan Party has been promoting a four-year roll-in plan so construction firms and citizens can have some idea of what's going to be planned for their area in the future.

I still don't quite understand, this \$25 million announcement last summer, . . . Really, in today's estimates that we're dealing with, is it just a re-announcement? Part of that money is being spent in the estimates. Is that . . . part of that money is the \$25 million you announced last summer? Is that the same money that you . . . just re-announcing?

Hon. Mr. Lautermilch: — Mr. Chairman, I'm not interested in re-announcing the '06-07 budget. This is all new money over and above that budget of \$345 million. There's 55 million of new money that are applied to roads and to our transportation system.

Mr. Chairman, I think that it's fair to say we are attempting to prepare for a large amount of work in the new year, and this will prepare us to be able to do that. And I think it'll serve the province very well.

Mr. Weekes: — Thank you, Mr. Chair. I have to ask again. I don't understand where the \$25 million that came with your announcement last summer, where that money came from.

Hon. Mr. Lautermilch: — From the General Revenue Fund. I mean obviously, money allocated to the Department of Highways comes from the General Revenue Fund.

Mr. Weekes: — So is it a budgetary item.

Hon. Mr. Lautermilch: — I'm sorry?

Mr. Weekes: — The \$25 million, is it in last year's budget, or is it in this mid-term budget?

Hon. Mr. Lautermilch: — I mean it's before us. It's all in supplementary estimates, so it's all in this year's budget, and it's incremental to the \$345 million that was announced in the initial budget. Supplementary to the 345 is 55 which totals \$400 million aggregate for this year. So there's 55 million of new money. There's 345 million in the original budget document. Twenty-five million was announced earlier in the spring, and the balance of the 55, which is \$30 million, was announced just a short while ago, short days ago.

Mr. Weekes: — Just a clarification, so what you're saying is the \$25 million announced last summer is part of the 55 that's in the budgetary estimate.

Hon. Mr. Lautermilch: — The \$25 million that was announced this spring was part of the 55 million aggregate that we announced just short days ago, and all of that is new money

over and above last year's budget.

Mr. Weekes: — Just to go back, Mr. Minister, to the First Nations access roads, you were talking about maintenance. Your official said that there shouldn't be any maintenance on the surface — it's a brand new highway — for three or four years, whatever it may be. What happens though after a number of years, and as potholes develop and there's problems arise which will happen on a highway? Who is going to pay for and look after the maintenance and the repair of that access road?

Mr. Law: — In each case, Mr. Weekes, we have reached specific agreements for each of the projects in which the respective share of the maintenance work will be carried by the appropriate local jurisdictional player. And in some instances, it will be a First Nation, and in some instances it will be a rural municipality. We may have some role, depending on how it connects to the provincial highway system, but we've negotiated those on an individual, case-by-case basis.

Mr. Weekes: — Mr. Chair, my colleague.

The Chair: — Ms. Draude.

Ms. Draude: — Thank you very much, Mr. Chair. To the minister and your officials, thank you very much for spending some time with us this evening. I have some questions from constituents who were interested in the announcement that there was going to be more money spent on roads. And they're waiting to see a difference in their world.

I have a letter here from someone in Rose Valley who was talking about Highway No. 35 north from Wadena to the Naicam turnoff and further on. This lady has been on maternity leave for a year, and she's only been back to work for one week and working four days a week, and she's been forced to lose one day a week on top of that due to high-risk road conditions.

The part that's quite amazing is that if you go down this road from Rose Valley past Archerwill to the Naicam turnoff and continue north to Tisdale, the road improves considerably with the same conditions because it seems the road crew had been out working in one area and not another area. In fact she has said that she doesn't dare take her children out with her on these roads.

Can you tell me, is there standards set for the crews — where they work, where they don't work, and why there should be a real difference in the road in a 30-mile space?

Mr. Schmidt: — Mr. Chairman, I'll do my best to address the question. The way we develop our preservation program and our maintenance program and the work that's done on the road — both by our crews and our contractors — is through our asset management process. And how that works is that each year we gather condition data on all the provincial highways, all the paved structured highways. And the condition that we . . . different condition states we gather has to do with the rutting, the cracking, and as well as the ride. And then we put that into our asset management models and do some modelling on that.

And based on that modelling and the funding available, we do optimization of the funds available. And the different types of

treatments — whether it's a seal coat treatment that the crew does, whether it's crack filling, whether it's microsurfacing or a rehabilitation — all depends on the condition state of the road, the available funding, and as well the condition state of the roads systematically across the province.

So each year then we do reality checks on those to ensure that our models are actually reflecting the condition states of the roads and the best treatments, and then the program is delivered based on that. So you may see different types of treatments being done on different roads. And in fact we often get comments too that motorists are wondering why we're working on one piece of road and not another piece of road even though they may feel the condition is in a worse state on the one. And it has to do with the available funding and undertaking the maintenance in the right cycle of the road to maximize that funding available.

Ms. Draude: — Thank you very much, but I'm talking about winter road conditions. I'm talking about the fact that travelling through a road, on a road that's been covered with snow from Rose Valley up to Tisdale. The road condition from Rose Valley, just past the turnoff where you would go towards Naicam, is in terrible shape. The woman was actually being a snowplow on this road, cleaning off the highway herself, and then remarkably, by the time she got to Sylvania, the road was cleaned off by the crew that was there. And there was actually evidence of sand there, and there was two lanes of traffic. Prior to that, she was alone in a wilderness because the road was not looked after. Why would one part of a 35-mile stretch be looked after and another part not?

Mr. Schmidt: — Mr. Chairman, first I apologize for answering your question, but now you have an understanding of the asset management process.

On the winter maintenance side, our crews, they work together as a unit. And even though they may have physical boundaries for different lines of their work area, in reality they deliver the winter maintenance together. They're in constant communications with one another as to the conditions of the road, and sometimes different segments of the road do appear to . . . Or sometimes they don't just appear; they do have different treatments done at different times just due to the nature of the way they're delivering the service for the whole area.

And we can see conditions change rapidly just within 30, 40 miles sometimes. They can get freezing rain in one area and not in another area. Sometimes blowing snow is more susceptible in some areas due to the lack of bush or the openness of the road or different things like that.

And so our crews do work together, and they constantly communicate with one another where they are, the type of conditions there are, the type of treatments they're doing because of course you can't just salt all the time when it's icy, depending on the temperature and the wind conditions and things like that. Sometimes it's better to sand. And so our crews communicate all the time like that.

And there will be instances sometimes too where crews will have to go to another highway, maybe especially in valleys and hills and things like that, and intersections, and treat kind of the

higher hazard areas first. So it may appear they're leaving a highway and in fact they're actually going to maybe an area that is more of a high hazard like intersections, curves, high fills, bridges, big hills like that.

Sometimes too, they'll get so far down a highway, they'll have to dead haul back to get a load of salt or sand, and it'll take a little while to get back to that section. And as well we've also had instances sometimes too where we've had concerns from people —and this would be more isolated — but maybe a truck has gone down for a day or two, and they haven't been able to get the resources, and we've had to bring resources in from others sections and cover for a little bit.

So there are different situations that come in. But we do do our best to provide the level of service. We have a level of service that we endeavour to achieve for each highway based on the traffic volume and the function of the road. And not every one is the same of course, but we do endeavour to maintain those levels of service. And the crews do coordinate communications and work with one another, that if they need to help out they can do so.

Ms. Draude: — Thank you very much. I know it's difficult when we're sitting in Regina, Saskatchewan to realize that in this province we have an area where there is a minimum of a foot of snow right now. Getting out of my driveway this weekend, I was stuck twice. There's nobody out moving ground like I see in front of the legislature today. It is frozen solid. And there has been lots of times in the last month where people have been snowbound. They've been actually stalled in their homes. And it's difficult to understand that, but it is happening. And if you're still trying to carry on your job and you're dealing with a job where you have to do a lot of travelling, it is a concern. And when you leave home and not know if you're going to get there, it's difficult.

So I appreciate what you're saying, but I do know that people don't realize what's happening on the other end of this very large highway transportation system. And if they haven't seen a plow for days and they get into a piece of road or highway where it is looked after, they're thinking, what's happening? Why don't I have a road that's clean when I'm risking life and limb to get there? So that is the concern that I'm bringing up.

And I just have to comment that the minister indicated that, because of our wonderful economy, the debt is going down, which I don't believe the Provincial Auditor or anybody on this side of the House would agree with, that the debt is going down. We still do have a number of roads and ones that I have mentioned a number of times in the House — Highway 310 and Highway 49 — that are in terrible shape.

Highway 310, the leader went down this summer, and there is areas that has pavement. There's areas that has gravel on top of pavement. There's areas where pavement has been removed and gravel has been put in place. You don't know what you're going to be travelling on in that small stretch of road. I do know that I've had two calls to my office from places where there's been vehicle accidents. People have had rollovers. Children's lives have been endangered.

There has been a tremendous amount of money and time spent

on that road. And I can assure you, if you go back down there today, you're going to see the road is no better now than it was this spring. And come next spring, it's going to be worse. There has been no real work done on it — just a lot of time spent on it.

There's three businesses along that highway. One of them actually manufactures windows, and they're scared to take the product out on that highway because of the gravel stretches, the potholes, whatever else it takes. There's actually a deep drop right off the side of the highway right near one of these businesses.

It is unbelievable to try and work in an area where we have a lot of tourism and people that are going from Foam Lake to Fishing Lake, a tourist resort that has just about 600 cabins. So that area has not been helped at all by the amount of money that was spent on it, and Highway 49 is in the same shape.

We definitely feel that any announcement that the department has made in this area has not been a benefit to these people. There's not been any real work done that's going to make a difference to these people's lives. It's been patch jobs, but nothing that's not going to last for very much time.

So I'm hoping that with all their money that the minister has indicated this government has — and we all know they're sitting on piles of money — people in rural Saskatchewan are sitting in piles of dirt and gravel on roads that are not accessible.

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chairman. And I appreciate the comments from the member. I mean obviously, you know, we sense her frustration. As I can tell you, I was little less frustrated than her.

That area of the world had a particularly high water table from rains last year, flooded this spring. And that's part of why we put more money in, and that's part of why we're dealing with a supplementary budget because it really did create havoc with some of those roads. She will know the section near Foam Lake and a section near Fishing Lake was strengthened this summer, and it was returned to a smooth, dust-free surface.

And I, you know, I mean, just because many of the officials in this department work out of Regina does not mean that they're not in touch with your local communities, because they are. And the employees of this department work in your communities, and they live in your communities, as they live in mine, and they can't control the weather. And obviously what they can do though is work as diligently as they do to ensure that their neighbours and that their friends are operating on the safest roads that they can. But you know, I mean weather plays a role in the conditions of our roads whether we like to believe that or not.

The budget does as well. The amount of money that's been allocated to this transportation budget over the past number of years hasn't kept up with the demands and no one will deny that. But the fact is we're now in a position where I think we can move forward in a more aggressive manner than we have in the past as evidenced by 400 million this year into this budget, 90 million more than you've ever seen in this province before, and so I think that's very much a positive step forward.

But I just want to close by saying that the department officials are very, very sensitive to the road conditions in their community and they do co-operate with each other and the different regions and the different areas. And, you know, I would have to say in the year that I've been in this file I've been very impressed with work that they've done. I've met with the employees in my office who have been working with management to ensure that what they do with the resources that they have is optimized, and I have to commend them for that because these are the people who care as much about the safety of your constituents as they do of mine because they're their friends and neighbours and family.

Ms. Draude: — Thank you, Mr. Minister. My point exactly. They do a great job with the resources that they have and the employees are working to the best of their ability with what they have. And it's up to this government and the ministers to decide how many and what the amount of the resources are.

The roads have fallen into a deplorable state in most areas and there's going to be . . . I think the minister suggested a while ago it was going to take a number of billion dollars to fix them. In the meantime people are having to live with those conditions. And to see a plan to at least be able to say, when is this road going to be fixed to a position where it's not just patching a patch on a patch, so that they can be sure that they're going to get to town, is what they're asking for.

I have not indicated that there is anything wrong with the work the employees are doing. I'm saying that this government has not set out a plan that's going to make a difference to the people's lives in my constituency. What they need is to know from your government when you're going fix the road so it stays fixed.

Hon. Mr. Lautermilch: — Mr. Chairman, let me say this. In your backyard, Highway 49, Okla to northwest of Lintlaw crushing and stockpiling in '06-07 has been allocated funds for; surfacing project has been tendered and will be done next spring.

Now look, we can't fix every road in this province. Pull out the map. Have a look at this map. Look what infrastructure has been built in the province over the past 60, 70 years or however many years we've been building roads. And there's pressures in areas where there never were because there are business opportunities that have been created in this province. And are there pressures on some of this road system? There sure is.

Have a look at the oil and gas sector. When you have an oil pump, you know, a pump truck running down a road every 20 minutes, 24 hours a day on a TMS road, can you expect that it's going to be able to stand up to that kind of pressure? Of course you can't. And the money that results, the result of that activity has been in no small way given us the ability to pave the road to the hospital in Qu'Appelle. That's a part of what we've been able to do is to reallocate some of that money and I know the member from that area is very appreciative, as are his constituents.

The Chair: — Mr. McMorris?

Mr. McMorris: — Thank you, Mr. Chair. Certainly the one

area, what is it, I think point six kilometres from the 35 Highway . . . No. 10 Highway to the All Nations' Healing Hospital being paved is a, you know, is a start for sure. It would be nice to see it carried on to the Treaty Four Governance Centre and then on to the ski hill but that's not the questions I wanted to ask today.

The question I wanted to ask was regarding Highway 339, the highway from 39 Highway to Briercrest and on past Briercrest to Claybank. There was a public meeting held in Briercrest about a month and a half ago that I had the opportunity of attending along with hundreds of community people and raising their concerns about 339 and what was going to happen with that road. I believe they learned that evening that at one point it was to be turned back to gravel but it wasn't accomplished through the fall . . . spring, summer, and fall. So people are questioning now after that meeting where the concerns were voiced what the department's plans are for 339 heading south from No. 39 Highway.

Hon. Mr. Lautermilch: — Mr. Chairman, Highway 339 is one of the 60-some hundred kilometres of TMS roads we have in this province who are carrying some heavy grain traffic, roads not designed to do that and can't withstand it. We have been continuing to try and maintain this — along with other highways — with a dust-free surface. When at some point conditions deteriorate and the roads become unsafe, some have been converted to gravel and the member will know that.

Our attempt is to work with the municipalities to ensure that we have heavy traffic travelling on roads that do have the capacity to carry that. Obviously we aren't always successful in those kinds of arrangements and we have a breakdown of some of these TMS roads.

I'm sure the member also knows that the cost to bring these TMS roads to a paved standard — and it's not only the area of Briercrest that makes these arguments, and that makes good arguments for why they would want a paved road — it's a \$2 billion bill. And so obviously in the context of a provincial budget — this year a record \$90 million more than any other year — we're not going to be able to bring those all up to standard, to a paved standard in a very short period of time.

Now it's one thing to stand with communities — and I stand with all of these communities as well — but it's one thing to stand with these communities and to say shame, shame, understanding there's a \$2 billion bill. And if we're going to be able to . . . say we take a 10-year program just to deal with these 6,400 kilometres. A 10-year program without federal support, \$200 million more over and above this year's budget in order to accomplish that. That's fine, but then where do you get it from?

I think what we have to continue to do is we have to determine what our priorities are in terms of economic corridors, our provincial road system. We have to put the funds to ensuring that we have a north-south, east-west infrastructure that serves our economy. We have to keep in mind the taxpayers have a limited ability to fund all of our desires as a society for a road in every corner and a paved road in every direction for our home community. But that is unlikely to happen. So what we have to do is we have to make choices.

Now I'm willing to work with, and this department has been willing to work with the community of Briercrest, as we have with other communities, the municipalities in those areas, to determine how best to manage the heavy traffic that we have, knowing full well that you can't pave every road, and also knowing full well that the TMS roads aren't going to be able to withstand the pressure that they're under.

So our commitment is, will we work with the local communities? Sure we will. And will we attempt to have a, you know, a smooth, dust-free surface on roads that can carry school buses and half-tons and cars, passenger vehicles? And can we work to be able to be able to put heavy-haul traffic . . . or heavy traffic on heavy-haul roads? Yes we will. That takes some co-operation from municipalities. It takes some co-operation from communities. And I can assure you that the provincial government will co-operate in that regard inasmuch as is possible.

Mr. McMorris: — I realize that there's, you know, a large number of TMS roads and there's pressure on the department to fix each and every one of them. But when you looked at the hall full of people in Briercrest that evening and heard the concerns, and concerns from business people, whether it was Briercrest Grain, which is a farmer-owned operation that is serviced by a short-line. You know if it doesn't have proper access to that grain elevator owned by local farmers, all of that grain that they handle won't be going out through short-line, it will be going out on the roads. So you're going to compound the concerns.

Clarke inputs in Briercrest and Avonlea, you know, I mean it's important that they have a road to service their business whether it's flash welding or all the businesses around the Avonlea area that are serviced from the Moose Jaw, from the city of Moose Jaw come out through 339.

Tourism opportunities — you know, there's not too many national heritage sites in our province and that services one of the national heritage sites in our province with the Claybank Brick Plant.

There is a huge demand, and yes I think every community will, you know, can trot out all the reasons why their TMS road should be fixed. And I'm just saying that after the meeting, I don't know if the communities heard a lot from the department. I could gather from that answer that you gave me that they're probably not going to like the answer because you didn't say one way or the other what was going to happen with that highway. I think people are wanting to know what will happen with that highway.

There's huge concerns if that goes to a gravel surface. Because of the . . . some of the soil that the gravel road is going to have to go over, it's not . . . it's some pretty heavy gumbo that won't withstand a lot of heavy weights on a gravel road, especially with the weather, you know, if the weather turns bad and it's moist. And there is some huge concerns.

Not only that. When you service that, again, Briercrest, Avonlea area from Moose Jaw, they're going to be looking at 30 miles or 25 miles of gravel road to get out to Avonlea, which is unrealistic. And there is some huge safety concerns.

So I would say that not fixing it up to at least a TMS surface, which it is now . . . I mean what is wanted is a heavy-haul road, but at least to a TMS surface. To go back to gravel is really taking a step backwards, and really I think putting the safety of people in that area into jeopardy.

So I'll give you one more shot as to what exactly is happening with that road. I've heard the preamble of the demands on the department, but I would like to know is what is happening with that section of road in particular.

Hon. Mr. Lautermilch: — Mr. Chairman, and the member can read this in *Hansard* tomorrow, the department was planning to complete temporary repairs to the TMS prior to freeze-up. The repair work was started on Saturday, October 28, '06. It would essentially reinstate the TMS. However the contractor's operation did not result in the desired outcome and the work was stopped. An on-site meeting was held between the department employees and the contractor. At 9 o'clock on October 30, '06, it was decided not to proceed with the temporary repair methods given the outcome. In addition, the weather outlook wasn't favourable. Localized minor repairs may be undertaken by department crews at the worst location if the weather provides.

So obviously the department is aware. The department is working on repairs. The weather has not been co-operative so we will do what we can to manage the condition of that road over the course of the winter and, you know, and see where that takes us.

Mr. McMorris: — So I would assume then, at one point the department, I believed it looked at turning it back to gravel. But in through October you were saying that they were looking at repairing the TMS road, beginning repairs. So I would assume then if they've changed from turning it back to gravel to trying to repair, that come springtime that road will definitely be on the slate to fix to a TMS minimum standard.

Hon. Mr. Lautermilch: — Mr. Chairman, I want to say to that member, this is not about gravel. That's not what this discussion is about.

The TMS road can be maintained with a paved surface and that can happen. It can happen if we can get agreement to keep the heavy traffic on other roads which are built to manage that kind of a standard. The department has been pursuing a route management agreement. We will continue to pursue a route management agreement. But obviously, if we're going to continue to run heavy traffic down a road that can't hold that kind of weight, we're going to have road bust-up and we're going to have repair crews out. And sometimes the weather conditions won't allow for the repair of the TMS system.

But wouldn't it make some sense for everyone if we were to be able to put together a proposal and an agreement where the heavy traffic would go on roads that are built for that and that we can have cars and school buses and tourism traffic going to Briercrest and into the clay . . . the brick factory? Wouldn't that make some sense? I mean, goodness. No one — no one, no one — wants to see a paved surface turned to gravel. But when a TMS surface is so beat-up and so full of holes because of traffic, that in two days two, three trucks over some of these

places and these roads and it's gone again. So it doesn't make sense to put bad money or good money after bad. What makes sense is to work with the local communities to manage the flow of traffic and manage the heavy traffic into roads that can manage it and then let's keep these roads for school buses and for passenger cars and half-tons.

Goodness sakes, I think that we can make some changes in this province that can allow us to manage that TMS system. But we need to understand that we can't run super-B's and we can't run large trucks over these roads and expect them to be there for us. Nor should we be expecting the taxpayers to continue to fix roads when we continue not to — I guess in an appropriate way — manage them.

So we'll work with the communities; we'll work with the RMs [rural municipality] and the area transportation planning committees. And I mean we've been very successful in some areas of this province whereby, working co-operatively, we've been able to move heavy traffic and we've been able to then restructure and rebuild some TMS roads, and they're handling it. If we can be successful in some areas, shouldn't we be able to be successful in others? And we're more than willing to work with the communities and see if we can't make that happen.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. I'd like to ask the minister about Highway No. 32, Leader to Swift Current. I noticed on, I think it was CTV [Canadian Television Network Ltd.], that there was a news . . . on the newscast that there is a community organization was set up to lobby your department and government to do something about that highway. Could you tell me if there's any plans to improve it, upgrade it, rebuild it? What is the future of that stretch of highway?

Hon. Mr. Lautermilch: — Mr. Chairman, obviously Highway 32 is one of the roads that I speak of — a thin membrane surface road built years back when there wasn't the kind of oil and gas activity in the area, when there wasn't that kind of activity in that area period, not only oil and gas.

But economical development has grown like crazy in that corner of our world — Shackleton, the largest natural gas line I think in our province's history — and obviously that activity has created pressure on Highway 32, and so that's one of the roads who has been under some severe pressure. Now there's been a lot of increased truck traffic. The agriculture haul patterns have contributed to it as well.

We plan to provide granular strengthening to the failed TMS and gravel sections as funding allows in the year's future. We're going to have to do some regarding and advance of granular strengthening and . . . I mean, that's just part of the process. But I think the most important part is that we need to be working with the local municipalities and the local communities in terms of putting a plan forward over the longer haul.

Highway 32, as I recall it, has been part of a map that we put out for some discussion with the Saskatchewan Association of Rural Municipalities, the road builders, SUMA [Saskatchewan Urban Municipalities Association], and I believe the area

district planning committees. And I think it's been indicated that Highway 32 is in all likelihood one of the strategic economic corridors that we need to be addressing in this province, one of the whole provincial infrastructure.

I think we will commit to working with the communities and with the RMs to keep that road as safe as it possibly can be. I mean the road's not in good condition. No one will argue that. It's not alone. I mean, there are others we have and other pressures we have in the province. But obviously there are sections of that road that are not in very good shape.

Mr. Weekes: — Thank you. So are you committing some resources to that for next summer, and if so, how much? And the other part of that question is, you're speaking about working with the RMs; what do you expect from RMs as far as the share of funding for any work done in the near future or future years in advance?

Hon. Mr. Lautermilch: — You know I think there's a number of things, and there's no one template. But obviously if we can move some of the heavier traffic and keep it on roads that can manage it, that's part of what we need to do. And you will know that the province has compensated RMs for some heavy haul usage. I mean there's just a number of different arrangements that are made, that have been made and can be made. I mean, I don't know that there's one template, but obviously, we need to work co-operatively and use some common sense approach to what will work. And you know, I mean it's got to be a matter of attempting to work together.

And so I would say that's the base for discussions with the municipalities. I mean, there's no sense them putting money into a road a kilometre over from a road that we have already built, nor is there any sense us putting money into upgrading a road that was never designed to carry weight when municipalities have built one a kilometre over or a mile over.

I mean, I don't think ratepayers, I don't think taxpayers would expect anything less of us as elected people — all of us — to be able to work together to determine how best you cost effectively move your product to market and how do you provide for safe passenger traffic and how do you best use taxpayers' dollars.

I mean to me, frankly it's not relevant whether it's a federal, provincial, or a municipal tax dollar. It's all one taxpayer. And I mean, it's a cliché; sure it is, but it's true. And whether I pay through my municipality, whether I pay through the city, or whether I pay a federal tax or a provincial tax, we're all one.

And the fact is we got a whole lot of roads in this province — some would argue more than we need — that were never designed for the economy that we have in this province at this point. And so what we've got to do is work together to match the ability of our infrastructure with the dollars that we have and ensure that we can get our commodities to market.

I mean heck, when . . . You know, you think back to how the whole transportation system has changed as it relates to the railroads and how much of our commodities used to be on steel from here to Vancouver and how that has changed. I don't think anyone anticipated in 1950 or in 1960 when they were

designing and building a road system and . . . you know, when Ross Thatcher and Woodrow Lloyd and whoever it was as the premiers of those days were putting thin membrane roads over — heck — over blow dirt in lots of cases, not even a good clay base or gravel base and when they were paving those over. And it was fine because we were using a one-ton truck and a two-ton truck and we had, you know, smaller capacity vehicles hauling those commodities.

But that's changed. And I mean I don't know that they could have anticipated rail-line abandonment and all of the things that happened or even the concept of short lines and how communities have to work together to put together the wherewithal to keep those commodities on steel as opposed to on our roads. But the fact is that those changes have taken place, and now what we need to is manage them.

We have the good fortune now to have a few more dollars than we've had in the past 10 years or 15 years to be able to allocate to the transportation system. So from my perspective, we should, you know, I mean we should appreciate and enjoy that, but we should also not spend that money foolishly by continuing to fix roads, to have traffic that can't run over it, that can't manage it. So co-operation, working together I think makes as much sense as anything I can think of.

Mr. Weekes: — Thank you, Mr. Minister. I have a few questions about your spring tendering program. Did all of the projects that were tendered, were they completed?

Mr. Law: — Mr. Chair, all of the work has not been completed, but some of it was planned to be phased in. We can get the member a detailed listing to advise as to what progress was made on those that were included in the current construction season, and those that were started with the intent of completing some of those repairs as part of the next construction season. So we can supplement that with a more detailed report. We wouldn't have all of the details here this evening, but we can provide that.

Mr. Weekes: — Thank you. I have many more questions, but I understand we'll have an opportunity later on in the next two, three weeks to ask a few more questions.

I guess the last question and comment is, as an example, Highway No. 8 from Redvers to Fairlight was tendered, and I understand the bids came in too high, and your department re-tendered it with a lower standard of highway. Could you confirm that? And is that being done on a number of other highways?

And you also said you'll supply me with the list of tenders and the breakdown, and I appreciate that. But if you could comment on this Highway No. 8 right now, and we'll follow-up later.

Mr. Law: — Mr. Chair, the member is correct that the planned work that we had on this particular section of Highway No. 8 was to include two components of work that would have allowed us to do the road preparation and grading, and then follow that with the paving work or the surfacing work the following year. We did not reduce the standard but instead took the two components of that work and have, as a result of what we got in by way of the bid, chose to re-tender that at a time

when we would do both components of the work at the same time. That will allow us to get the work done at the same . . . the overall project will complete at the same time as we had planned to do it. We will just do both components of the project together in the same construction season where we had planned to phase it.

Part of the reason for our re-tendering in this instance was in fact because of the nature of the bids that we did receive being significantly higher than we had anticipated. In some sections of the province, we have seen some regional challenges which, based on some of the inflationary pressures, have affected our ability to move the projects forward within the allotted amount of funds that we received. So in order to accomplish the project and get the work done as we'd planned, we've re-orchestrated the work, but not to a lower standard, simply on the basis of how we plan to phase the work.

Mr. Weekes: — Thank you.

The Chair: — Thank you, Mr. Weekes. That concludes the allotted time that we had set aside for this evening for the Department of Highways and Transportation. I'd like to thank the minister and his officials, and we'll be looking forward to our next opportunity. Mr. Minister.

Hon. Mr. Lautermilch: — I would like to thank members of the opposition for their questions and the assistance that I received this evening from my officials.

The Chair: — Thank you, Mr. Minister. We'll just take a brief recess while the officials and ministers change for the next item of business.

[The committee recessed for a period of time.]

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

The Chair: — Good evening. We'll reconvene the Committee of Intergovernmental Affairs and Infrastructure. The next item of business before the committee is the consideration of supplementary estimates for Government Relations, vote no. 30, which can be found on page 15 in your Estimates book.

And I will invite the minister to introduce his officials, please.

Hon. Mr. Van Mulligen: — Thank you very much, Mr. Chair. Seated beside me on my left is the deputy minister, Lily Stonehouse. And seated beside her is the executive director of grants administration and provincial municipal relations, Mr. Russ Krywulak. And seated beside me on my right is the director of the New Deal secretariat, Kathy Rintoul. And seated behind us is the executive director of central management services, Wanda Lamberti.

The Chair: — Thank you, Mr. Minister. Mr. Minister, you have an opening statement. We'll receive that now.

Hon. Mr. Van Mulligen: — Thank you very much. Government Relations has a forecasted overexpenditure from

budget of \$13.965 million that is primarily a result of increased funding to municipalities. This net amount includes an overexpenditure of \$27.162 million received from the federal government recently for the public transit capital trust.

The public transit capital trust is funding that will be provided to municipalities in support of capital investments in public transit infrastructure. These funds are projected to flow by March 31, 2007, subject to the advice provided by the public transit working committee which includes municipal representatives.

It is anticipated that the majority of these funds will be expensed in 2006-07. The money for public transit that is in the 2006-07 provincial budget in the amount of \$12.5 million relates to the first round of federal public transit funding. And what we are talking about is an additional \$27.2 million for a total of \$39.7 million for public transit purposes.

There is also an overexpenditure of \$549,000 for the development of new, interactive commuter's simulation model to project property tax shifts in preparation for the 2009 revaluation. The overexpenditure is offset by an under expenditure of \$13.746 million for municipal infrastructure related to delays in project completions. And these delays are primarily a result of the limited availability of contractors, tenders coming in higher than project estimates, and unfavourable weather conditions. This infrastructure funding is conditional in nature because of federal cost-share agreements, and it is therefore not possible . . . [inaudible] . . . for funding to municipalities until project work is completed.

In summary, the Government Relations overexpenditure combines new funding flowing through to municipalities for public transit and an improved way to simulate a model of the effects of property tax shifts offset by underexpenditures from municipal infrastructure programs due to delays in project completions, and we will be pleased to respond to any questions.

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

Mr. Huyghebaert: — Thank you, Mr. Chair, and welcome to the minister and officials. A few questions to start with . . . The thirteen nine five six is earmarked for public transit programs, and in the supplementary estimates it says a 27.162 million which you had mentioned is provided by the federal government. Has that money been already delivered and allocated to the province, the 27 million?

Hon. Mr. Van Mulligen: — The \$27.162 million has been received from the federal government for the express purpose of putting those funds towards the public transit capital trust. And so that has been received, and we propose to expense that this year; thus we have the overexpenditure. This is in addition to an item in the budget itself for \$12.5 million also for public transit funding.

Mr. Huyghebaert: — And is the 12.5 federal money or is that provincial money?

Hon. Mr. Van Mulligen: — That too is federal money.

Mr. Huyghebaert: — So 39.7 million for public transit and we are in supplementary estimates earmarking 13.9 million. Is that correct?

Hon. Mr. Van Mulligen: — No. We are earmarking all \$27.162 million plus \$12.5 million for public transit. But we are offsetting the request for a supplementary estimate by an underexpenditure in the area of infrastructure where we are underexpended by \$13.746 million and a further overexpenditure of \$549,000 for a computer simulation model.

Mr. Huyghebaert: — So I gather this is all flow-through money from the federal government. So in fact there's no provincial money that's going into this public transit program at all.

Hon. Mr. Van Mulligen: — There is no provincial money that is going into this program.

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

Hon. Mr. Van Mulligen: — And I should point out that there will be offsetting revenues as well. But the committee will not be dealing with revenues as such.

Mr. Huyghebaert: — Do we know as yet the dispersal of this money as to what projects are being, the money is being programmed to?

Hon. Mr. Van Mulligen: — Mr. Chair, yes, we established a public transit working committee for the purpose of consultation on this federal public transit funding. That committee included officials from my department. It included the executive director of the Saskatchewan Urban Municipalities Association and representatives from the cities of Moose Jaw, Weyburn, and Regina. Earlier this year in June, the city managers accepted a proposed allocation based on the bilateral agreement principles. It proposes that funds be allocated to the seven cities with existing public transit systems to be used for the purposes of public transit and transit for persons with disabilities.

Mr. Huyghebaert: — So the total amount of the money is slated for seven cities. Correct?

Hon. Mr. Van Mulligen: — That is correct. The funds would be \$39.7 million, and that is proposed to be allocated for the cities. Again it's to assist them with public transit capital needs, with one exception: to assist any cities that do not now have public transit systems to assist them to do the work necessary to get to a point where they too would be in a position to provide public transit.

Mr. Huyghebaert: — What will be the criteria for the allocation of the funding?

Ms. Rintoul: — With respect to the criteria, the minister had mentioned the consultation group that we've been talking with, and one of the suggestions that we're in consultations with them on right now is with respect to the other seven cities. So in Saskatchewan out of the 13 cities, there are seven that may be given the option of looking at building a feasibility or a business case for whether or not their particular community

would have a need for a public transit system. And so there will be about \$1 million proposed to be set aside for that particular option. And so the criteria at this point really would be to find out if there is an interest, have a business case based on a sustainable long-term plan, and then have that adjudicated by the public transit working committee which includes the municipal representatives.

Mr. Huyghebaert: — To the minister: is there any other funds that are allocated from the federal government to specific programs or projects outside of this amount of federal dollars?

Hon. Mr. Van Mulligen: — The federal government provides support for municipalities in a number of ways through agreements with the province. One is, they support the Canada-Saskatchewan Municipal Rural Infrastructure Fund, MRIF. They also provide funds for the Canada-Saskatchewan Infrastructure Fund, CSIF. They've also provided assistance for urban development agreements where funds are targeted specifically, I believe, for Regina and Saskatoon. And they also provide funds to municipalities — the so-called gas tax funding.

Mr. Huyghebaert: — There's a note on page 15 under the estimates, and it states that, the last line, "The required funding is partially off-set by savings in other program areas." Could the minister indicate what these other areas are where savings were realized?

Hon. Mr. Van Mulligen: — Mr. Chairman, I was referring there to the savings that we achieved by an underexpenditure of \$13.746 million for municipal infrastructure related to delays in project completions. And this would be primarily, I believe, MRIF funding where we had budgeted an additional \$13.746 million, expecting to receive projects or having projects completed that we would be funding.

But again as I mentioned, because of the limited availability of contractors, in some cases the tenders coming in higher than project estimates, and in other cases because of unfavourable weather conditions, these projects were not carried forward to completion, and therefore we are not in a position to fund those projects this year. Those are projects we'll be funding next year. But these are projects that we could not fund this year, and neither will we be funding them in the winter months. So these are funds that are then must go back into the budget process and represent an underexpenditure.

Mr. Huyghebaert: — So it's not reading a savings per se then. It's delaying it. You're using that amount of money this year, but it's going to cost next year, so it's not really a savings. It's a transfer of dollars to next year's . . . or the project work.

Hon. Mr. Van Mulligen: — Again it's an underexpenditure this year. It's not a saving as such, no.

Mr. Huyghebaert: — It's not a savings.

Hon. Mr. Van Mulligen: — No.

The Chair: — Mr. Brkich.

Mr. Brkich: — Mr. Minister, if I remember correctly, when you were going through the beginning of it there, you talked

about some money set for a computer simulator for tax assessment. Can you give me a little more background information on that?

Hon. Mr. Van Mulligen: — The department has had for a number of years a computer system which it uses to simulate assessments for all kinds of properties by category and by geography throughout the province. And so that we know roughly based on the system we have what assessment there is. And we would also know that, if we were to shift — say — a percentage of value from one category to another, what impact that will have for various parts of the province.

And so the government always needs computer simulation models to know what will happen if you make shifts in assessment or taxation policy, what the impact of that will be, and you need computers to simulate that.

The system that the province has is a very old system that has been maintained by a specific individual who now wants to retire, and frankly there's no one available to run that system anymore. And so we are in a position where we have to get something, more modern update that will serve our needs.

Mr. Brkich: — Thank you. As you know, education tax, especially on farm land, but even throughout in urban has been a contentious issue, and your government has promised, you know, a shift from that over a number of years. Are you going to be using this stimuli? Can you use this . . . Let's say, if you were to put a portion of shift from education tax, move it to somewhere else, will you be using simulations like that?

Hon. Mr. Van Mulligen: — The model will be more helpful for the government once a reassessment has been completed to know what percentages of values it wishes to ascribe to various property classes.

For example at the present time, residential properties in Saskatchewan, rather than being assessed on the full assessed value, we take the position that those properties should be assessed at a 70 per cent basis. So if you look at your assessment notice for a residential property from your municipalities, it'll clearly indicate that you're being assessed at 70 per cent of fair value as opposed to 100 per cent.

Businesses will be assessed at 100 per cent of fair value. Farm properties are assessed at . . .

Ms. Stonehouse: — Fifty-five.

Hon. Mr. Van Mulligen: — . . . Fifty-five per cent of fair value. So in order for the government to know at any time what kinds of percentages of values to ascribe to various classes of property, then you have to have the information and the computer models that enable you to do that because if you make a shift on the one hand it has an impact on another.

Mr. Brkich: — Thank you, Mr. Minister.

Hon. Mr. Van Mulligen: — And not only does it have an impact that provides you information just in terms of differences between various classes; it'll also begin to have an impact on programs such as the foundation operating grant in

education and so on.

Mr. Brkich: — Thank you, Mr. Minister. When is reassessment coming?

Hon. Mr. Van Mulligen: — 2009.

Mr. Brkich: — So are you . . . When will this computer program be setup?

Hon. Mr. Van Mulligen: — Over the course of the next year.

Mr. Brkich: — So you'll have approximately two years to start to do simulations and I take it you'll be doing that over the next two years and kind of juggling where you're going to be. If you decide to change a fair assessment value on something like farm lands that you said 55 per cent pasture . . . I thought farm land was a little higher but I guess you would know. A new pasture was at 50 per cent at one time and it went up. And they're equal right now, pasture and farm land?

Hon. Mr. Van Mulligen: — Mr. Chairman, I might be forgiven if I'm wrong on that one; I'll certainly let you know. I wasn't prepared to answer questions on percentages of value tonight, so if I'm wrong on that I'll certainly let you know. But I know residential because I just got my assessment notice, that it's 70 per cent.

Mr. Brkich: — That's okay because I always thought farm land I think was 70 and then I think pasture was at 55, but I could be wrong.

I was going to ask on that, how about when you do rezoning in a city? Cities I think are also thinking about doing some rezoning industrial. Will they be coming to you to ask to use this system, or to maybe even rent it or whatever, to give you some money for use of it? Would you be able to give them information so they can set their taxes?

Hon. Mr. Van Mulligen: — The system will incorporate all properties in Saskatchewan.

Mr. Brkich: — If I have a town, like say Wynyard, Watrous, if they wanted to do some rezoning could they come to you and get a simulation done on if they were to change some?

Hon. Mr. Van Mulligen: — The answer is yes, that the information would be made available to them on their request.

Mr. Brkich: — With or without a fee? With a fee or without?

Hon. Mr. Van Mulligen: — Frankly we haven't thought about that yet.

Mr. Brkich: — Well for my towns I hope it's without a fee. That's kind of I guess the only questions I had on that. I just happened to catch as you were talking about it and you said that that's fully funded by the feds, this computer program coming through? Oh that's coming from the province I understand now. Okay.

Hon. Mr. Van Mulligen: — The computer program is being funded by the provincial government because it's something

that's going to be used by us.

May I just say that with respect to percentages of fair value, I'll certainly undertake to provide information after this committee meeting clearly on the various percentages of values that are in effect now.

Again we have not anticipated any fee structure, but typically on such a system if there is an ongoing need from municipalities, we may provide for some small fee for them to access the information that covers our cost, but some small administrative fee. But again we've not given any consideration to that yet.

The Chair: — Mr. Brkich?

An Hon. Member: — No. It's Mr. Allchurch.

The Chair: — Mr. Allchurch. I'm sorry.

Mr. Allchurch: — Thank you, Mr. Chair. Mr. Minister, welcome to your officials tonight. I just have a couple of supplementary questions regarding to Greg Brkich's and regarding giving out the values for residential business and farms. Could you also supply us with the information for resort villages?

Hon. Mr. Van Mulligen: — Yes.

Mr. Allchurch: — As I believe that's different.

Hon. Mr. Van Mulligen: — No, we'll provide you with all of the information that we have on percentage of share value.

Mr. Allchurch: — Thank you. In your comments, you made mention that there was 13 cities and 7 of the 13 were receiving money of this \$39.7 million. You made mention of three cities — Moose Jaw, Weyburn, and Regina. What were those three cities getting?

Hon. Mr. Van Mulligen: — Those three cities represent the cities that have transit systems and form part of the working group to review the federal program, the criteria that it has which is intended to ensure that dollars flow through to municipalities that have transit systems, and then how we might do that in Saskatchewan, given our system. And our systems may be somewhat different than, say, systems in Toronto and Ottawa, how we might do that.

And those municipalities plus the executive director of SUMA and representatives from my department then work together to put together a system which was then accepted by the various city managers.

Mr. Allchurch: — Okay. Thank you for that. Does not Saskatoon have a transit system also? And if so, why would they not be included in this? Why would you just pick the three cities? And basically where I'm going with this, it's three southern cities as compared to, say, Saskatoon or Prince Albert or from the North.

Hon. Mr. Van Mulligen: — I'm informed that they chose a representative for the committee, so.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you very much, Mr. Chair. A couple questions. My first question is on this seven cities that have public transit of 13 total cities. Could you tell me where Lloydminster fits into that plan? Are they considered to be a Saskatchewan city? Are they . . . They don't have rapid transit at the present time, but I believe they're planning towards that.

Hon. Mr. Van Mulligen: — Lloydminster does not now have a public transit system, as I'm informed, but again the city managers have agreed that a portion of the funds from the federal government can be set aside to assist cities such as Lloydminster to do the necessary work, the business case for putting into place their own public transit programs. So they could benefit from that. And we would assist them with that.

Mr. Chisholm: — Thank you. One more question. This tax simulation program that we've developed to . . . do we hope to market it to other jurisdictions like we did with our land titles system?

Hon. Mr. Van Mulligen: — I think Mr. Huyghebaert has probably already given you the answer. Saskatchewan is pretty unique when it comes to its tax system and no, we don't look to market this anywhere. My sense is that we'll be taking software packages that may have been developed for other jurisdictions and modify that to meet our needs.

The Chair: — Mr. Huyghebaert.

Mr. Huyghebaert: — Thank you, Mr. Chair. This is a little bit off of the supplementary estimates, Mr. Minister, but I just wanted to ask a question that was posed to me. You had the opportunity apparently to visit the flood area in the northeast of the province this year, and my question is, have the RMs approached your department for any assistance, and if so what was the result?

Hon. Mr. Van Mulligen: — Mr. Chair, the RMs have not approached my department per se. The RMs have approached the Department of Corrections and Public Safety and specifically the officials responsible for the provincial disaster assistance program. I know that the situation for some of those municipalities is excruciating because of back-to-back, and again this last fall, excess moisture that I think is proving to be a huge challenge for them. I've had discussions with people at SARM [Saskatchewan Association of Rural Municipalities] and certainly take the point of view that if they feel that this is getting beyond them in terms of their capacity to cope with it, just from a viewpoint of human resources then we would like to discuss that with them.

Mr. Huyghebaert: — I don't have any further questions, Mr. Chair, so at this time I know we're a little early, but I'd just like to adjourn. I'd like to thank the minister and his officials for their answers this evening.

The Chair: — Mr. Minister.

Hon. Mr. Van Mulligen: — Mr. Chair, I'd like to thank you and the committee members for their attention to this matter and their questions and we appreciate the interest. And again, I

will undertake to provide the members with the answers with respect to percentages of value.

The Chair: — Mr. Huyghebaert has moved the committee do now adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands adjourned.

[The committee adjourned at 21:06.]

Corrigenda

On page 419 of the May 11, 2006, verbatim report No. 25 for the Standing Committee on Intergovernmental Affairs and Infrastructure, the acronym expanded in the left-hand column, sixth paragraph reading:

METSI [Métis Education and Training Services Inc.]

Should read:

METSI [Métis Employment and Training of Saskatchewan Inc.]

On page 464 of the May 18, 2006, verbatim report No. 27 for the Standing Committee on Intergovernmental Affairs and Infrastructure, the sentence in the right-hand column, seventh paragraph reading:

The road is a complete and udder cow trail.

Should read:

The road is a complete and utter cow trail.

We apologize for these errors.