

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, February 27, 2013

LEGISLATIVE CHAMBER

Department of Transportation and Infrastructure Renewal

Printed and Published by Nova Scotia Hansard Reporting Services

Public Accounts Committee

Hon. Keith Colwell, Chairman
Mr. Howard Epstein, Vice-Chairman
Mr. Clarrie MacKinnon
Mr. Gary Ramey
Mr. Mat Whynott
Mr. Brian Skabar
Mr. Andrew Younger
Mr. Chuck Porter
Mr. Allan MacMaster

[Ms. Michele Raymond replaced Mr. Howard Epstein]
[Mr. Mat Whynott was replaced by Ms. Vicki Conrad]
[Mr. Andrew Younger was replaced by Hon. Stephen McNeil/Ms. Kelly Regan]
[Hon. Christopher d'Entremont replaced Mr. Chuck Porter]

In Attendance:

Mrs. Darlene Henry
Legislative Committee Clerk

Mr. Terry Spicer
Assistant Auditor General

Mr. Gordon Hebb
Chief Legislative Counsel

WITNESSES

Department of Transportation and Infrastructure Renewal

Mr. Paul LaFleche, Deputy Minister
Mr. Bruce Fitzner, Chief Engineer of Highway Programs
Mr. Brent Pero, Acting Executive Director of Finance
Mr. Gerard Lee, Manager of Operations Services



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, FEBRUARY 27, 2013

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN
Hon. Keith Colwell

VICE-CHAIRMAN
Mr. Howard Epstein

MR. CHAIRMAN: Good morning, I'd like to call the meeting to order. Before we start with introductions, I'm just going to remind everybody to make sure that you have your cellphone on silent, if you have one with you. We'll start with introductions.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Thank you. We're going to start this morning with the deputy minister's opening remarks.

MR. PAUL LAFLECHE: Thank you, Mr. Chairman. First of all, I'd like to introduce the staff we have here in a more formal way: Bruce Fitzner is our chief engineer. He is in charge of the transportation side of the department and highway operations and maintenance. Brent Pero is the Acting Executive Director of Finance. He is in charge of all our financial operations. You may remember last year that Jane Fraser was here in my chair. She was the Executive Director of Finance and she has gone on to a job as a Director of Public Works with the HRM, so Brent is acting in her place and I'm in the chair she was in last year.

Gerard Lee is our Manager of Maintenance and Operations. I think it's important to say this is Gerard's last opportunity, so if you want to get in any licks, this is the time. Gerard is retiring and he will be replaced. He's also the acting director and we'll have a new director coming in - Kevin Mitchell - for that job, that position, very shortly. That has been announced and Kevin will then be in charge of the internal paving operations and other corporate operations province-wide.

We have a few people in the balcony and . . .

MR. CHAIRMAN: I would ask you to just keep your comments to your members who are there, please.

MR. LAFLECHE: Okay, I was actually looking up to see if there were any members of the Road Builders Association up there but I don't think there are. That's who I was going to introduce, not my staff.

Thanks for the opportunity that you've provided for us to join you here today. I'm rather new to the department; I came in mid-June but I can say that I'm very impressed with the staff. They are professional public servants and they've done some great work over the years. I obviously had a great predecessor and I think we would welcome today's meeting to talk about the work we're doing.

We've made a significant investment in roads in the department, more than \$1 billion since 2009. That's really a record investment and, of course, there has been a good collaboration with the federal government, I must say, over that period also. We initiated what was really a first - a *5-Year Highway Improvement Plan*, and I have a copy here. I believe that everybody has a copy; I'll just wave it around. This is the fourth edition and every year we add a year to the edition. It does not deal with local roads but it deals with all of our major trunks and routes and 100-Series Highways.

The reason we introduced it was to be more accountable to the public and transparent, so that people actually know what we're doing, what the plan is over the next several years and they, themselves, could plan. It was an idea that was many years in brewing and finally came out in 2010. It also allows the private industry, the road builders, to plan their work better and what they're going to do, what they want to bid on, and what equipment and staff they need. It's something that they've been very vocal about in the meetings I've had with them in the last few months. They want to know what type of work, the volume of work, the type, and the areas that we're going to work in over the next several years so they can most efficiently serve Nova Scotians.

One of the things we've tried to do - and we've made a little bit of progress this year - I'm very happy about that because I didn't seem to make any progress on the Agriculture side when it was there on this venue - is to get things out earlier in the year. Last year we had 12 tenders out on our BidX system, either advertised or awarded, for a total of about

\$31 million at this point in time. This year, we've roughly doubled that - 27 tenders for about \$68 million.

It's very key, if the road builders are to plan properly, position their equipment, and be able to make the very best bids that save money for Nova Scotia taxpayers, that they know earlier in the year what type of work we're going to do, the volume, the area of work. We've been somewhat successful in that. I know that Minister Smith feels that we can do even better as we move along. That's, of course, only to the date of February 23rd, which is a Sunday.

Staff are also working hard to ensure the funding invested in roads goes as far as it can to improve roads, so in addition to the large volume of publicly tendered work, we also have a small amount of work we do inside with our own asphalt crew and chip seal crew - something we had approximately 20 years ago for a while when the equipment got old and we didn't want to invest in it. We phased it out and we brought it back in the last few years. We'll have an opportunity, I'm sure, to speak to that later. I did have the chance to personally visit the asphalt plant this summer and I have been to several of the road builders' private sector job sites and was impressed with both of them.

The department is continuing to work with the road builders and I think that's very key. They're a stakeholder, but they're also a client, but we also need them in significant numbers and scale to be able to compete on the province's road building work so that we get the very best price and the highest quality work, and they are able to maintain good staff and equipment. I've been very diligent, as has Minister Smith in meeting with them, talking about some of their issues. They do have some issues with government and we'll get into that a little later, and making sure that we're doing everything we can to make sure that they are servicing Nova Scotians in the best way they can.

With that introduction, I would like to say that we will be pleased to answer any questions you have. I'm aware, I think, Mr. Chairman, we're being televised.

MR. CHAIRMAN: Yes.

MR. LAFLECHE: Good, thank you.

MR. CHAIRMAN: That's great, thank you very much. Ms. Regan you have 20 minutes.

MS. KELLY REGAN: Thank you very much. Could I just ask, how many kilometres of single chip seal did the government operation do in 2012 and how many kilometres in the double chip seal did you complete?

MR. LAFLECHE: Could I clarify - are you asking total private sector and internal?

MS. REGAN: No, I'm asking the government operation.

MR. LAFLECHE: I'm going to divvy out the questions as you suggested to the person who knows the most about it, and I'll signal when we do that to that person. I believe Gerard, are you going to take that question?

MR. GERARD LEE: We did 51 kilometres of double chip seal this season and 122 of single chip seal, which is over pavement.

MS. REGAN: So on the double chip seal, it appears that you did about 93 per cent of what your goal was - what we were told you were going to do. Is that correct?

MR. LEE: Yes.

MS. REGAN: But on the single chip seal, that was 39 per cent of the goal. Is that correct?

MR. LEE: We said we would do about 200, I believe, of single chip seal and we've got 122, but when you put it all together in total chip seal, we had about 173 kilometres. We look at it as the double and the single go together, so our total program we said about 200 kilometres; we did about 173.

MS. REGAN: However, the business plan said that you were going to single chip seal 311.

MR. LEE: Maybe I can pass over to Bruce.

MR. BRUCE FITZNER: Yes, the numbers we had in the original business plan were devised with input from New Brunswick, where they've had chip seal operations for some time. We really weren't in a position to discuss the proposals that much with the road builders themselves, knowing full well that they're totally opposed and I don't know if we could rely on all the information they would give us for us to set up a chip seal crew.

As we move forward now, it would appear that those numbers were fairly aggressive numbers. I believe we had 45 kilometres last year; this year we're up to about 175, as Gerard says. The productivity is coming up quite a bit. In the second year of operation we expect that to continue into the next year. Will we get to those numbers? Maybe not. They are based on an \$8 million program; this year we had \$6 million allotted for the chip seal. So even though we didn't do as many, we didn't spend as much money either, so the costs were still good.

MS. REGAN: My understanding is that you only performed 122 kilometres of single chip seal, is that correct?

MR. FITZNER: That's correct.

MS. REGAN: So what was the 178 figure?

MR. FITZNER: If you combine the double chip seal, which was 51, and the single of 122, it's 173, I guess that would be the actual number.

MS. REGAN: But still in terms of the single chip seal, we only reached 39 per cent of what was the stated business goal. And you said it was aggressive targets and that came from your conversations with New Brunswick. Does New Brunswick have a more aggressive process than we do? Is that what you're saying?

MR. FITZNER: They have a slightly different process than we do. For one thing, in the last number of years, we used what we call a fog seal on top of the chip seal, so we put down the chip seal and then we put another layer of emulsion on top of that and some sand. We find that it makes the chip seal last better. In New Brunswick, they don't do that final step, so there's a difference in the way we do it.

MS. REGAN: Are there any other reasons why the government was unable to perform? I mean really, 39 per cent is not good; if it was a class, you would be flunking. So I have to ask why that big gap?

MR. FITZNER: Well I'm just saying we're up and starting - we had to train a chip seal crew from scratch. We have improved in the second year and we believe that trend will continue. The gap would be, I guess, based on the fact that we used a certain scenario. In the report there were a number of scenarios for different program sizes; there was one for \$4 million, \$6 million, \$8 million. The one that we used to present in the report was the \$8 million program. It appears that the \$6 million program was probably more appropriate, given our climate and our days that we can chip seal and that type of thing.

Although the numbers are lower than the report, it doesn't mean that the savings still aren't there. Most of the costs in chip seal are variable costs, the aggregate and the emulsion are probably two-thirds of the cost of the work, so if you don't do the work you don't also spend that money. So it does result in spreading some of your overhead over less kilometres, which makes your overhead go up but it still doesn't mean that there's not savings involved.

MS. REGAN: For the paving operation, there were three sites, I think, that you worked on last summer?

MR. FITZNER: Two sites, several different roads.

MS. REGAN: We didn't have Cape Breton, South Shore and Annapolis Valley?

MR. FITZNER: We were in Cape Breton and we were in the South Shore, and the Annapolis Valley, yes, we did crushed aggregate down there and procured the liquid asphalt there but we tendered that piece out in the Annapolis-Digby area.

MS. REGAN: Okay. From the figures that we have, there were 54 kilometres of asphalt laid down. But the business plan indicated that 88 kilometres were planned.

MR. FITZNER: Right.

MS. REGAN: Again, that's about 60 per cent of the goal which I guess would give you a C or a D, if you were getting a grade. I'm just wondering why only 60 per cent on that particular part of the paving program.

MR. FITZNER: The 88 would be based on a full paving season. We had some challenges with the supplier for our asphalt plant - it was originally supposed to be up here in May. The first pieces didn't arrive until the middle of June. It was the end of July by the time that all of the components - and there are 13 or 14 large components that had to come up by truck. Then that plant had to be set up and commissioned. These plants are basically custom-built units and they have to be tuned up and run, so by the time we got going it was actually August 5th. When it became obvious at that point that we weren't going to achieve the 88, we tendered out the work in Digby-Annapolis to make sure that the people down there had the work done. We got a good bid on it, based on what we thought it should cost and so we awarded that.

MS. REGAN: I remember being here and there was a news report on and we were told, no, the asphalt plant that was coming up wasn't going to be later, wasn't going to be as late as what we had heard. In fact, from what you're telling me, that plant was as late as what we were told it was going to be.

MR. FITZNER: I don't recall the news report.

MS. REGAN: I'm just wondering why we moved to this particular system, why we would have gone to having the government get into - it's like the old Ronald Reagan saw, the most feared words in the English language are, "I'm from the government and I'm here to help." Wouldn't it have been more productive to do what you're actually starting to do now - because I see a huge jump - and that's actually put out your tenders early, which is what the road builders have been asking you to do. Last year it was 12; this year it's 37. If we see costs go down this year, it may in fact be because you've actually done what the road builders have asked you to do for years.

MR. FITZNER: Well, certainly there are many things that will affect competition and getting the tenders out early is one of them. I don't think that alone solves the problem, but it certainly helps, and anything that we can do to help bring the prices down, we're all for it.

MS. REGAN: So this is two years in a row where the government operation has not met what were indicated to be targets, correct?

MR. FITZNER: Correct.

MS. REGAN: So these tenders could have been put out to private companies who are actually held to a higher standard because, in fact, those companies, if they do the paving and there are problems with it, they have to come back and repair it themselves. If the government does the paving and it's not up to snuff, then the government comes back in and redoes it and it costs taxpayers twice. I'm wondering, is it really worthwhile to continue having the government paving operation when its first two years could not be quantified as successes?

MR. FITZNER: I think there are a number of objectives for the paving plant. One was to have our own asphalt prices be competitive with the industry, but it was really about the fact that we felt that overall pricing had been going up much faster than inflation or any other causes would lead you to believe. Our belief was that it was through lack of competition in some areas of the province. We have supplied, I think, some graphs and charts that show where the asphalt prices have gone in the last few years. It's hard to say that it's not a success if significant money is being redirected to more road paving, so even though we haven't met our initial targets, there was more to it than just that one piece of it.

MR. LAFLECHE: I just wanted to provide some clarification because we're getting mixed up here a little bit. We've had one season of asphalt paving and two of chip seal, and I think we're mixing up the two subjects a little bit. We've only had one season of success or non-success - depending on your particular point of view - on asphalt. We've had two on chip sealing and when we get into those types of questions, we can show you what type of success we've had on the two years.

MS. REGAN: When I look at a five-year comparison of single and double chip seal prices from 2008 to 2012, what I see is that prices began to fall in 2009. In fact, if we look at the price for single chip seal, it was lower in 2010 than what we see for 2012. So if we're talking prices, it seems - I mean it's slightly lower but it was lower. If we look at double chip seal, in 2009 we have it at \$14 and it began falling there - at 2010, it would be about \$10 and in 2011 it was just above \$6, so it had already begun its downward trend.

What we don't know is whether - like you're taking credit for the reduction in cost and, in fact, costs were going down before this program was ever put in place.

MR. FITZNER: I'm not claiming all the credit for why the prices went down, I think there's a whole host of reasons why that could happen. I should note that there was no double chip seal done in 2010, so the price in 2009, when we last did it, was \$14. When we did it again, in 2011, the year we started, it was down to a little above \$6. So it hadn't already started, it just - there was no in-between year.

I should note, too, that there's primarily just two companies that do the chip seal and they're the same two companies that have been doing it all along, so there's no more competition in that particular area. I can't explain it 100 per cent why it went down but we were glad that it did.

MR. LAFLECHE: Yes, I just wanted to clarify again. I've got a chart here of the average asphalt and the double and single chip. The minister has been very careful to state that the goal of the government and his predecessor, Minister Estabrooks, was to ensure that we could pave the roads that Nova Scotians need paved or chip the ones they needed chipped. That required us to get lower prices, even with our increasing volume of road money, to do more paving.

The goal of the government was to somehow decrease the average price they were getting from the private sector. They used a multi-pronged approach and the minister has been careful never to claim that the presence of a government chip seal or asphalt has been the single factor that has lowered the prices. He has always claimed that for whatever reason, we've taken a variety of approaches; one is the volume of work we've done, another is the earlier tendering, which was mentioned; another is the increased competition that we've encouraged to enter the province. At one time we were very, very slim in the number of bidders we had, so the total number of bidders is up. All of those things, combined with the fact that we do have a plant in reserve, both chip seal and asphalt, have resulted in lower prices - as you can see, since 2009 there's been a dramatic lowering - have been effective in getting more road work done for Nova Scotians, which is a very good thing and which was very needed.

MS. REGAN: I would note that in 2011, TIR's double chip seal price was, in fact, above the private sector price, then in the following year, it was slightly below - they look like they're just sitting right on top of each other.

In terms of the single chip seal, we do see that the private sector was again slightly below what the government one was, so I was just wondering if you could speak to that.

MR. LAFLECHE: I was going to say that I think you have to look at the magnitude there, if someone can pick that out. Of course my eyes are fading with age but the difference is way below any statistical significance.

The major fact is that on the chip seal side, with two sample points, which is very, very small - I want to speak to that a little later about what we need in order to audit the efficiencies here. This data is, in fact, in our opinion, very good data in that it doesn't show that we are way out of whack with what the private sector delivers. Rather, it shows that we are either there or better.

Our target was never to be cheaper than the private sector - that was not the goal. There are many reasons why we decided to get back into the chip seal and asphalt business

but the major reason wasn't to out-hustle the private sector. It might have been to allow the private sector to sharpen their pencils; it might have been to allow us to have a window on what this type of work is.

Over the last decade the amount of government work on the asphalt side has been 0.3 per cent of all work that has been put out there - 0.3 per cent, so it's hardly a huge amount of work in comparison to what the private sector is doing but it does allow us a window in the industry. It allows us to know what the issues are with going out and laying asphalt, what the issues are with chip sealing, so that when we deal with the private sector contractors we have a better understanding.

Now if that was at the expense of way higher prices, that would be a problem, but we're not finding that yet. Statistically we're right on track but, of course, I would never take one or two years as being statistically significant, but we're not seeing any great difference at this point in time.

I would point out I was asked at the road builders convention whether or not if something was so seriously mistaken as our return to the chip seal and asphalt business, why we would wait to audit it, why we wouldn't get the auditors in immediately and audit this crisis. I pointed out that we do not have evidence of a crisis right now, in terms of costs.

We do have a start-up period; the private sector has a start-up. I'll go back to Ms. Regan's education analysis because I was a teacher, too, although the students didn't think I was a very good one. That's why I became a principal - right, Gary? (Laughter) Gary has experienced that.

When you first start something you have a little bit of a learning curve. Obviously on the asphalt side we've had a significant learning curve, year one. I think the minister's hope and my hope, because we were somewhat taken by surprise - remember, both of us came in partly through the season this year. Equipment arrived late and had to be put together. I don't know if I've got any pictures here of the equipment. Gerard will describe in a minute how many pieces there are to this and the private sector has the same equipment. But there's a learning curve.

I would more equate, as you say, MLA Regan, our D - and we don't deny that it's a D for year one - to the fact that we were like someone who comes here speaking only Mandarin in an English class, so the first year they get a very bad score. Now I don't know if in the second year we're going to get 95 per cent and clean up, but we're going to make some progress.

Here's part of the equipment and, Gerard, maybe you can explain the complexity of this. Hopefully, by the end of . . .

MR. CHAIRMAN: Order, please. Ms. Regan's time has expired. If you wish to show those pictures, if you give them to the clerk, she'll make photocopies and distribute them to all the members. Okay, we will distribute them to the members. Mr. MacMaster.

MR. ALLAN MACMASTER: Thank you, Mr. Chairman, and I thank the Department of Transportation and Infrastructure Renewal for coming here today. I do have a meeting with the minister tomorrow so I have to temper my remarks today.

I'd like to start off with one of the themes that we were thinking about when the government made a decision to get into the paving and chip sealing business - which I know, as a department, you're implementing on behalf of the government - is are prices being reduced or is government shrinking the market? If government is entering into the marketplace, there is less market share for all the private players and I think in the short term, of course, we would see increased bids because you've got the same number of people bidding on fewer projects. But over the longer term, it stands to reason that if you've got a smaller market and the same number of players, some of those players are going to have to die off.

I guess my fear is that you might have increased bids now but what of the long term? Have you considered that?

MR. LAFLECHE: Thank you for that question. I know that we have been very worried about the staff level and the minister is also worried about maintaining good prices. Part of the strategy of having our own equipment was - as I explained - not to take over the industry and do it cheaper, but to maintain good pricing.

We're very aware of that issue, MLA MacMaster. We want to ensure that there are many players out there who can bid; that the industry isn't dominated by one big player and everybody else disappears. We'd be very worried about that. Likewise, I think we'd be worried if we were the only industry. It would be the same thing if government took over the business. We're monitoring the situation very carefully. It's not something that changes over night; it's something that changes over time. Our goal is to get the most amount of work done that we can and the best quality work for Nova Scotians.

I don't think there's an ideology about strictly how many players there should be or what size or whether it should be government or not government. The objective here is to maintain our roads and, as all of you MLAs know - I've been out in some of your ridings - we have a lot of roads and they need a lot of work. It's a big challenge, especially given the resources of this province, so we want to make sure we get the best prices. We're going to constantly monitor what we do to ensure that we maintain competition and we maintain the lowest prices. That means the private sector has to be strong, it has to be competitive, it has to have good up-to-date equipment and it does have to make some money on jobs, right? Otherwise it won't have an incentive to stay here. We need all of that. Those are all very important things.

MR. MACMASTER: My next question - the most dominant players we've seen from the information is Dexter Construction. They have about 50 per cent of the market share. What has been the experience for them over the past couple of years? Have they continued to increase their market share and do you have any numbers that you could provide to the committee on that?

MR. LAFLECHE: I think I'll ask Mr. Fitzner to answer that.

MR. FITZNER: That figure has been fairly consistent. It moves up and down a few points every year, but it's always around 50 per cent for many years.

MR. MACMASTER: So if they're staying consistent in a smaller market, there are probably some other players that might be losing business if the market is getting smaller.

MR. FITZNER: What we tended to do when we were planning where to put our plant, was to try to go into the areas where some of the smaller players weren't going and we weren't getting the bids. Mostly the bite we take - and it's a fairly small bite - would probably be in that area of where Dexter Construction would have been in the past. We're very aware of some of the smaller players. We want to have competition so we don't want to do anything that will sort of jeopardize that.

We're often not asked why we don't package the tenders up much bigger to get economies of scale. Although that's true, you may knock a few of them right off of the top because they won't be able to compete with some of the larger players that have the thing, so we try to keep a balanced mix of tenders. We put out some small ones because we know that some of the small guys can take those ones on and if they're local areas and they have an aggregate source close by, they'll have a good bid on those jobs.

MR. LAFLECHE: I just wanted to clarify something. You said a couple of times about a smaller market. I'm just trying to figure out what that means.

MR. MACMASTER: I guess what I mean is that if the government is taking up some of the budget that would typically all be going to the private sector, the market is getting smaller for the private sector players.

MR. LAFLECHE: Let me just address that. Ten years ago, we did about \$126 million, and there's a chart here on our Highway Capital Budget. This year that we're in now, we're doing \$281 million, so the increase has been \$155 million - that's annual. We've gone up \$155 million. Of that, the government portion has been \$6 million, so the private sector increase has been \$149 million. In fact, more than doubled, and we're at \$6 million now. This is why I brought this fantastic device; I actually sometimes need that bigger one, but I'll use this one. So six over 155 - I used to be able to do this in my head when I was a better student. We're doing about - it looks like about 3.8 per cent, 3.9 per cent.

MR. MACMASTER: I guess the next question becomes, where is this going? I know you've only started into the market. I think last year was your second year or so and the first year there wasn't a lot of market penetration. I guess the concern going forward would be if you've got these assets and you've got employees hired to do this work, where are we going from here? Is there going to be more and more government paving of these roads and shrinking of the market for the private sector?

MR. LAFLECHE: Well, the assets we have are the assets we have. Did you want to answer it?

MR. FITZNER: There's no intention to expand on that. I think the purpose of just having our foot in the door was what we wanted, so we'd know when we were getting good prices and when we weren't.

MR. MACMASTER: I think I'll move on to the next question just in the interests of time. One of the things that I noticed and discovered by talking to some of the independent truckers, and I know they're not able to work on these projects that the government is doing, I know the rates they get paid are lower than the rates that we paid to - the equivalent cost rate for the department to run trucks. I know the department is running trucks that have heavier frames and are designed for plowing snow in the wintertime. For that reason, they carry less material.

I may have this reversed, but as I understand it, I think the government would essentially be paying 30 per cent more, because the rates are higher for the government trucks, to haul 40 per cent less material. They can't haul as much material because the trucks are heavier to begin with and they can't go over the weight restriction for the roads. Where would the department, in a chip sealing or paving project, make up that inefficiency for choosing to pay 30 per cent more to haul 40 per cent less material in a project?

MR. FITZNER: I guess one of the answers to that question, we do have trucks that are less efficient than a straight tandem truck because ours are heavily loaded for the winter operation, but we do also have live bottom trucks that are actually more efficient than those working as well. In fact, we do hire a lot of the local truckers as well.

They don't have it written in the contracts like they do for the private tenders, where the 80-20 rule is in effect - they get 80 per cent of the trucking - but we used them fairly extensively this year. That's something we've learned as we went for that and we've had some discussions about that already, about whether it would be better in some cases just to use the local TANS trucks more. After the first year that's something we're considering.

MR. MACMASTER: Okay.

MR. LAFLECHE: I just wanted to add to that. Again, we're trying to amortize the existing trucks we have for other uses over a larger base, which would reduce the real capital cost of them over time. If that works out, despite the inefficiencies they have - some of them you've pointed out - that's a good thing. If it doesn't work out, it's not a good thing.

As Mr. Fitzner said, we're closely monitoring that and we're not tied to any solution. What we want to make sure is that we're getting the very best efficiencies we can for Nova Scotians. That's our goal.

MR. MACMASTER: My next question - we have some concerns about some of the numbers being used, the cost per kilometre before the government started doing the chip sealing. I know that the cost, I think, that was used was \$91,000 per kilometre. Now where we have an issue with that is I believe that number comes from a period in time when the federal government was introducing a number of stimulus projects around the country to assist our economy in recovering from the crash of the stock market and the downturn in the economy. With more money coming into the paving world at that time, more money means, of course, more projects - you get more demand onto the market and the price goes up. We have a concern that those numbers you're using may be a bit inflated for that reason.

Then, if you're comparing them to the department's performance, it may be artificially making the department and the efforts - and certainly no disrespect to the efforts made by the department, I know people are working hard to try to do this work because the government has asked them to do it. They don't even really have a say in it anyway, they're asked to do it and I respect that. But are the numbers artificial that the government is using, or perhaps at least maybe out of line a bit, considering that they're comparing numbers from a time when there was a lot of money out there for construction - not just asphalt, but also for bridge work - that would be driving up the price of those projects, compared to a time now when there is less federal investment?

MR. FITZNER: Those could be factors for sure, but with respect to the chip seal operation, not so much because, as I mentioned before, there really are only two companies that have ever bid the chip seal, Dexter Construction and Industrial Cold Milling and they're basically the same two companies. We had talked to them at the height of those prices, wondering why they were so high and trying to get some explanation and some understanding as to what we could do to lower them. Basically all we really got back was justification for the prices; we didn't really get any ideas on that type of thing.

So they are high, which is why our program was small, which would have an impact. If the program could have been larger, maybe the prices would have been better, but the prices were so high that we weren't doing any of it because it was almost cheaper to pave the road than to chip seal it, which made no sense to us. So we knew when we were

putting the five-year plan together, that pavement preservation and chip seal had to be a big component of it and so we needed to find a way to get better pricing in that area.

I don't think the fact that there was more work and everything, that did apply to a lot of projects - big, heavier projects - but I do recall at the time when that was going on, the initial couple of years, the private sector market for building construction had dropped quite significantly and in many areas, contractors that weren't generally in the highway building side were moving into that to keep their men and everybody working, and in most areas of the province the prices were going down. At the time in Nova Scotia they were going up and that's when we were really scratching our heads to try to figure that out.

MR. MACMASTER: You mentioned that there were only two suppliers for chip sealing, essentially.

MR. FITZNER: Yes.

MR. MACMASTER: Why wouldn't the government take an approach where it would consult with the industry to determine if there are ways to get more than just two companies interested in doing this work, and thereby just letting natural competition in the private sector bring the best price for the taxpayer?

MR. FITZNER: One of the challenges we have with the chip seal is that it's an operational cost. It's not something you can capitalize so it comes out of our operational budget. Just because of the challenges that all government departments have to meet - balancing the budget and that type of thing - you would need more operational money to expand that program significantly. The money is a big piece of that. I would prefer to have a much larger chip seal program because I think that's money smartly spent - it saves the pavements before they deteriorate. That would be the biggest issue, the limit to the dollars we can put into it. So if there's not a big program, somebody else is going to come in because there's not going to be enough work in that particular area.

MR. MACMASTER: Mr. Chairman, how much time do I have left?

MR. CHAIRMAN: Just a little bit under five minutes.

MR. MACMASTER: Okay. Another theme that we've felt strongly about is the timing of tendering. Of course, if tenders are put out later in the year, there is less time for companies to plan to do projects. We also have instances where if the tenders are put out late - of course because of that, the price goes way up and you get fewer bidders, which is one of the things that you've been trying to solve. It would make sense to us that getting the tenders out earlier and allowing companies to plan so they can spread out the work over their own construction season would likely provide lower prices for this work. I guess my first question around that is, when is the appropriate time frame for work being issued?

MR. FITZNER: I would like to have it all out the winter before the construction season begins. Currently we're limited to 50 per cent of the work, just based on financial rules that say we can't spend more than 50 per cent of our previous year's budget until we get a new budget in the Spring, so we have a limit of 50 per cent. That's the goal that we are working towards, to try to have that 50 per cent of the work out.

If most companies have a job, at least an initial job, that takes the pressure off them big time. They know they bring their guys back in the Spring and get going and that type of thing. This year so far I think we have six or seven companies that have been successful in getting asphalt contracts and that's going to be a good start for them this year.

MR. LAFLECHE: I just wanted to make sure you were talking about both the capital plan and the operating - you are talking about chip seal and asphalt?

MR. MACMASTER: Yes. My next question, last year and, of course this year that we're in right now, what percentage of the paving and chip sealing budgets were tendered the winter before the construction season?

MR. FITZNER: This year - you had the numbers there.

MR. LAFLECHE: I think this year it's about 20 per cent and last year 10 per cent, but I may be off. Are they there?

MR. FITZNER: Last year at this time we had 12 tenders, worth \$30 million. This year, the same time, we're got 27 out, worth \$68 million.

MR. LAFLECHE: So roughly this year it's about a little under one-quarter and last year it was about - so that's about maybe 23 per cent. Do you want me to get on this fast calculator here? Last year it was about 9 per cent so that's about where we are. As I said earlier, the minister hopes we can be at a higher per cent next year.

MR. MACMASTER: Would you acknowledge - and I recognize that politicians have a role to play in this well, we take an opportunity to go to see the minister with our priorities for our regions. Would you say there's room for improvement, to increase the tenders up from, say, roughly 25 per cent now to 50 per cent during the winter?

MR. FITZNER: Yes, this year was the first year we actually had the five-year plan out to line up with the Fall capital budget. That was a major change in getting that whole thing, process, moved six months ahead was a major achievement for our department.

Now that we have that, we know with certainty what we're doing next year. All the estimates are being done, the peer review, the engineering designs and that type of thing. So it's showing already. We've already initiated the process for next year so we hope to

improve on that. We can improve, we need to improve. I think we're going to change that cycle so it will become a matter of course over a few years.

MR. MACMASTER: I guess one of the things I think about is - and it was only 10 per cent last year during the winter it was tendered, roughly. I guess we don't know and I wouldn't expect you to know either but the government in power right now could be reducing the amount of tenders they're putting out over the winter so that they're coming out later, to make the numbers for the government-run plants better, couldn't they?

MR. CHAIRMAN: Order, please. Unfortunately, Mr. MacMaster's time has expired. Mr. MacMaster, you can ask for that information later, if you like. Mr. Ramey.

MR. GARY RAMEY: Thank you all for coming in. I think some of the questions I want to ask have probably been covered but just for sake of clarification I may ask them again, or may ask for some clarification on these points.

The first one is, have the number of bids per contract increased since you introduced the in-house plant and crew? Whoever wants to answer that is fine with me.

MR. FITZNER: Yes, the average number of bids has increased. We've gone up. There's a chart in the information that we provided.

MR. RAMEY: That's the one called bids per contract, Mr. Fitzner?

MR. FITZNER: Yes, there it is, it's kind of like a blue big dipper. It shows that at the lowest point, we had 2.6 bids per contract in 2009, and that could range from six or eight bids in one particular area down to having only one bid in certain areas at that time, so the average was 2.6. In the last two years it was 3.9 and 3.7, so there are more bids coming in and that's a very good sign.

MR. RAMEY: So the graph shows that since 2009, the number of bids have gone up.

MR. FITZNER: Yes.

MR. RAMEY: Okay, that's what I needed to know there. How much work does the in-house crew do versus how much is done by private companies? I think that might be on one of your charts, too, but I just want to get some clarification there. If I look at the capital highway budget's 10-year history, is that where that's noted?

MR. FITZNER: Yes.

MR. RAMEY: So maybe I'll ask this in pieces then. Are you saying that in 2011, according to that chart - and correct me if I'm wrong here - in 2011-12 the private sector did \$265 million and the government did \$1 million, is that correct?

MR. FITZNER: Yes.

MR. RAMEY: Okay, and in 2012-13, the private sector did \$281 million as opposed to government doing \$6 million?

MR. FITZNER: That's correct.

MR. RAMEY: And in 2013-14, projected: \$246 million, private; \$8 million, government?

MR. FITZNER: Yes.

MR. RAMEY: So in terms of - and I know I've been at the road builders meetings and so on and I know they have - I guess they have a concern that the government would be taking a piece of the pie that normally would go to the private sector. So given those numbers, and I think you said a while ago - somebody over there said, and I think it might have been you, Mr. Fitzner - that your intention isn't to consistently keep moving farther and farther ahead with more and more government contracts, is that correct?

MR. FITZNER: That's right.

MR. RAMEY: So according to those statistics, and then what you're saying, the government part is not a very big piece of the road-paving work that's done in the Province of Nova Scotia, am I correct on that?

MR. FITZNER: Correct.

MR. RAMEY: Okay, that's fine. Now I heard a lot - and I think it came up this morning, I can't remember which member asked it, it might have been Ms. Regan - I heard a lot about paying less and paving more. I know there was some discussion about that, I think the deputy weighed in on that a bit. Can you attach numbers to that, state specific numbers to that statement, like how much more we've been able to pave as a result of paying less? Is there some way you can quantify it?

MR. FITZNER: Yes. Just the difference in the pricing for the last two years showed a price difference of about \$20 million from where we were three years ago. That money was reinvested back into paving. We were probably able to pave seven or eight projects off the five-year plan early that were out for another year, but because we had the money in the current year, we did them. I think that was about 75 kilometres.

MR. RAMEY: Okay. Now here's another thing that has come up. I've heard this asked by people before - and maybe you've heard it from the road builders - why don't you package or bundle, I guess, the tenders together? I think that's what the road builders want. Can you maybe address that?

MR. FITZNER: Yes, I alluded to that a little bit before. We do bundle, to some degree, but we have to be mindful of the different sizes of the companies. The availability of aggregate in certain areas of the province is limited to certain contractors, so we try to make sure that there's a mix of contracts out there that would allow contractors of various sizes to have a chance to compete. If we make them all big - I mean we could put out the whole asphalt for the year, as an extreme example, as one tender and I'm sure we would get very, very good prices but there might be only one contractor working. In the long term, that's not a good move for us. We want to make sure that the industry stays healthy and that there are more people bidding, as opposed to less.

MR. RAMEY: Okay, thank you for that. Again, I'm looking at the Highway Capital Budget's 10-year history so that takes us back to 2003-04 when it looks like we spent about \$126 million on roads, but in 2009-10 we spent \$325 million. Is that the largest amount that you're aware of in history? I know this doesn't go back beyond that, but that's a pretty big number.

MR. FITZNER: Yes, those are the largest Highway Capital Budgets that we've had in our history.

MR. RAMEY: So since 2009 to 2013-14, they've consistently been higher than ever before. Is that true?

MR. FITZNER: That's true.

MR. RAMEY: This is probably one that a lot of people would want to know about and I'm one of them. In terms of setting the priorities for which roads get paved - and I know we have a five-year plan and I'm very pleased we do because it's out there and everybody can see it and it's transparent and all the rest of it, but how are those priorities set? I'm from rural Nova Scotia and I get asked that quite often and I'd just like to hear your answer on that.

MR. FITZNER: It's kind of on a continuous basis that we're getting input from the public, from local elected officials, from MLAs, from councils, from boards of trade, from citizens on the road; we get inundated with requests. Besides that, we have our own staff out who are reviewing the roads on a constant basis. We take a look at all the roads that we think need to have something done on them and, as I'm sure you are aware, there are a lot more that need to have something done than we can do every year, so we have to pare that down into something manageable within our means.

What we do is we rate the roads. We go out and measure the cracking and surface distortions; we measure the traffic volumes; and we count the number of houses and businesses on the road. We dump these numbers basically into a matrix that we use that yields us a priority rating. Based on those ratings then, we look to pick the ones that we believe will get the most value for the money, keeping in mind that there has to be some equity around the province. So even if one area has the worst roads, we can't go in and just spend all the money in one area. We have to make sure it's distributed because there are needs in every community.

MR. LAFLECHE: Maybe I can elaborate a bit on that because I'm sort of new to the process, as is the minister. We both are new this year so we did take a bit of time to figure it out and we wanted to understand exactly the allocation system. We found it to be - it's done by engineers. Not that that's bad - I can't complain. (Laughter) It's done at a very detached way and, as Mr. Fitzner said, it's very fair.

The minister and I have managed to tour many ridings. There are 52 ridings. I think there are soon to be 51 so our job will get a little easier, but there are a lot of ridings out there; we've toured many of them. We speak to the MLAs, we speak to the local citizens, and we've gone over a lot of the roads and at times someone wants a road done - either chip sealed, asphalt, gravelled, whatever. Then we have to trot out the engineer here to show us the point scores and that's always an interesting discussion because it is done all on a scoring basis. There is some flexibility to that, given that you can have a score at the upper end or at the lower end. Sometimes you're at the boundary of what we consider cut-off for the year.

It's all done in a very fair system and we've tried to take into account, also in consultations with local MLAs, all of their requirements. MLA MacMaster, I think, took a bit of a hit earlier because he insinuated that maybe the MLAs were delaying some of the tenders, but I actually haven't found that. The work was pretty well all done for all MLAs who were interested in the Fall. The minister did it in the early Fall and got a lot of that out of the way. There are, of course, one or two little issues that crop up during the year, but most of the work is done. Then that's all fed into the big system that is given to me and the minister by the chief engineer and then final decisions are made, so it's done in a very detached way.

Now there are things that happen during the year that we have to go in and work on. There's a bridge that may suddenly need work that we really didn't have on our radar screen or there's a flash flood issue - an Act of God so to speak - and we have to go and do some work. You may have seen the work we did up in the Truro area in the Fall. All of this does change little things but in general, the plan is pretty set out in a detached way.

I think most MLAs who want it, have had good input. I've toured ridings of all different MLAs - Opposition, government, ministers, whatever you may be. So those who are interested and the citizens who are interested do call me and do call our staff. In fact in

many cases the very best relationships between MLAs and citizens are with our district directors or area managers, none of whom are here today. I think Mr. Fitzner was at one time a district director and an area manager and can explain, if need be, how that works.

A lot of times the minister and I will not get the call because the MLA in question - and there was one, he has left now, Mr. d'Entremont - is very familiar with the local staff and deals with them and he really doesn't bother us unless there's some emergency.

MR. RAMEY: I do have to say that our manager Steve MacIsaac and also Matt Covey and Gord Delano are very helpful to me in my area so I know that that is, indeed, the case. I do have some other rural MLAs sitting on this panel with me and I know they are anxious to ask questions, too, and I don't want to hog them all, even though I know we've got a little time coming up at the end again. I'm going to turn over to my friend and colleague, Mr. MacKinnon, I know he wants to ask some questions as well.

MR. CHAIRMAN: Mr. MacKinnon.

MR. CLARRIE MACKINNON: Thank you very much. One of my favourite questions at Public Accounts Committee is sort of geared to comparing Nova Scotia with other jurisdictions. Here in Nova Scotia we are responsible for the majority of the roads in the province. In some other jurisdictions that is not the case.

In my constituency, for example, there are 931 kilometres of roads that are the responsibility of the province. In some cases we are servicing areas - many of we Scots built by the heart rather than the head so we built in the mountains and the valleys of Pictou County and along rivers that need bridges to cross and so on. So please, a little comparison, if you would, with other jurisdictions and what problems that actually make Nova Scotia involved with that other jurisdictions may not.

MR. LAFLECHE: I'll pass it over to Mr. Fitzner afterwards. At a very high level you are correct, we are very different than many other provinces in that the province owns most of the roads, with the exception of HRM and CBRM. So the gas tax can be a bit of an issue but also the Building Canada program. We are hopeful that there will be a renewal of Building Canada in the next federal budget. We don't know, any influence that any of the members on that side of the room can have would be very good and we are hopeful there will be good levels in the next Building Canada.

Some of the provinces are advocating for things that in their province are really big, like subways. We are advocating for roads, municipal waste and sewer infrastructure, different things. I'm sure you've seen what we're advocating. It varies from province to province, they really want subway extensions in Toronto and Montreal and that would be their focus, so every province has a different focus.

In our case, when it comes to the municipal focus, a lot of the municipalities want to focus on what they own and not the road system because they, in the majority, don't own it here, with the exception of HRM and CBRM, so there's always a bit of a give and take and there's a bit of a difference in how we advance our position in Ottawa from some other provinces.

You are quite right, we would be very happy for more municipalities in general to take on some roads. Last summer I visited a large number of roads in Kings County and Annapolis County, which we - even subdivision roads, which we own, which in other provinces would be owned by a municipality. Those differences create differences in the funding streams and in the way we approach federal funding. Bruce, do you have something to add?

MR. FITZNER: I will just mention that in Nova Scotia, approximately 90 per cent of the roads are owned and maintained by the province and 10 per cent by others - municipalities, federal government. In other provinces, it's almost the exact opposite where 20 per cent is just the main highways - for instance, in Ontario and Alberta - that are being maintained by the provincial government, and the towns and municipalities do the rest. That presents some unique challenges for us because, as we know, the local roads in many cases aren't assets; they're more like liabilities. We would love for the municipalities to take them on, but they're a little leery of that, I think, until they're in better shape, but we're working on that.

MR. MACKINNON: I was a party to a chart showing the 18 counties in Nova Scotia and after the department got involved, the asphalt prices in all 18 counties dropped significantly. Do you have any comments? I guess what I'm looking at here would be - let's go to the paving plant and the chip seal crew scenarios. We've already touched on this a bit, but I really want to dig into it. How do tender prices per kilometre compare when you look at the average price before the government crew versus after? I have a series of other questions related to this.

MR. FITZNER: Basically the tenders are down approximately 20 per cent or more for asphalt prices for the last two-year period. That's across all counties, almost.

MR. MACKINNON: Looking at the chip sealing prices, how much have we saved on chip sealing since the implementation of the government crew; is there any figure that we can - and realizing that we're just getting started in this process? It's like the comments about learning English from Mandarin type of thing, from the deputy a few minutes ago.

MR. FITZNER: What we did was we looked at the prices that we were being charged in 2008-09 through 2010-11. We took the average of those and then we looked at what the prices were both in the private sector over the last two years, as well as our own crews over the last two years, and we calculated that the difference was \$7.52 per square metre, which . . .

MR. CHAIRMAN: Order, please. Unfortunately, Mr. MacKinnon's time has expired. Mr. McNeil, you have 16 minutes.

HON. STEPHEN MCNEIL: Over the last year, combining the chip seal and the paving that the department has done in the Province of Nova Scotia, what percentage of tenders has the government won?

MR. FITZNER: We do probably - maybe, Gerard, you can say that. How many projects would we . . .

MR. MCNEIL: What percentage would it be? I've heard different numbers here today: .03 per cent, I've heard 3.4 per cent; I've heard 4 per cent.

MR. FITZNER: The amount of work, for instance - let's look at 2013-14. On a \$246 million budget, the part done in-house is \$8 million, so that's eight divided by \$246 million - whatever that is.

MR. MCNEIL: Let's be clear - that's \$8 million worth of work that you have hand-picked. You have not won a single tender.

MR. FITZNER: Right, we don't bid.

MR. MCNEIL: Right, I just want to be clear. So you've got \$8 million worth of work. There's \$246 million outside of that that the private sector is doing. You're not tendering against them, yet telling us today that you believe that because you have a paving plant that you're not competing against the private sector with, you're not outsourcing, but it's driving down prices. How does that work? If that's really the issue, why aren't you tendering on every project? Just imagine the money you could save if you tendered on every project.

MR. FITZNER: Because I guess when we were tendering on every project, the prices were higher.

MR. MCNEIL: So at one point if you were tendering on every project and the prices were higher, how can you now be tendering on none but driving the prices down, because you're not tendering on anything right now?

MR. LAFLECHE: I think if I understand the question - actually we're not understanding it.

MR. MCNEIL: Well let me clarify it then, deputy, let me clarify it. You're sitting in here today telling the people outside that because you are now competing against the private sector, you are driving down prices. Right now you're not competing against the private sector because you haven't tendered on a single project in the last two years.

You've handpicked a number of projects so you haven't tendered on a thing and you haven't competed against them. What you've done, quite frankly, is move the government into a business that in my view, is unnecessary to be in and you are taking credit for driving down prices when, in actual fact, it has been outside sources. It has been what has been happening in New Brunswick, it has been the competition that has increased in Nova Scotia that has driven down prices, in my view.

So to go back to my point, if you believe the fact that you're bidding on tenders - which you're not - is driving down prices, why aren't you bidding on more? Why aren't you driving the price down? If you can do it so much cheaper than the private sector, why aren't you?

MR. LAFLECHE: Well I think we said earlier that we have not been claiming we can do it cheaper than the private sector. But let me go back to . . .

MR. MCNEIL: Hold it, just let me clarify that. So if you can't, right - you're saying you can't? I want to make this clear, so you are not doing it cheaper than the private sector, is that right?

MR. LAFLECHE: Well no, we've talked about goal. Our goal was to not out-compete the private sector, our goal was to lower the prices.

MR. MCNEIL: If you can't do it cheaper, how are you driving down the price?

MR. LAFLECHE: How are we driving down the price?

MR. MCNEIL: Yes, if you can't do it cheaper than the private sector, how are you driving down the price of paving in the Province of Nova Scotia?

MR. LAFLECHE: Well there's a threat that we could do it cheaper, but our . . .

MR. MCNEIL: With all due respect, deputy, it's \$8 million that you're doing and \$246 million outside, none of which you're tendering on, none of which you can actually provide the people of Nova Scotia tender sheets that actually proves you can do that \$8 million cheaper - not a single or even what your total costs are, what your true costs are for that \$8 million that you're doing. You cannot provide the people of this province a true tender sheet, just like every other private sector company has to do. How did you depreciate your equipment? What men did you charge against it? Have you used the wages and benefits against those men? Have you put those against a single package? Where is the tender sheet for one kilometer of that \$8 million worth of work you've done.

MR. LAFLECHE: Well if I can get a word in here a minute, I'd like to say that first of all we have produced a sheet - let me see if this is it. This is a chip seal cost centre. Do we have a similar for the asphalt? Yes. So we have produced what you're talking about.

I want to get back to your concept of us tendering. I don't believe that New Brunswick tenders. So you're thinking that we would put out the entire \$246 million of work and we would have our own crew then tender on that work, like everybody else?

MR. MCNEIL: No, that's not what I'm saying. For example, it was brought up today, there was a tender done in my riding that you couldn't do that went out to the private sector in the end. What I'm asking is, at the very beginning why would that tender have been put out if you had chosen you were going to do the three projects in Annapolis County, for example, you put them out to tender, you compete just like every other private sector company would compete for those three tenders and if you win the tender, you do it.

MR. LAFLECHE: Yes, I think that's what I just said.

MR. MCNEIL: Because that's not what you're doing, right?

MR. LAFLECHE: No, that's not what we're doing. So what you would like us to do it put out the \$246 million of work and then our own crew would tender on that work and see if they won any?

MR. MCNEIL: I would think that would be the most logical thing if you actually believe in your ability to do it cheaper. What I'd like you to do, quite frankly, is get out of the business of doing paving. That would be what I would like you to do but that's not my choice.

MR. LAFLECHE: You know, we've explained the reasons why we got into the business of paving and the overall objective is to lower costs for Nova Scotians. Going back to my talk at the Road Builders Association and the question of, how would we know if we're having an effect, we're not going to know early on if we're having an effect. What we do know is that our prices are not out of whack early on. There is a learning curve, like the private sector has and we hope to get to a point where we will be cost-competitive, but that's going to take a little while to know. Getting back to when we will know that - we've sort of targeted it after three years for the chip-seal and after three years for the asphalt plant. We will look at the results; we will have an audit. I have talked to the internal auditor about this, and probably it will take three to five years.

Now, frankly, for some people, that's too long because, like yourself, they would just like us out of the business, but we got into the business for a reason. The government didn't sit down and say, we want to be in the asphalt business. What happened was that they looked for ways to do more road work for less money. The department, through its officials, sat down and thought about how they could do that and one of the ways they thought is - let's go back to where we were 20 or 30 years ago when we had a bit of our own crew on the road and see if that has an effect. Well, immediately . . .

MR. MCNEIL: Excuse me, I know what the government's rationale for doing it, but you're not tendering on anything. What you're doing is, you're pulling out 20 kilometres here - and in total I think there's 54 kilometres you've paved. So you're pulling those 54 kilometres out without ever putting in a competition. It just doesn't make sense that those 54 kilometres that you've pulled out and decided to do has now scared every other private sector when it comes to delivering pricing for the rest of it.

You know that has never worked in any other way that you could look at governments working on this project. The fact of the matter is, there's been less work in New Brunswick; it has driven people into the province. The fact of the matter is, there has been another big contract come into the Province of Nova Scotia to drive down pricing.

I would like to ask Mr. Fitzner a question, if I could. The Pavement Preservation Program - maybe you could give me a little bit of an explanation to that.

MR. FITZNER: There are a number of different components to it, but basically the concept is that we go in before a road totally fails and put some sort of treatment on it to extend the life so that your long term cost benefit is better. That can include anything from a micro-seal that we use on 100 Series, it could be a single-lift overlay on a local road, it could be a chip-seal on an asphalt surface, crack-sealing - those types of things.

MR. MCNEIL: It's a thinner surface, if I understand correctly.

MR. FITZNER: Yes.

MR. MCNEIL: If you put that, for example, on a particular road in Annapolis County and resurface the road, you would consider that a new kilometre of paving.

MR. FITZNER: Yes, it would be extending the life of that paving at a higher surface level.

MR. MCNEIL: But I'm looking at the numbers that you're using about how much paving you're doing and the number of kilometres you're doing. So in actual fact, what we're doing is resurfacing some of our better roads with a thinner layer to preserve them for longer periods of time.

MR. FITZNER: Right.

MR. MCNEIL: It's a bit of a red herring to be able to say that we're paving more roads. What we've done is, we've changed the philosophy. We're working away at our worst roads a little bit less and resurfacing some of our better roads to try to keep them lasting a little bit longer.

MR. FITZNER: Right.

MR. MCNEIL: Because in the old days, what government would do and what departments would do would be focusing on the roads that were in the worst shape. They would go in and they'd work on those; at the same time, some of the other ones that were in better shape were being left alone. Am I correct?

MR. FITZNER: Exactly, and then they would fall into that state of disrepair. So for the overall system, by doing the pavement preservation, your overall system improves, as opposed to just going and to fix on failures, right?

MR. MCNEIL: I'm not suggesting that it's - I just want to make it clear that we understand the philosophy. Basically what we've decided to do is go into some of the places where there are better roads and put a thinner layer over them to try to preserve them over a period of time and account that for the same distance as if we've gone in and completely pulverized a road and built it up and put that in as the same distance kilometre-wise, even the cost is less, right?

MR. FITZNER: Right.

MR. MCNEIL: As long as we're clear, I think that's one of the things, because I can tell you, one of the frustrations that I hear - not just in my county, but across the province - is that we've resurfaced a road that has been okay and it looks like, there must be an election coming, I hear. They smooth it out as thin as they can to preserve it and yet I had to drive over one of the worst sections of road going. You and I have had many discussions along with about the Number 10 road, for example.

So in the minds of Nova Scotians, they're trying to rationalize why government would be putting a thin layer over a road that is in relatively good shape and ignoring what are real hot spots, in terms of paving.

MR. FITZNER: The answer to that is that if we simply chased the worst possible roads, it costs probably three or four times more because you basically have to rebuild them, that you'll save those roads. Usually they're the lowest-volume roads so there's fewer people using them while, in the meantime, you're letting the main roads deteriorate that everybody uses, so they're going to end up costing you more, right? So it's hard to explain to people why you're paving the good road, I agree, and that takes some time to educate the public on that approach.

MR. MCNEIL: It is, especially when it's pretty difficult to suggest that the No. 8, the No. 10, the No. 12 - all trunk roads - are not heavily trafficked, which they are. Yet we see a thin layer of pavement being put over a road that, quite frankly, doesn't have any more traffic on it than any one of those trunks would, right? So it's really a philosophical decision that has made: take as much blacktop as we have, spread it as thin as possible over some of the roads and get as much covered as we can, to make it look like we've paved more.

MR. FITZNER: No, it's not to make it look like we've paved more. It's so that the overall quality of the system goes up instead of down. So individual roads - some of them are shot and if you don't do anything to them, they are not going to get any worse, they are totally shot. Whereas if there's another one at a critical point in its life that if you do nothing on it now in five years it will be shot, but if you put a thin lift on it at a very reasonable price now, you'll get another 10 or 15 out of that so you've reduced some of your future problems. Which in theory, in the end, allows you to spend more money on the local roads but it takes some time to get there.

MR. MCNEIL: How do you explain that to a Nova Scotian whose road has been deteriorating for two decades, while they've been watching, quite frankly, a good investment on the No. 1s and then over the last little while being told that we need to invest in the main arteries because that's where people are going and the trunk roads will come next. Then you turn around and say well we've done the main arteries, now we're resurfacing the main arteries because it's about eight or 10 years later, and the trunk roads are still suffering.

What do you say to that Nova Scotian who is living on that trunk road? After a while, they're not listening?

MR. FITZNER: No, and it's hard to have that discussion with them because they see what's going on on their own road. I guess the fact would be that if you let the main roads go and did all the local roads, you'd have a more serious problem, right?

MR. MCNEIL: Well I'm not sure that's the case but I think more there's a philosophical thing - I'm not saying from the department's point of view but if we spread as much as we can even over roads that don't need it, we feel like we're doing something.

I do want to acknowledge before my time is up, I want to acknowledge your staff who I deal with. I deal often with both of the base managers in my own riding of Annapolis and with the regional manager and Steve MacIsaac, who I think represent your department extremely well in a very difficult time. We don't always see the same way of how things should be done but I can tell you that I respect the work that they do and it's always done in the best interests of the people I serve the constituents of my riding and obviously the adjacent ridings because it's a big territory. There's a tremendous group of men and women working for your department and I would encourage you to rely on them. I don't know how much you do and I don't want to make an accusation that you're not because I know that you are out with them on my roads.

I would encourage you to listen to them because they have a great insight that even we don't get as elected people because they get the calls when there's a pothole somewhere as much as we do, they get the calls on ditching on the roads and the traffic and they really do understand the geographical part of the province that they have been commissioned to look after. I just wanted to put on the record that you've got a great group of men and

women representing you and the department down in the riding of Annapolis and I think throughout southwestern Nova Scotia. Thank you.

MR. CHAIRMAN: Order, please. Mr. McNeil's time has expired. Mr. d'Entremont.

HON. CHRISTOPHER D'ENTREMONT: Thank you very much, Mr. Chairman. It's a pleasure to have the Department of Transportation and Infrastructure Renewal before us to ask a number of questions. I'm going to start off with some sugar first and then maybe we'll get some other medicine as we roll down. (Laughter)

I just want to thank the department's attention to a 100-year old bridge in my constituency. We do have a webcam. So if anyone wants to see the construction of the Indian Sluice Bridge, there is a webcam now on the department's Web site that they can watch the work being done there. There's a meeting this evening - I'm going to try to get to it - to talk about the security of the old bridge and trying to understand what the outcome is in case something happens to the old bridge in the two-year span that we're building the new one. But there's a fair amount of work going on there right now. It's looking really good already.

There is also a substantial amount of work already being done because of the weather, because of the contractor that's doing it - Dexter Construction, of course. There has been a red army of trucks going down Highway No. 308 to Surottes Island over the last number of weeks and it's very noticeable. The amount of sugar that I can give is, thank you so much for that attention and it's looking good for the future. Maybe you can comment quickly on that one before I get into the other stuff that I want to ask. The bridge itself is a \$15 million construction, and I want to thank you guys and the previous minister for that.

Going back to the paving machine, so far what I have seen is a department really trying to justify what it was told to do - trying to find uses for a paving plant and chip seal. We've already failed to meet the targets last year from some of the questioning that we already had. I was just sort of wondering, as we were putting together the paving equipment, we all heard that parts were late and parts were being trucked in and all that stuff. I'm just wondering, how much was lost of this paving season, or this last paving season, because of the set-up time it took and the parts that were missing to get that paving plant running?

MR. LEE: We lost practically two months. The plant began operation on August 5th, but the crew was kept busy; they were helping get the roads ready in Victoria County that we were paving and they were also assembling the plant.

MR. D'ENTREMONT: Maybe I'll give the opportunity - okay, well, I think the deputy has something, but maybe my next question is, what parts were missing and why

were they missing? Our understanding was that there were parts from Chicago or from different locations that needed to be finally all put together.

MR. LEE: We had delays at the border, at Customs, two- and three-day delays there for parts coming through. The asphalt storage tank took longer to complete than we thought. Then we had some issues with some other parts of the plant that when we started to fire it up they broke down and we had to get new parts in. We did get going on August 5th, but the crew was busy doing other work.

MR. D'ENTREMONT: So because you were two months late, you had to basically extend the season of the plant itself, depending on the weather, but you didn't have to go out and contract some of that work that it was slated to do. I'm just wondering, how much had to be tendered to help you catch up on your project?

MR. LEE: We tendered the work on Annapolis-Digby, which we already had a material supply tender in place. Spicer Construction had a site for us to put our plant in and they were supplying all the materials, so we tendered for just to mix and place the asphalt. That came in at what we estimated to be \$1.1 million, which would have cost our own plant, our own crew, to do. That came out of our \$10 million budget. It wasn't extra money; it just came out of the asphalt plant's budget.

MR. D'ENTREMONT: That's my next question, which budget did it come out of? Did it get counted towards the plant's money or did it get tendered as a private contract - because ultimately, it was because of the lateness of the equipment that you had to go and spend that extra money?

MR. LEE: No, it came out of the asphalt plant's budget.

MR. D'ENTREMONT: Going back to what my colleague was talking about before he ran out of time - talking about pushing back the season, so basically looking at the number of tenders that are available. We had a long discussion already about the tendering process, trying to do things early. It seems to be subsequent governments still have that trouble of trying to get that amount of tendering out, but isn't it really that if you push it further out, you're pushing the projects out so you're actually running into a better flow of money or trying to save money because the finance masters are saying, listen, we want you to be a little lean here because we don't know how much money we're going to have at the end of the year?

MR. FITZNER: I can assure you, I don't want to give any of that money back. When I get that budget for the year - I know the state of the roads and we do our level best to spend that money. In my experience, mostly the government is more disappointed if you didn't get it spent. They allocate it and they give it to you and they want you to spend it and that's our mandate so we don't pull back on it to try to just make the budget balance.

MR. LAFLECHE: The other thing, to bring a point, if we don't get something done with a five-year plan, a capital plan out there, it's still in the plan and we have to do it the next year, so all we're doing is creating a bigger pressure for the next year, to amplify Mr. Fitzner's comments.

I just want to get back to something you were talking about in your opening comment, about the department trying to justify. The department actually came up with a proposal to get into the chip seal business and the asphalt business and presented it to Treasury Board and Cabinet; it wasn't the reverse. We came up with it as a cost-saving measure. That's one of the first things I asked when I came on board - where did this thing come from, what's the origin of it?

The government looked at the business case, which I think you've all received in the package, and made a decision that this was worth a reasonable risk to try and get more kilometres paved and more roads maintained for less price.

MR. D'ENTREMONT: All right, let's go back to that for a few minutes. I do have a few more questions that I was going on to but since you pulled me back into that one, let's ask the question. I look at it as putting this equipment in place, purchasing it, spending somewhere close to \$10 million for all this equipment, training our workers to do it again because probably some of that institutional memory probably wasn't there anymore - some of the guys who would have been running the first one, back in the early 1990s or late 1980s, weren't around. So we went and spent all that time, and probably had to spend a little more money on getting trucks and things ready.

Going into this, I look at it as a bit of an intimidation issue. Didn't we have a better handle - or work with the Road Builders Association or with the companies themselves, to understand what was going on? You already said at some point here that we were trying to get a window into the industry. What was happening with the industry? Were they trying to snow you? Why did we have to go and spend all this money to get a window into the industry?

MR. LAFLECHE: Well we put together the business case we did there and, as you see, we're spending about \$250 million a year on roads. This is a big - over a decade we're over \$2 billion. It's a long-term investment and that's why analyzing it in one year of asphalt plant is not really reasonable. We obviously have to have a commitment to this for a few years and we'll see if it works or not.

Once we got into it and the decision was made to get in based on the department staff's business case and presentation to Treasury Board and Cabinet, we're in it for three or four years and we've got to do our best to make it work and we'll probably be in it for longer. The savings are only achieved over that longer term. At this point we have no reason to believe that it isn't working.

To the point about the road builders, I'm very sensitive to that. I come from a past where I dealt very closely with the industry sectors so I'm rather fortunate there's none of them up in the gallery.

MR. D'ENTREMONT: I'm sure they're here.

MR. LAFLECHE: They're here in spirit. I've tried to work very hard with them.

The Leader of the Opposition, Mr. McNeil, made a comment about the degree of concern of the road builders. I was surprised at the degree of concern they had over the small volume of work and over the small amount of resources we had in here. They seemed to still have that concern so I'm working very hard to understand that and to ensure that they are, in fact, not concerned about what we're doing but rather, they see it as beneficial to them and us. That relationship is very important to us.

I guess the minister and I are both a little dismayed that when we first came on, our first meeting with them - I think it was in July, Bruce - let's say we were a bit fried by the road builders over this. We've worked hard to understand why we were fried and to turn down the temperature.

It's a long-term program, it's not a program that is ramping up. It is ramped to where it's going to be but there is a learning curve and that learning curve happens in the first few years, hopefully with the benefits then being over the rest of the program.

MR. D'ENTREMONT: Quite honestly, I still think that had we worked with the private industry and found ways to get around it, we wouldn't have had to go spend \$10 million and we wouldn't have to be trying to learn how to do it and trying to see what the long-term viability of this is. These are taxpayers' dollars and looking at the needs across the province, whether it's in the Department of Transportation and Infrastructure Renewal or whether it's in any other department of government, that \$10 million would go a long way. Let's hope that out of that \$250 million of road paving that this goes to help some of our private companies that employ hundreds of employees across the province that help out the economies of rural areas that sometimes our stuff doesn't necessarily do or the government stuff doesn't do.

I don't see it as a long-term issue. I'm hoping that it will get phased out like it was back in 1993. I know full well why it was phased out: (a) it wasn't working very well, and (b) the equipment was crap, so it was all breaking down, so you had to make a decision one way or another. It's our feeling that this is a trial that didn't have to happen because there were some other avenues that we could have gone.

My next question really revolves around the \$250 million of paving. If we can go and do \$250 million of paving and we're allowed to spend 50 per cent of last year's budget to go out, how come we're not tendering \$125 million worth of stuff ahead of time so that

the companies aren't ready to go? I know we did talk about how much we're actually tendering out. It seems like a very small amount at this point, considering the \$250 million, but I'm going to guess \$250 million is not the number that we're supposed to be using here. Maybe I'll ask what the base is that we were supposed to work from.

MR. LAFLECHE: The minister and I have the same question and the man to answer it is on my left.

MR. FITZNER: The \$250 million is the entire capital budget for bridges and major highway twinning. The paving budget itself is around \$125 million, approximately half of that. The question was, why isn't 50 per cent out now? Well, basically we still have a little bit of time because the paving season won't start up until late May, so we still have - we're February now, we've got \$63 million out - March and April and so we've got a lot of tenders in the hopper that will keep coming out over that time so that when they start in the Spring, there will be a lot more work out. We're working hard at that.

The other thing I should note, too, is that there is what we call carryover jobs. They're multi-year jobs that there's money - the tender was done last year, but it's carrying over into year two, so there's probably \$30 million or \$40 million on the street already with that work, so if you add that to the \$66 million, \$100 million of that work is committed already to the contract.

MR. D'ENTREMONT: Here's hoping. I'll keep my fingers crossed that you guys can get it all out and we'll hear fewer complaints coming from the industry and local folks looking for their roads to get done.

When we go to the chip seal - and this is something that we've seen already - that as the chip seal was going around, we've seen a number of roads and sort of underlined by people at the Road Builders Association - they're showing us some pictures of work that had to be re-done. If this was being done by a private company, they would cover it under warranty and taxpayers wouldn't pay twice, but since you guys do it, it's kind of your budget that fixing has to come out of. Is that going to happen a lot or was that some anomalies that the mix was wrong or the bed was wrong or something that you're going to be able to fix in the future?

MR. FITZNER: Maybe part of the issue is that the chip seal process - especially the double chip seal process where we're doing the gravel roads - is not a single-year process. It's a multi-year process, so the idea is that we go in the initial year, we put some gravel on; we lay the double chip. We expect that there will be some soft spots develop; that's anticipated. We let that happen over the next couple of years and we go in then, patch them up temporarily and by the third year it should be fairly well stabilized and then we'd come in and put the final seal on it and then we should be good for another seven years. It's expected there will be some localized breakups. It's not the chip seal itself that has failed,

it's what's underneath that has failed, and then a heavy truck gets on it and that type of thing.

For the contractors, if a similar thing happens, for instance if we prepared the bed and they put the chip seal down and it failed because of the bed, we wouldn't make them fix that. So in three years time we'll reseal that road as well; it will be the same sort of process.

MR. CHAIRMAN: Order, please. Mr. d'Entremont's time has expired. Mr. MacKinnon.

MR. MACKINNON: Thank you very much, Mr. Chairman. For a few minutes this morning I was wondering what planet we were on or what orbit we were actually in when the Leader of the Official Opposition was making a strong pitch for the tenderer, the department, to be tendering on the various contracts that are being let. I don't want to deal with the ridiculous for too long. However, the situation is that I think there would be some outcry that we have never heard before if the department was, in fact, tendering on the projects that took place in this province.

I don't want to deal with that for very long because I want to take issue with some of the election comments that were made. What was the biggest year - I know the answer - that we have had for road building in the history of this province?

MR. LAFLECHE: It was 2010.

MR. MACKINNON: So that would be the first year of this government. Now I've been around politics for almost 50 years, being the youngest poll chairperson in the history of the Province of Nova Scotia almost 50 years ago, and I have been in elected office on and off - but mostly on - for the last 42 years. I would just like to make a comment in relation to the paving plant.

Now I am looking at some beautiful roadwork that was done in Bay St. Lawrence, on Bay St. Lawrence Road. The constituency that it is in is Victoria-The Lakes. In my 50 years in politics I have never seen a government immediately looking after an Opposition constituency. I mean this never happened in those 50 years, so I would just like to put that on the record.

Preservation paving - comments were made in relation to preservation paving by the Leader of the Opposition. I've gotten a lot of calls over the years, over recent times, about preservation paving but most people, when I explain to them - most reasonable people - when I explain to them that this is adding to the life of the road by a considerable number of years and the fact that the road was paved in fairly recent years, they seem to say that makes a lot of sense, almost every one of them that I have talked to. How many years do we add to a road with preservation paving? I think it's considerable.

The department convinced me because at first I was saying, that road was paved only three years ago or two years ago and you're putting another coat on it because - well, I guess because it was starting to crack in a few places, but I understand that you're extending the life considerably by doing that. Could you comment, please?

MR. LAFLECHE: Yes, maybe I'll take that for a minute and give it to Mr. Fitzner after. I think that's a very astute comment. Also, the Leader of the Opposition, Mr. McNeil, made some astute comments earlier about the single layer of asphalt. A lot of that preservation or the double chip is misunderstood out there because people don't understand why we're going back. Mr. Fitzner just gave an explanation of why we go back on the double chip. A lot of comments we get are, you've already given a layer of chip, why are you coming back? That's a waste of time.

It's part of the process and probably we don't have time for it today but if anyone wants to, Mr. Lee could give you a detailed, technical explanation of why we come back. I understand, as the Leader of the Opposition, Mr. McNeil, and you pointed out, that this is not exactly understood in the public that well and sometimes I think we should be paving really bad roads instead of pavement preservation or gravel road preservation.

There's a real reason we do this and maybe you could again emphasize those points.

MR. FITZNER: We haven't really sort of abandoned one to the other. What we've done is moved the balance more towards the pavement preservation than it has been in the past but basically water is the greatest enemy of a road bed. When the pavement starts to crack and the water starts to get in and the freeze/thaw cycles come in the wintertime, that's when the damage really starts to happen. So if you're in there in a timely manner - it's usually not two years, usually for a chip seal we're in there after about five years of the pavement and for an overlay of asphalt it might be more like eight years or whatever.

Typically in the past we built a road, beautiful and we just went away and forgot about it and we didn't tend to it. It's just like a house where you don't fix the shingles on your roof, pretty soon you've got serious structural damage that costs you a lot more. So by doing it a little more cost-effectively up front, we're saving big dollars down the road, so I agree with your comments.

MR. MACKINNON: I have a host of questions here but I do want to share a bit of time. Just before turning over to the member for Cumberland North, I want to know if there has been any effort to extrapolate over the next five or 10 years, what we as a province may be saving as a result of having a paving plant and having the chip seal crew. We know for a fact how the actual bids that are coming in have gone down and we realize there are a number of reasons for that but is it possible to extrapolate a potential of saving from what we are doing, as a government?

MR. FITZNER: It is possible. I don't have the numbers here today to give that off the top of my head. It would be significant dollars, I can say that.

MR. MACKINNON: I believe it would be mega millions but I'm going to turn it over to the member for Cumberland North. Thank you.

MR. CHAIRMAN: Mr. Skabar.

MR. BRIAN SKABAR: Thank you. Please do carry on.

MR. LAFLECHE: I was going to say in the handout there is a piece that explains that we have saved approximately \$20 million over the last two years, for whatever reason, in asphalt prices. Mr. Lee could elaborate more on that.

MR. LEE: Over two years in the tendering prices, we have saved \$20 million on the asphalt and \$7 million with the chip seal, so a total of \$27 million.

MR. SKABAR: To that end, I do understand the benefit of having our own plant there. I've been a public servant for 31.5 years and always did take offence whenever anyone mentioned that the private sector could always, every single time, do a better job than the government or the Public Service. When that happens, it's just bad management and that is not happening here. Congratulations to whomever came up with that idea. To me, it's a no-brainer. Of course we should do that.

Having said that, just moving on a little bit - as much as I'm looking forward to Spring, I'm less looking forward to the number of calls I know I'm going to be getting. As a matter of fact, a few weeks ago when my dog went out and saw his shadow and that we're getting six more weeks of winter, I was okay with that, really.

Now one thing about this job of being a MLA is you learn a lot of things about a lot of things. I had no idea how much I was going to learn about roads. One thing my colleague, Mr. MacKinnon, was mentioning is about where the roadwork is being done. Again, the five-year plan includes the major trunks and the major roads. Everyone is kind of looking forward, like where's the Gulf Shore Road on there? Where are the smaller ones? Well, I kind of wouldn't mind seeing some of those on there. I do understand why the smaller ones are not on there, because priorities change for a cause, like when there's a washout or something to that effect. Again, it makes sense to me. Is there a plan for these secondary roads? How far in advance are those plans made?

MR. FITZNER: I can tell you that the Gulf Shore Road is in the plan this year.

MR. SKABAR: I know.

MR. FITZNER: What we determined when we put the initial plan together, and it was new to us, it was going to be fairly easy to predict the condition of the 100-Series Highways and the trunks and routes and how they deteriorate, so that we can guess now what a road might look like in five years.

With the local roads, they were deteriorated to unacceptable conditions in many cases, so we didn't think we were going to be able to look five years out because the conditions could change radically in any given year. We just do the local roads and we do include them in the plan, but we only do them for the current year of the plan. We don't go out five years for them. It's just because the conditions can change so wildly. If something happened on some other roads and they get much worse, then we'd have to move stuff around and we didn't want to be cancelling stuff off the plan. So we started doing them one year at a time.

As our confidence builds in our predictions and how we can put them in, maybe we expand that later. Already we're doing internally like a three-year plan for local roads but we don't publish the whole three years. We're starting to work for that direction.

MR. SKABAR: So we would have access to the three-year plan for local roads?

MR. FITZNER: It's not an official plan, it's just a draft. It's our own staff developing - we've asked them, to help speed up the process, to look three years out and see what your local road needs would be.

MR. SKABAR: So a notional plan, like that's the . . .

MR. FITZNER: Yes, a draft, a notional plan - a wish list, basically, of what you would see in your district or your area as the most important road. So if you were to talk to Buffy up in your area and talk about what she sees in the next three years for the local roads, you could probably have a pretty good discussion with her.

MR. LAFLECHE: I just want to be clear on that so we don't get a bunch of access to information requests immediately. Bruce, is this a minister's approved plan or is this a staff plan?

MR. FITZNER: This is a staff working document.

MR. SKABAR: Yes, Buffy and my office speak every week. We have a standing call made.

Now when the plan was made - I mean, again, excellent concept, I'm so glad about it. But a number of people in my constituency kind of look at it and say gee whiz, there are only 10,000 people in Cumberland South and 15,000 people in Cumberland North - electors anyway, I'm not sure of the total population - how come Cumberland South gets

like two and a half times more money spent on their roads? Now I know the answer to this, the answer is like it's three times bigger, there's just the plain size of it. It's not just the number of people. Furthermore, my other reply to that was, you drive on those roads, don't you? Well, yes, how else would we know? Well, it's for the good of Nova Scotia.

Now I didn't want to be the kind of member who wants to tell Buffy what to do, how and when to do it. Sometimes it's so tempting, but it doesn't work. The point I'm trying to make here is that we're here, you're there for the good of Nova Scotia, for the roads that need to be done most quickly, regardless of whose constituency they're in. That's my response to my constituents when they ask.

I'd like to see more done in Cumberland North, of course, as would we all, but it is what it is.

MR. LAFLECHE: The good news, Mr. Skabar, as I think I've already mentioned to you and Mr. Baillie, is Bruce and I and Buffy will be up in Cumberland North this late winter or early Spring to investigate all of the roads in Cumberland North and South.

MR. SKABAR: I'm looking forward to it and we'll see you in Malagash. Now for the last couple of minutes, Ms. Conrad has some questions as well, I believe. Thank you.

MR. CHAIRMAN: Ms. Conrad.

MS. VICKI CONRAD: I don't have any questions because I really get what you are doing with the department. Deputy Minister LaFleche, if you don't know already, you have some stellar staff out there. When I was first elected in 2006, the area manager for Queens County, Tim Crowe, came into my office and said, look, I am not political at all, but you're the new MLA on the block and I just want to give you an idea of what my job is. He had taken me for a tour of a lot of roads in Queens County, he explained to me how paving was done, how patching was done, how maintenance was done, what his goals were in terms of working with department staff in making the roads better and safer in Queens County.

In the last several years, all of my interaction with your department has been nothing but met with a lot of respect. I know a lot of hard work is done by all members and certainly the road crews out there. Most recently, I had the good fortune of having a public meeting in my area, organized by some of your staff around the Port Joli by-pass and the new design. I have met a lot of staff in various departments over the years, but I can tell you your staff are to be commended. How they conducted themselves in this public meeting; the engineer, Justin Tanner . . .

MR. CHAIRMAN: Order, please. Your time has expired. Mr. LaFleche, I give you just a very short time - because we're done in a couple of minutes - to do a wrap-up of the session today.

MR. LAFLECHE: First of all I want to thank all of the MLAs, including the Leader of the Opposition and the government MLAs and the other Opposition MLAs for the nice comments they have made about staff. Staff work very hard - you've got to believe that staff take a lot of pain from the public. We get a lot of comments about, there's snow on my road, what are you going to do about it, or you didn't salt on time, et cetera. So staff are feeling the pain - usually all winter. In the summer and the Spring it will be pothole pain. So I want to thank all of you because we have very dedicated civil servants trying to do their very best. I would like to stop there because there might be some more comments or questions.

MR. CHAIRMAN: There was one thing that Mr. Fitzner and the deputy minister talked about - the point score system for paving roads. Could you provide the committee with details on that, please, in writing?

MR. FITZNER: Yes, we have a briefing note that we can provide on how that system works.

MR. CHAIRMAN: The clerk will write and ask you specifically. I would also like to say that staff in my area are very professional. I'm very disappointed you removed a truck and a road grader from my area, which caused some great deal of grief for the staff this year, trying to get the winter maintenance done. Thank goodness it wasn't a really bad winter, but I can't say enough good about the staff we have there. They work very hard, very diligently. They respond as best they can when anyone calls with an issue. I would like to add my name to the fine work that the department is doing, considering the budget restraints you have and all the other things.

Our next meeting is going to be on March 27th; it will be the Department of Finance on the February 13th Report from the Auditor General. That will run from 9:00 a.m. to 11:00 a.m., and from 11:00 to 11:30 we're going to have an in camera briefing with the Auditor General regarding home-schooling.

If there is no other business, a motion to adjourn would be in order.

MR. MACKINNON: So moved.

MR. CHAIRMAN: We stand adjourned.

[The committee adjourned at 11:00 a.m.]