

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, February 26, 2014

LEGISLATIVE CHAMBER

Department of Transportation and Infrastructure Renewal

Printed and Published by Nova Scotia Hansard Reporting Services

Public Accounts Committee

Mr. Allan MacMaster, Chairman

Mr. Iain Rankin, Vice-Chairman

Mr. Bill Horne

Ms. Suzanne Lohnes-Croft

Mr. Brendan Maguire

Mr. Joachim Stroink

Mr. Chuck Porter

Hon. Maureen MacDonald

Hon. David Wilson

[Hon. Maureen MacDonald was replaced by Hon. Denise Peterson-Rafuse]

In Attendance:

Mrs. Darlene Henry
Legislative Committee Clerk

Mr. Gordon Hebb
Chief Legislative Counsel

Mr. Alan Horgan
Acting Auditor General

Mr. Terry Spicer
Assistant Auditor General

WITNESSES

Department of Transportation and Infrastructure Renewal

Mr. Paul LaFleche, Deputy Minister

Ms. Barbara Baillie, Executive Director, Maintenance and Operations

Mr. Dan Leopold, Director, Fleet Management

Ms. Diane Saurette, Executive Director,
Finance and Strategic Capital Planning



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, FEBRUARY 26, 2014

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Iain Rankin

MR. CHAIRMAN: Good morning everyone, I'd like to call the meeting to order. Before we begin I would ask that you place your cellphones on "silent", if you haven't already. We'd like to begin with introductions, starting with Mr. Maguire.

[The committee members introduced themselves.]

MR. CHAIRMAN: Today we have the Department of Transportation and Infrastructure Renewal and we'll be examining the Mechanical Branch Management and also Paving Operations. Mr. LaFleche, I'd like you to begin by introducing each of you there and also to provide opening comments.

MR. PAUL LAFLECHE: Thank you. We're down one person here - Diane Saurette, our Executive Director of Finance and Strategic Capital Planning, has been delayed. Apparently she hit a pothole in HRM; I'll be talking to the Mayor about that. (Laughter) She is coming, she has been delayed a little and I guess she will sit right there.

Dan Leopold to my right is our Director at Miller Lake. He supervises directly the Mechanical Branch at Miller Lake, which is in question here in the Auditor General's Report. To my left is Barbara Baillie, who is the Executive Director of Maintenance and Operations, who takes care of all the maintenance on the highway system and is in charge of provincial operations.

Would you like my opening speech? Okay. Mr. Porter was interested to see how long it would be, it's a page and a half.

Thanks for the opportunity to join you today. I believe it's close to one year to the day, I think it was February 27th when I was here last year talking to this group of a few different members but essentially the same committee. I was there taking about the asphalt plant. It's one year later, time seems to have flown by. I welcome today's meeting to give you an update on where we are with the plant and to discuss the work that is already well underway to make improvements in our Mechanical Branches following the Auditor General's Report.

As you may be aware, Minister MacLellan announced in October the closure and sale of the mobile asphalt plant which is owned by government. This will allow the private sector to take full advantage of the province's \$235 million investment in roads and highway work this year. We've been expending approximately \$200 million to \$250 million over the past several years on highway operations.

Suffice it to say that the road builders are very pleased with this news. Looking up, I don't see Mr. Feltmate up there - the Executive Director of the Nova Scotia Road Builders Association - but he and the road builders themselves, when we met with them, seemed to feel this was a good news event. The minister got a standing ovation at the Fall meeting of the Road Builders Association when he made the announcement.

You will recall that we purchased this plant through public tender for about \$3.6 million approximately three years ago. We are now moving forward in fact to sell the plant and all of the related equipment. We are hoping to get an agreement with the company we bought the plant from, to have them act as an agent, if you will. That agreement is close to being finalized but is not yet signed. They will then assist us in marketing the plant across North America.

We are very interested in getting maximum value for the sale of the plant. That's why we enlisted the services of the original producer of the plant, to ensure that the taxpayers get whatever return they can from the plant sale.

Now, if I could move to the Mechanical Branch for a minute - Dan Leopold to my right is in charge of the one at Miller Lake, but the Auditor General's statements apply to all of our Mechanical Branches. We have six of them in total. The branches are responsible for repairing and maintaining department vehicles, such as our snowplows and road maintenance vehicles. Also, the Miller Lake branch does a significant amount of construction on auto bodies to develop our snowplows. They have to, in effect, put them together from pieces that arrive at the shop. They also build other specialized vehicles such as our bridge maintenance repair vehicle that we recently put in service in the last year.

While the Auditor General's focus was on Miller Lake, as I said, his recommendations do apply to all of our Mechanical Branches and we are treating it as such. Staff are working to ensure that these recommendations are fully implemented in a timely manner. We are working to ensure we have proper accountability in place and that we have the controls that the Auditor General suggested we implement. You will see in the Auditor General's Report, in our response to it, that we have fully agreed with all of his recommendations.

Prior to the Auditor General's Report, the department was already in the midst of making many improvements and had recognized the problems, including greater staff accountability, reviewing our work order system and introducing a preventive maintenance program for our vehicles. The Auditor General's recommendations are, in fact, being used to support this ongoing work. We are hopeful that we can significantly improve the operations of our Mechanical Branch across the province, offer better service to the citizens of Nova Scotia and keep our fleet in better condition.

I would now be pleased to take any of your questions. Some of the finance questions I may defer until Madam Saurette arrives.

MR. CHAIRMAN: Thank you, Mr. LaFleche. We will begin with Mr. Porter with the Progressive Conservative caucus for 20 minutes.

MR. CHUCK PORTER: Thank you for being here. It's always good to have the Department of Transportation and Infrastructure Renewal in front of us at any point in time to be able to ask questions that are very important to certainly every driver that's out there and a lot of others too, I guess.

I want to start on the asphalt plant. You've updated us a bit in your opening statement, Mr. LaFleche, and I appreciate that. You've sort of explained how the sale is going and how that should happen. I guess I'll just kind of ask it this way - there is a Red Book value when I sell my car, what it's worth after a certain amount of time. Can you tell us all in - you said \$3.6 million was the cost of the plant - was that everything to set it in place? Was that the total cost, \$3.6 million?

MR. LAFLECHE: I'm going to allow Barb Baillie, who has been working on that, to answer the question. There are several factors there, as you say, that set it in place, and then there is what we receive for parts of it. There is also depreciation. Barb, could you go ahead on that?

MS. BARBARA BAILLIE: The actual cost of the plant was \$3.6 million, but that included delivery to Nova Scotia; the plant came out of Florida. So it was \$3.6 million and the associated equipment - the asphalt spreader, the rollers, the sweepers, the tack trucks, et cetera - that was \$1.55 million, so with a total of \$5.15 million.

MR. PORTER: Knowing how things depreciate, and they do rather quickly probably, I don't know how this would differ from when you drive the car off the lot, there seems to be, if you took it back tomorrow to trade it, there would be a very quick depreciation on this thing.

I heard Mr. LaFleche say that the goal here is to go through the sale procedure to get absolutely the most money back for the taxpayers of Nova Scotia that you can. What realistically though in dealing with the folks that you're arranging the sale through - I mean, this is obviously a professional kind of organization that does this. What are they anticipating and what should we anticipate for a loss, for lack of a better term, from that \$5.15 million?

MS. BARBARA BAILLIE: Right now on the books, the depreciated value of the asphalt plant is \$2.8 million. The vendor in the U.S. is anticipating somewhere around \$2.5 million to \$2.7 million, I believe, but we won't know the final figure until the actual bids come in.

MR. PORTER: What percentage do the folks who are doing the selling take from that? Is that how it's done? I'm only assuming that's how it works.

MS. BARBARA BAILLIE: Yes, it is. It's a percentage, just like when you sell your house, a real estate agent gets a percentage and I believe it is 6 per cent.

MR. PORTER: So 6 per cent of that. So just using the figures that you used then, and I haven't done the quick math there yet but you probably have, what is the anticipated value then back, if you get your \$2.7 million out of it in the United States?

MS. BARBARA BAILLIE: I have to do one correction, that would be \$2.7 million in U.S. dollars that we are anticipating, which right now there is a 10 per cent exchange on the dollar. We didn't calculate the exact value until it actually sold, then they'll get 6 per cent of the sale price.

MR. PORTER: When it was purchased, was it \$3.6 million or I guess \$5.15 million - were those U.S. dollars or Canadian dollars?

MS. BARBARA BAILLIE: Canadian dollars, yes they are, but the sale price is being sold through the American vendor so it would be U.S. dollars.

MR. PORTER: Again, I haven't taken the time to do the math but just quickly, it is a significant depreciation or significant loss on the equipment; overall, though, probably \$2 million-plus, is that fair to say, if we're lucky?

MS. BARBARA BAILLIE: I think if Diane can answer the depreciation, she would be the better person.

MR. PORTER: Okay, sure, thank you.

MS. DIANE SAURETTE: The actual plant was purchased for \$3.6 million Canadian, we're anticipating somewhere in the vicinity of about \$2.7 million U.S. dollars. As of October 1st past, the asphalt plant depreciated approximately 20 per cent, so there was approximately \$2.8 million as of October 1st on the books. There would be, between October and now, more depreciation of the asphalt plant.

MR. PORTER: So then let me ask you, Diane, is it expected then, and this may be a difficult question but given that you're dealing with an experienced firm in the sale of this thing, is it fair to say that that 20 per cent will be somewhere? Are they confident that you'll get the balance of the other 80 per cent of the value back, of the asset back, or are they - they would be hard to guarantee that, I understand, but I mean these people are in that business. Are they saying, oh look, Nova Scotia, it should be no problem to get you 80 per cent, or are they that confident?

MS. BARBARA BAILLIE: What they told us today is that it's a good time of the year to sell an asphalt plant and the associated equipment . . .

MR. PORTER: It probably is.

MS. BARBARA BAILLIE: People are ramping up now or someone wants to get into the business. They have indicated, as I said, an opportune time to put that on the market. No promises, it's the same as when you sell your house, there's no promises.

MR. PORTER: Yes, that's true. What is the actual age of this equipment now? It took a period of time to get it here and so on. Are we two years or three years old now?

MS. BARBARA BAILLIE: Yes, we ran it the first season for half a season and last year we ran it for the whole season so it was two years.

MR. PORTER: So you're going into what would probably be considered a third year sale, discounted price or whatever they're doing is they market the equipment then. Okay, thank you for that.

MR. LAFLECHE: Perhaps the best thing for us to do, because we're beating around here, U.S. on the buy and then the depreciation - sorry, Canadian on the buy, U.S. on the sale and the depreciation - we will produce a little table so that no one in the Opposition or the media are confused about the figures. That conversation might have resulted in a little bit of confusion about what we're doing.

I want to point out that the depreciation is not a loss, the depreciation is the use of the plant. A loss would be the difference between the depreciated price and what we get and we don't know what that is yet. I think we'll produce a little table, Mr. Chairman, in

the next day or so and submit it back so if anyone could hold off on making conclusions on whether we have a loss or a gain until we've actually sold the plant. We're talking hypotheticals here.

MR. PORTER: Well, thank you, and I certainly understand depreciation. I guess regardless of what it is, whether it is U.S. or Canadian math that you are using, Mr. LaFleche, 20 per cent is still 20 per cent of whatever the number is, that's fine, whether it be 3.6 or 2.7.

I guess I would only say this with regard to maybe a loss versus depreciation, not for me to say I guess but the taxpayers who are concerned about the issue will decide whether it's a loss or not to them when they see what the actual 20 per cent equates to and what they got in value. I guess that's where I'm going to go next, what did we get in value? How much did we actually get done? Do we have a number of kilometres that were actually paved in total? Can we put a price tag on that when we look at comparing maybe that 20 per cent, if that's where we're at? What was the actual value in this? Was this just a bad experience or did we actually get something for our money? That's what this committee is about, as you well know - looking back to see how things work.

MS. BARBARA BAILLIE: In the 2012-13 year, as I said, we only worked for half the construction season. The asphalt plant was, indeed, delayed. Once we received the asphalt plant, we had to commission it. It's not like driving a new car off the lot where usually you have no problems. There was a lot of work to do with the commissioning. In that year we paved 54 kilometres. We had planned to pave 88, and recognizing the delay in the season, the balance of that was contracted out to the private sector.

MR. PORTER: Fifty-four kilometres, was it?

MS. BARBARA BAILLIE: Yes, for the first year we did 54 kilometres. The price per kilometre was approximately \$138,000 - so you'll just have to do the multiplication. I don't have that done here.

MR. PORTER: So \$138,000 per kilometre for those 54 kilometres?

MS. BARBARA BAILLIE: Yes, exactly. And the second year, last year - or this year, I guess, the construction season past, we paved 96 kilometres. That was our projected plan for the season, the 96 kilometres, so we completed all of our work. Our cost per kilometre for this past year was approximately \$116,000.

MR. PORTER: Can you tell me how those figures compare to, say, the road builders or you tender out and you go through your normal process that was done in past years - so breaking that down?

MS. BARBARA BAILLIE: I believe you folks have a chart. Were you supplied with a chart here on the prices over the last few years, in your package? We show a progression over the last six years for the industry prices. They started at \$115,000 per kilometre in 2008-09; last year, 2013-14, they dropped to \$87,000 per kilometre. Our price at that time was \$116,000 per kilometre.

MR. PORTER: A considerable difference, I guess.

MS. BARBARA BAILLIE: Yes.

MR. PORTER: What changes the price? There are obvious reasons why the price of doing business - especially in the asphalt and paving business, I mean you have oil prices and all of that. Does it seem consistent? I just want to go back a little bit because you raised it. Previous to the province having their own plant - and it might be difficult to really show the pattern if there was one - what was the cost of private industry per kilometre prior to Nova Scotia having its own plant?

MS. BARBARA BAILLIE: It would be \$110,000 for 2010-11.

MR. PORTER: That was prior to?

MS. BARBARA BAILLIE: Yes.

MR. PORTER: Then it dropped down \$20,000, we'll say, or \$15,000 - \$13,000 maybe?

MS. BARBARA BAILLIE: Yes, \$13,000, it was around . . .

MR. PORTER: About \$13,000. A lot of that would be with the cost of oil and fossil fuels - up and down, that price probably changes fairly often.

MS. BARBARA BAILLIE: Yes, there are a number of factors. While the price of liquid asphalt is certainly one of those factors, our number of bidders per contract has also increased each year so we have more competition in the Province of Nova Scotia. Also, we've been trying to get our tenders out earlier. The earlier tendering has resulted in lower prices, too, as people can better plan their work.

MR. PORTER: I appreciate that. What was the time frame? Let's just look at the tendering process, if we can a little bit. Maybe we can speak to that as well. Mr. LaFleche, you're looking like you want to speak to that piece - did you? I don't want to cut you off if you have . . .

MR. LAFLECHE: No, I wanted to find the table, and I think Mrs. Henry now has it and she will show all of you where it is. You do have it. I think the important point in the

table, which you were very good to point out to everybody, Mr. Porter, is that - there's the six years. We've got six years of private sector and you see how it does go down. Actually, purchasing the plant was your question, but actually what really probably matters is when we decided to purchase the plant or when we put together the plan; that was back out here when we had significantly higher private sector prices.

They did go down and these last two bars, which are hard to see but are in colour in your material, show our two years of operating costs: the first partial year, very high operating costs around what was \$138,000 - and in the second year about \$116,000. The private sector cost at its highest was just around \$116,000 if you look back. We basically got down to the highest private sector cost in the last 16 years in our second year of operation. I think that chart says a lot for you.

MR. PORTER: Thank you and I guess I could probably build on that by saying the anticipated figure would have continued to go down. Is that the assumption you're making?

MS. BARBARA BAILLIE: That would be truly speculation. As a crew gets more proficient, it could. It also depends on the season you have - if you have a lot of rainy days, your overhead increases so your price per kilometre goes down. So that's really speculation.

MR. PORTER: What is the biggest difference in the private industry bidding and getting the jobs? How come they can do it cheaper than a government-run plant like we've been tested on in the past couple of years?

MS. BARBARA BAILLIE: Well as the deputy just said, we've gotten down to the price. Last year, we got down to the price that the private sector was at six years ago. It would be production volumes probably because your overhead is constant.

MR. PORTER: Was the goal with this thing to do more than you did in year two with 96 kilometres? Would you have anticipated doing more than that, or is that somewhere in the average that the department at the time of making the decision wanted to be at?

MS. BARBARA BAILLIE: That was around where we wanted to be at.

MR. PORTER: So that price would vary maybe a little bit year to year, based on those few variables.

MS. BARBARA BAILLIE: We were anticipating around that figure.

MR. LAFLECHE: If I can add to that, and maybe this is a repetition of what I said last year, the reasons we got into the plant - appreciate that none of us were in those positions, including Ms. Saurette at the time - the reason the department got in it was because the government was looking for a way to reduce paving costs. In many cases we

had a low number of bidders, we had a lot of work being done in other provinces so the interest here - particularly in some of the rural, remote areas - was very limited and we were suffering very high tender offers.

We were looking for a way to reduce costs. One of the ways the officials came up with and submitted to Treasury Board was to look at having a plant of our own. There were several reasons for that and I don't think any of the reasons were to do it lower or cheaper than the private sector. The concept was based on the fact that we had a lack of bidders, we felt we could shake up the market a little bit and maybe get some more private sector competition in. If we did come in with our own plant, it was more of a pilot experiment.

The other thing that was very significant and something we have achieved was if we had our own plant for a little while, we would understand, our engineers like Ms. Baillie, we would understand exactly how these plants work and get to the crux of your question which is what are the costs involved? We would better understand when the private sector submits us a bid, whether that bid was, in fact, a good bid or not.

We gained a lot of information by running our own plant for the two summers. We probably achieved what we needed to achieve for the next little while. We know how plants work, we know the ins and outs of them and we know when the private sector submits, what its cost factors are. So we've achieved that objective.

I guess what I'm trying to emphasize is that our objective was not to actually do the work cheaper than the private sector but maybe cheaper than what the private sector was doing five or six years ago. We were realistic in that we would probably not be able to do the work cheaper than the private sector, for various reasons, if the private sector was truly giving us competitive bids.

Now since the time when we decided to get in, we've had a decrease in volume of work in other jurisdictions and we've had interest from other road builders from New Brunswick and P.E.I. to come here and aggressively bid on work here. We've had new machines purchased here and at least one new operator get into the business here, which results in a lot of asphalt machines in this province; I don't know if we have a total but I think it is up in the mid-teens now. So we've got good potential for competition here in Nova Scotia. We're in a completely different situation than when we purchased the plant; 24 machines are now available in the province and there will probably be 23 if we're successful a little later.

MR. PORTER: So all we have to do is get the tenders out to get them working, I guess, that's what the people around the province would say, especially the condition the roads are in right now, realizing there's not a lot of control. We hear from engineers and so on how the weather has a huge impact - it has been a tough winter all around, nobody disagrees with that and people understand it. What they don't understand is when those machines are sitting idle. In the construction season they want to see them obviously out

working and they want to see those potholes being fixed. I know my time is drawing near and it goes by far too quick, but we'll get to some more of that as I move on.

Obviously - realistically I think was your term - you couldn't do it cheaper than what those outside tenders were, correct? We never did do either year cheaper per kilometre, we were not successful at that?

MR. LAFLECHE: Maybe I can rephrase your question, if the private sector wanted to be truly competitive, we were under no illusions that we could do it cheaper than them, but if they were not competitive and they wanted to submit high tenders, we probably could.

MR. PORTER: Okay, I understand what you're saying and you also alluded to the fact that Ms. Baillie and others and engineers are out there, could engineers from the government department not look at this tender and say - how do you decipher whether or not it's a fair tender? I do realize if there's three, four, five, the number of bidders doesn't matter, but if there's more than one bidder the prices could be significantly different, I understand that, but does the government not look at that tender and go, wow, there's a big number here and there's maybe a fair bit less number here, there's something not quite right.

If you think about value for dollar, what you're getting for the cost of that tender, are you getting the same thing? I would look at that if the prices were significantly different. If they weren't significantly different I would say that must be a fairly decent tender that's somewhat reasonable, but somebody a whole lot smarter than me who's an engineer with the province who's looking at these tenders and saying, I can afford that - how do you not have some understanding of how all of this works? I'm a little, I guess confused and concerned over that very fact.

MR. CHAIRMAN: Ms. Baillie, I'm afraid you'll have to perhaps respond in the next segment for the Progressive Conservative caucus. We will now move to the NDP with Mr. Wilson.

HON. DAVID WILSON: Thank you and welcome to Public Accounts Committee. I know it has almost been a year to the day that you were before the committee.

We'll take some time today to talk about paving operations and I want to be very up front, coming from the riding of Sackville-Cobequid, where there are no provincial roads other than the entrances and exits, I don't get a lot of complaints. But being involved in politics for almost 11 years, having many colleagues from all sides of the floor talk about how important roads are, and just coming off two days of travelling around the South Shore and up Cumberland County, roads are a big issue as soon as you get out of HRM - and they're a concern in HRM also. So paving has been a huge issue for years and years. Every

single MLA in the Legislature hears from constituents about paving and the importance of having the work done on time.

I want to start with the comment that you just made, Mr. LaFleche, around the paving plant that the province purchased. When we came into government in 2009, for example, of course the economics of not only the province and the country, but the world weren't the best and we knew we had a task in front of us to try to get the province back to balance with the huge deficits in front of us.

You mentioned just a minute ago that officials came up with the idea of an in-house asphalt plant. Could you just confirm how did we get to the point where the province purchased an asphalt plant? Was it an objective or was it a suggestion from the bureaucrats that this would be a way of potentially saving money?

MR. LAFLECHE: I wasn't there at the time, but as I testified last year and I had Mr. Bruce Fitzner, the chief engineer here last year, he explained that we were challenged to reduce our paving costs, we were looking for a way to do it, and so this was one of the ideas the department came up with about four years ago and submitted to Treasury Board. It was approved by the ministers of the day at Treasury Board and whether the idea achieved its purpose or not, we don't know because many other things happened.

As I said, there was a change in the amount of road building in other jurisdictions, which resulted in other jurisdictions' bidders coming to Nova Scotia and aggressively bidding here. There was an increase in the interest here by people in operating road building plants. There were many other factors that led to probably a decrease in price here and a more competitive situation in some of the rural areas where we would get multiple bids.

Yes, it was a pilot experiment that was suggested by officials. Ministers adopted this pilot and were very enthusiastic in pursuing it. We are now at the end of it and we are moving on.

MR. DAVID WILSON: Yes, we recognize that and I think the end of it didn't come from the bureaucratic level. It has been very clear and open in the public that the current minister and the current government indicated that they would get rid of it if elected.

With any pilot project - and it can be anything, but specifically this one - was there a mechanism to review the effectiveness or the business case for having an in-house plant like this? Was there a review set out when the past government purchased the asphalt plant to see if taxpayers were receiving a benefit from doing this?

MR. LAFLECHE: There was an original business case, and I think many of the members who were here last year received a copy of that last year and we can produce it again. The business case was a business case that staff drew up to submit to Treasury Board

originally. That business case, as has been pointed out, was made in a different context in a different time with many different variables so it is perhaps not relevant today.

As we spoke about last year, there was a plan to commence a review of the asphalt plant operations around three years in. We haven't gotten to the three-year point so we are not going to be doing that review, but we do have all the data from the first two years of operations. We have all the data from the public tendering process. We know what the private sector is doing. We know the changing market conditions that exist here now, so that will allow anyone who is interested to form their own opinion on whether or not the pilot was a success.

In terms of Nova Scotians getting more paving for their money, this has, in fact, happened. Whether the asphalt plant had anything to do with it, we are unable to say because there were many other factors that led to a decrease in price.

MR. DAVID WILSON: I would agree with you on that and one of the reasons why I don't think Nova Scotians will know, or you can't say, is that there was no review done to see if this was the right move. That was from the onset, I think, of the former government to make sure that things were going forward in a manner that respected the money of the taxpayers of Nova Scotia; ensured that we addressed a huge issue around paving, and paving as much as we could. It's our belief in the NDP caucus that the cancellation of that was premature.

Did you or any officials, when you were given the directive that you were going to sell this, recommend that you do the review prior so that you have the information at hand to either prove or disprove if there were benefits or not benefits from having the plant? Did you recommend to the minister and the current government that maybe we should wait until a review was done to see if this was a good thing to do or not?

MR. LAFLECHE: Well we did not recommend any such review. What we did was produce all the data we could and allowed the minister to take a look at it. We did not provide a recommendation. As I said last year when I was here, we are really unable to say, given the vast number of factors that affected the market in Nova Scotia, whether the asphalt plant had a beneficial effect or not. I think the way I stated it last year, both in the media and here, was that we are unable to say whether it had a detrimental effect.

In conclusion, the market has turned in such a way that Nova Scotians have enjoyed a significant reduction in cost, many more bidders and, in fact, access to private pavers all across the province, including the rural and remote ridings. So for whatever reason, as the previous minister used to state, the situation has turned to the benefit of Nova Scotians and we're very happy that it has happened.

MR. DAVID WILSON: I think it's important that we maximize the dollars we have, to try to get as much paving as possible.

You mentioned in one of your previous responses that things have changed now, there's more competitiveness around the tenders. You mentioned that outside companies are now looking at the tenders. Are you saying that there's more interest from outside Nova Scotia now, here in the province, looking at trying to do some of the paving?

That concerns me a little bit because I want to see Nova Scotians and Nova Scotia companies working in Nova Scotia, so is there an increase? Can you tell me, is there a percentage? Do you know that outside companies from outside Nova Scotia are working now doing some of the work? I know that paving season is coming up. Can you give me any insight on what that looks like? How many companies do you predict would be from outside Nova Scotia doing work within our province?

MR. LAFLECHE: Well, I think percentage is the wrong way to look at it. After the tendering process is finished for the season, we can probably tell you what percentage was won by outside companies. Bearing in mind that outside companies hire local staff in many cases, it's just that the company may be operated from outside the province, or owned.

Last year there were two companies from P.E.I. bidding on Nova Scotia work and, in fact, did some, and one from New Brunswick. I think some of the members opposite pursued this line of questioning last year and pointed out to us that that was, in fact, a good thing. I'm not sure if you're saying that too - probably not - so differences of opinion may exist in the Opposition and in the government on that. But for whatever reason, that helps get the prices down and they do employ Nova Scotia labour. Whether it's in the bridge area or in the highway maintenance construction area, it has resulted in a better price for Nova Scotians.

I should also add that there has been new activity in the Nova Scotia company side, too, so it's not just that outsiders have come in, there are more Nova Scotia companies eligible to bid. For instance, Nova Construction bought a mobile plant last year and after many years of being out of the business, are now back in it. As you may know their reputation, they're a very aggressive bidder so this is good news for Nova Scotians.

MR. DAVID WILSON: What concerns me is that you couldn't say all of those companies will hire Nova Scotians, you said in many of the cases. Nothing against our neighbouring provinces - especially since I married a Prince Edward Island woman - but it's our hope that the work here in Nova Scotia can be done by Nova Scotians.

One of the other areas that I know worked to the benefit of especially Nova Scotian companies, was the fact around getting these tenders out early, or much earlier than historically they had been, so that companies can figure out what their plan is over the coming months and through the paving season. I know it was a criticism for many years.

I know that last year at this time the tenders were out much earlier. Your department reported about 68 per cent of those tenders were out by this time last year. Can you give me the status of this year's percentage of tenders that are out currently?

MR. LAFLECHE: In order to save my dying throat here, I'm going to let Ms. Baillie answer some of that, but first, I just want to address the issue of Nova Scotia workers. You know, the Premier, including many past Premiers of Nova Scotia and other Atlantic Provinces have been very outspoken about the need to co-operate in the Atlantic region so the issue of companies tendering from other provinces does not seem to have been something that they're highly concerned about. What we're very happy about is that we have a number of our companies that are winning tenders and doing very well in those other provinces, particularly in Newfoundland and Labrador.

It works both ways and I believe, though I may be wrong - we can find out from the road builders themselves - I think we're doing very well in winning. Our companies are doing very well in ensuring that some of our Nova Scotians are employed by winning tenders in other jurisdictions. We've got to be very careful about being too possessive about the work in Nova Scotia. With that, I'll pass it over to Ms. Baillie.

MS. BARBARA BAILLIE: This year - I don't have a percentage per se - but this year, as of yesterday, we had 13 tenders either advertised or awarded for a value of \$21 million.

MR. DAVID WILSON: Could you provide the percentage? My math is not the greatest. We would need to know how many tenders you predict will be out there. Would it be possible for you to provide a percentage of the companies - not today?

MS. BARBARA BAILLIE: I can certainly follow up. I don't have that information with me.

MR. DAVID WILSON: Is it less than last year? I would predict it's less.

MS. BARBARA BAILLIE: Yes, it is.

MR. DAVID WILSON: Probably less than 10 per cent.

MS. BARBARA BAILLIE: Last year at this time we had 27 advertised or awarded for a value of \$68 million.

MR. DAVID WILSON: So why would you say there was such a difference? We heard it was a benefit to those companies, especially in Nova Scotia, to kind of predict what jobs they are going to look at bidding on. Why would there be such a dramatic change from last year to this year in getting them out earlier?

MR. LAFLECHE: Well, we had a little event some of you may have participated in called the election; that didn't happen the year before. I'm always in the embarrassing - whether it was in the Department of Agriculture and giving out the annual program grants or here in highways - I never seem to be able to get ahead of the curve because of events in getting things done before April 1st. I did apologize - and the minister actually did apologize even though he wasn't around - to the road builders for the slow nature of the tenders going out this year. Effectively what happened is the capital plan was a little later in getting approved than in previous years because of the issue of the election. I think that's simply it.

The minister and I, and Peter Hackett who is not here today, but he is the Executive Director of Highway Engineering and Construction - we have all committed that we are going to be a lot quicker. In fact, we came from a position of far behind because of the election timing to where we are now nearing where we were before. Every day we're getting more and more tenders out, but we do have a couple of plans in the tender area for the future. These consist of better bundling tenders.

Going back to the issue of rural and remote areas where we were having problems five or six years ago, we're now doing a lot of bundling so that the companies know what's coming and they feel they can more aggressively bid on tenders because they see that we're bundling a larger amount of work in some of the remote areas. So it makes sense for them to move a remote plant for those regions. Those are suggestions that came from the road builders and we're working to implement them.

We're doing what we can to get the tenders out earlier. This year was a blip year because of that election and we're hopeful the capital plan will be out in time next year to get some very early tenders out. The minister has committed to that - as have previous ministers, by the way. I mean, everybody recognized that we will get the best pricing if we get the tenders out early, we get them out for the maximum amount of areas and we bundle some of the tenders so that road builders are able to flexibly bid on different packages of tenders to maximize their operations. They're the best ones to determine how they can get a plant in a certain area or where they can put it; what aggregate pits they could be using in those areas, depending on what access to pits they have, that will get us the best pricing.

So you are asking the right questions. Unfortunately this year, because of that little event we had, we were unable to get as far ahead as we could. So we don't look good with respect to last year, but if you peel us back three or four years we look very good. We are doing a lot better and next year, if you want to ask the same question, you can determine whether I have failed or not.

MR. DAVID WILSON: I would suggest with that comment it's because of the government at the time, it was really good. (Laughter) I would hope through the election - it was really the 51 MLAs who ran - I would hope that you guys didn't take a month off while the election was going on. And that's just a joke, I'm only joking.

I do hope that you recognize the importance - I think you do - I hope the minister recognizes the importance of getting those tenders out as quickly as possible, because like you say, there's a lot of work and detail involved in companies deciding to bid on something and that affects the lives of Nova Scotians who are working. I hope the minister recognizes to move forward as quickly as possible.

I know I have about a minute left so I'm going to ask a quick question. With the decision of the current government to eliminate the in-house plant, were there workers laid off or let go because of that decision?

MS. BARBARA BAILLIE: There were five supervisors and a number of CUPE, our working force staff and no, nobody was laid off, everyone was accommodated in a job. If they had seniority they went back to their home bases and that's covered in the collective agreement.

MR. DAVID WILSON: But would that have maybe displaced someone who might have - a new hire from maybe their region that they came from?

MS. BARBARA BAILLIE: It might have eliminated a new hire. Right now we have a number of people retiring, just the demographic of the province. So until we have all the retirement notices in for this year, you can't say clearly one way or another.

MR. LAFLECHE: The term "new hire" can be interpreted two ways. If you meant someone who's already on staff who was newly hired, then no, but if you meant someone we hadn't yet hired that we might have hired, yes.

MR. CHAIRMAN: Thank you, Mr. LaFleche. That concludes this round for the NDP. We will move to the Liberals, Mr. Rankin.

MR. IAIN RANKIN: Thank you for coming in today to hear some questions from us. It seems like after reviewing a lot of the material and hearing what you've had to say, it's clearly inconclusive whether or not the plant had a negligible effect or a positive effect. I appreciate a lot of the comments to that point; obviously there are some differences of opinions on both sides, so we can't really say that this plant made it more competitive or not conclusively, it's difficult to discern.

It does seem that if we did have a positive impact, the value from the taxpayers, give or take \$2 million that has been taken away from the valuation of the plant, it seems like an awful lot of money if the positive impact is that we somehow learned how the paving business worked better within the department, so I guess that's a little bit concerning for me.

I guess I'm digressing back to some of the comments from the Progressive Conservative caucus this morning where, was it really worth spending that much money

and how is it possible that the department didn't really know how the paving business worked before getting an asphalt plant? I'm assuming from an HR perspective the personnel you're hiring comes from the industry, so to say that the bids, you don't have a viewpoint if the bid that this private company is giving is a good one, I'm just trying to get my head around, what type of people are you hiring within the department and what kind of knowledge did they have within the private sector before they started working for TIR?

MR. LAFLECHE: Well, I'll start and then Ms. Baillie can perhaps - we do have people who come from the private sector. The district director for HRM, Don Maillet, is a former president of the Nova Scotia Road Builders Association and did come from the private sector - he was more on the concrete side - so we have expertise like that. Wherever we can we will hire people with experience, but as you know, I went to engineering school and studied a bit of mining engineering, and I remember getting out in the field and sometimes the theory of it is not the same as pushing the buttons in the field. Perhaps I'll pass it on to Ms. Baillie.

MS. BARBARA BAILLIE: Yes, and we have some other people who work for the department, too; Mark Peachey who is the district director in the Truro area. He also comes with a construction background and many of our supervisors when we hired them came from local construction companies. I'm sorry, but I lost the intent of the question - oh, the valuation of the tenders.

MR. RANKIN: It just seems to me that the only benefit you could conclusively say from this asphalt plant is that you learned a little bit more about how the business works. You can't conclusively say that prices became more competitive, you can't conclusively say that we're protecting jobs because Nova Scotia companies are, in fact, getting more business from the Maritime Provinces. You might be able to say that we learned more about the business. I'm just trying to get to the core of was that worth the \$2 million that we're looking at that came out of the taxpayers' money over the last couple of years?

MS. BARBARA BAILLIE: I'm not sure whether \$2 million . . .

MR. RANKIN: I'm just going from what we were trying to get at, I know you can't conclusively say but from \$5.15 million to \$3.6million.

MR. LAFLECHE: Let me rephrase your question, which is probably along the lines of, did whatever we gained from running this pilot - did it compensate for the cost of the pilot? We won't know truly the answer to that because much of it is hypothetical. How much knowledge did we truly gain and how effective is that at helping us know when we're getting poor value for dollar in the private sector. That's a very theoretical question.

We spent money on the plant, buying it at capital cost, purchasing it. Had we continued the pilot, as I stated previously, we would have been challenged to compete

effectively with the bids we're now getting from the private sector. Our average cost of bid I think you said - for the private sector - give us a second on that, make a point here.

MS. BARBARA BAILLIE: The average bid this year was \$87,000 and our operating costs are about \$116,000. So going forward, had we continued the pilot, theoretically we would have been losing more money on that small amount of work we're doing. Now appreciate that it's a small amount of work, at best we envisioned doing about 6 per cent, so we would have been losing that differential on that 6 per cent per kilometre. Does that compensate, together with the costs of the equipment we would have had to factor in, does that compensate for the amount of knowledge we would gain? A hypothetical question.

MR. RANKIN: The other objective, I think, from what I understand with this plan, is to look after some of the rural roads that might not be as attractive for a bidder to take on. Given that we're going to discontinue the plan, will that interfere with the roads that we're now looking to pave? Should anybody be worried that their road won't be paved with this change?

MR. LAFLECHE: Not at all. I think I stated before, in the case of the rural roads where we were getting maybe one bidder and going back to some of the previous questions, it was a situation where we were getting a low number of bidders that caused us to get worried in the rural areas that we weren't getting a good price. We are now getting more bidders because there are more people bidding, whether they are from outside the province or people inside the province who have elected to get in or increase the magnitude of their business. Also the bundling of the tenders - the earlier tenders are all helping for people to plan so they can more competitively do work in the rural areas.

We do not have the concern today that we did five or six years ago when all this started. So no, no one has to worry that the loss of the public plant will result in their road not being paved this year. We have a plan to pave roads this year, it's a plan of similar magnitude to previous years. We've been aggressively paving roads over the last five, six, seven years, some of it due to the stimulus, there was a little bit of a peak there due to the recession. Otherwise, we're on a very strong path of road paving throughout the province and we will continue to ensure that Nova Scotians get the roads paved that need to be paved.

MR. CHAIRMAN: Thank you. Mr. Stroink.

MR. JOACHIM STROINK: Thank you for coming today; just a quick question. Mr. Wilson seems to believe that the selling of the plant was premature. Looking at the graph, it looks like that was the right decision and I feel our government is protecting and saving taxpayers' dollars. In your research it shows that the government cannot compete with the private sector. How has the private sector reacted to the sale of the plant?

MR. LAFLECHE: Well, first of all there is an annual managers dinner among the road builders that was held not long after the Liberal Government was sworn in and the minister got a standing ovation at that dinner. Everybody seemed to be very happy and they congratulated him. Then we went to the road builders conference at the end of January and the minister made a speech - and in fact the Premier was there. The current Premier has been to that meeting several times over the years. They seemed to be very encouraged with the government's approach to road building.

I must say though that the selling of the asphalt plant was tempered by both the minister and the Premier with a warning to industry that they had to be competitive - they couldn't just slack off, so to speak. He wanted them to ensure that they would be bidding aggressively and fulfill their promise to more creatively pave our roads than we could do in the government sector.

MR. CHAIRMAN: Mr. Horne.

MR. BILL HORNE: Pleased to see you here today and I think there has been a lot of discussion and it has pretty well covered everything that I wanted to say. Just to consider what is happening in the future with this plant, have you had dealings with prospective buyers at the moment?

MS. BARBARA BAILLIE: Right now we're in the process of signing an agreement with the manufacturer of the plant. We're hoping to have that in place within the next week. Also the equipment associated with the plant - it's called the sale of surplus highway paving and chip seal equipment - actually that will be on the procurement Web site tonight at midnight. All the associated equipment that goes with the asphalt paving plant will be up on the Web site tonight and will be advertised for four weeks.

MR. HORNE: Has the plant been maintained well and kept inside? How has it been preserved so it can be ready to go?

MS. BARBARA BAILLIE: The plant right now is stored out at Dan's facility at Miller Lake, the Mechanical Branch. Some components are indoors. Most of it is outdoors - it operates outdoors, so yes. Maintenance, we've been very diligent on our maintenance for the plant.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: There seemed to be a lot of concern about how this plant competed with the private sector. Did you feel that it interfered at all during the usage of the asphalt plant - that they're in direct competition with other road builders?

MS. BARBARA BAILLIE: No. As the deputy said - the goal was for these rural areas where we were getting very few bids and that issue has been addressed now. So, no,

our work was a very small percentage of the capital budget for paving and actually, for the work we did, 60 to 65 per cent of that value of the work we did was actually contracted out and that would include the road builders. They did the crushing of our aggregates for us. We bought our liquid from the suppliers. Some of the trucking was from the local trucking associations - we used some of our own trucks too. So even though we did 100 kilometres of paving, between 60 and 65 per cent of that was contracted out to the road builders or local industry.

MR. CHAIRMAN: Mr. Maguire.

MR. BRENDAN MAGUIRE: Thank you all for coming here today. I'm going to change it up a bit. I'm going to ask you a different question here. One of the first things that I did after getting elected was I visited some of the depots and talked to the staff, both union staff and management. One of the concerns that kept coming up was age, especially with the snowplow drivers. I was told at one of the depots that the youngest snowplow driver was just over 50 and one of them was closer to 70. What I was being told is that people are retiring but they're not being replaced. One of the difficulties they're facing is that your department is training snowplow drivers and then they're jumping over to HRM because HRM apparently pays a couple more dollars an hour. I just would like to know is there a strategy in place to replace an aging workforce?

MS. BARBARA BAILLIE: Yes, we do have a strategy. We have what we refer to as an operator mentorship program. Currently our posting process requires two years of experience to operate before we'll consider interviewing you and testing you. We're going to do a mentorship program where we hire people who have just their Class 3 licence, with no experience, and we'll phase them into the operation probably over two years, depending on their aptitude to catch on to the equipment. But it is an issue and it's an issue for most organizations to find their proper, qualified candidates.

The other thing we did is we just finished negotiations with the CUPE union. They received a little bump in pay, to make our operations more attractive for the general public.

MR. LAFLECHE: I might add to that that we do, from time to time, have sort of test sessions on snowplows. Given the youth of many of the MLAs I see here today, we would be pleased to invite any of you who wish to come and do a test drive through a test track, if you'd like to see how snowplows operate - I'm being a little serious here - and that would give you sort of an insight into the tough job that the operators have. We'd be welcome to set that up for you. We do it a few times a year and maybe some of you would be attracted into the business if you no longer wish to be MLAs.

MR. MAGUIRE: I'd just like to say that I do have some snowplowing experience so I know how difficult it can be. (Laughter)

Besides the pay side of it, I know from the private industry and government the long hours that they're putting in over the wintertime. What other difficulties are we facing when it comes to hiring people? I know that a lot of times it does come down to pay, but putting that aside, what other difficulties are you seeing replacing this workforce?

The people I spoke to at one of the depots, they have 20, 30 years of experience so this couldn't have been something that just crept up on us, that all of a sudden everybody is 50 years old and over. What difficulties have you been facing with bringing in people who could actually train under these people who are experienced and have been doing this for years?

MS. BARBARA BAILLIE: Actually the mentorship program is a relatively new program. We developed it a couple of years ago when we were experiencing shortages. It was ironic, the year that we went to post for new operators, most of the applicants were qualified; they had their two years experience. Now we're certainly in the crunch so we're going to implement this program now, to hire the people who have the licence but no experience, and we will train them on the vehicles.

MR. MAGUIRE: And this mentorship program is available to the public, it's easy access, knowledge-wise? How are you advertising this to the public?

MS. BARBARA BAILLIE: We do the posting through Career Beacon, the regular procedure for government. We also have a promotion program where we have the brochures done up in English, French and Mi'kmaq. We're trying to aggressively recruit from the Aboriginal communities, too; it's the fastest-growing demographic.

Our people, our managers in the field go around and attend career fairs to promote the department as an employer.

MR. MAGUIRE: And this is by no means a knock on the job that the department is doing. I know Mr. Rankin and I early on in the season had some conversations and the communication level over the winter has improved drastically. Out of the depot that we deal with, during a snowstorm we're getting updates every couple of hours and we're able to relay that to the public. I know I appreciate it and I'm sure Mr. Rankin appreciates it, too, and everyone else that has provincial roads. Thank you.

MR. LAFLECHE: If I could just comment, I know most of the MLAs who are interested, anyone who is interested comes in to meet with Peter Hackett on the construction side, the paving side, and we go over all of the work in your ridings and we go over your priorities. It came to light recently that sometimes members don't know that you can also come in, if you're worried about winter or summer maintenance, and meet with Ms. Baillie and her team on that side of the equation too. I open that to all of the 51 MLAs: if you have concerns about maintenance or how it's done, we'd be pleased to meet

with you and tell you what brush cutting we're doing this summer, what ditch digging we're doing and so on, to keep your roads in the best condition.

MR. CHAIRMAN: Thank you. Unless there are further questions from the Liberal caucus, we'll move back to the PC caucus with Mr. Porter for 14 minutes.

MR. PORTER: Mr. Chairman, 14 minutes isn't very long, it goes by quick, so I've got a few different topics I want to cover. On the one you were just on, that's a great offer, thank you, I work very closely with my OSs and we've always had a good relationship out there and I usually have an idea of what work is being done. I do the odd tour with them and have a look around the constituency and things like this, so it is very beneficial for those who maybe have never done it, it works well.

I want to go back to the plant for a few minutes, I've taken the last little while and I've done a few numbers and some math, and I'm only going to use last year's figures because we never had a full year the first year. What I did was I took the amount of kilometres you did at the 96 and the difference was about \$30,000 per kilometre, from the government plant doing it versus the private industry last year. So that equates to about \$3 million, give or take a couple of bucks, plus the 20 per cent depreciation or loss, wherever it may end up being looked at later on. As has been discussed, we're into about \$4 million at minimum, and that's being conservative in all fairness, but that's \$4 million more in paving. If you did that at the rate of the 87 and even the \$90,000 - the math that I used per kilometre - you're into about 44 or 45 more kilometres of paving. Do you agree with that math?

MS. BAILLIE: It sounds reasonable, yes.

MR. PORTER: Okay, thank you. I just wanted to make sure we were on that same page because I guess when we look at the pilot that we're calling it, whether there was some value in it or not - and I'll come back to you for sure, and I just did that quickly. But that's what I got - sure, go ahead.

MS. SAURETTE: I'm trying to understand the calculation. Maybe we can get that information and verify that for you.

MR. PORTER: That's fine, if you just want to verify it. I just took the \$116,000 per kilometre that the government did versus the 87, roughly \$30,000 in the difference at roughly 100 kilometres, 96 kilometres, when you do that math it comes out to about \$3 million in the difference more that it cost to do that job versus private industry doing it. That was my calculation, that was my formula there, and then adding another \$1 million on for the 20 per cent depreciation of the \$5 million total asset that was purchased, again, being conservative, because it could be a lot more of a depreciated value than that. I know you hate that word "loss" Mr. LaFleche, so I went back to the depreciated value. That's the round math that I got when I broke that down at a cost adding a few thousand per kilometre

to it. Again, it could go higher than that, but using last year's math, that would have been 44-some kilometres more paving in Nova Scotia last year. Are you okay with that math?

MS. SAURETTE: Yes, we can certainly do a calculation for you.

MR. PORTER: I wouldn't mind having that breakdown come back to us just for that clarity to make sure that we are on the right page and that that is correct, or thereabouts. It may end up being more than that once the plant is actually sold and we see what the true value of depreciation or loss is. At the end of the day that math will be important because people want their roads paved, obviously, and what traditionally happens with members is we say, well look, the government puts a budget forward, that's what we have to work with, and I know that our OSs in different areas do what they can to stretch every dollar of that and I know the province does what they can, as well, when they decide. But 44 kilometres is a lot of paving around rural Nova Scotia with roads that are in pretty bad shape.

People will be very interested to see that breakdown in those numbers, whether that's accurate or not and, again, I believe that it is just doing some rough math but I think it's very close, and it could be more than that in my opinion. If it's up or down, it's more likely to be a higher number than the 44 kilometres because I was very conservative in those numbers.

I had a question, Ms. Baillie, for you just as we ran out of time the last time and do you remember what that was? It would have been my first question to you. If not, I'll rephrase it.

MS. BARBARA BAILLIE: Yes, please.

MR. PORTER: It was around the tendering process and knowledge about when you get a tender, knowing whether that is a fair number. I was a little concerned there that we didn't have an idea that that \$87,000 last year, I'll use, was a fair number or whatever it might be coming in from private industry. Do we just write the cheque - oh, that's the lowest one, we're going to take it, that sounds fine - or do you actually analyze that and say, why is that so high or gee that seems low? Is there somebody in government who looks at that and says, yes, that's pretty reasonable? I'd just like to hear a couple of minutes of that before I move on.

MS. BARBARA BAILLIE: Yes, we certainly do. When a job is tendered and we get our bids in, we look at the bids and if there is a large discrepancy in the lowest bid - like very low - we will certainly go through it line-by-line and just try to figure out why it's so low. If we do have concerns with the low bid, we will actually go and talk to the contractor that put this bid in and get a better understanding of his work plan.

We also check for unbalanced bidding where people will sometimes - we don't allow the unbalanced bidding where people will put a lot of their costs in one or two items and minimal prices for the other. We have an historical average price per unit and when we close a job and the bids are all very high, sometimes we do not award that job because we feel we don't have fair competition.

MR. PORTER: Okay, that's kind of what I was getting at. There must be some realistic opinion or experience here that says, something isn't quite right here. I was just a little concerned maybe with the comments and how that worked - that there appeared to be a gap there - but I think you've covered that.

I want to get over to some of the mechanical stuff and some operational stuff. I want to talk about energy costs because energy costs, obviously, must have an effect on how the department runs by way of mechanical divisions - units, gas prices and so on. We've just seen another increase in power January 1, 2014, we saw one in 2013 again - God knows what will be next, but we know they're going up, they always do. Even at that few percentage points, what does that mean to our operation in general? How much more money is that costing us?

MR. LAFLECHE: Could I ask for a clarification? Are you talking about electricity costs or our fuel?

MR. PORTER: Well there is electricity and we'll get to the fuel. I am interested in the fuel costs as well. They're two separate things - realizing one is more volatile maybe than the other, but I am interested in both.

MR. LAFLECHE: So the electricity costs for what, like running the depot?

MR. PORTER: Running the depot, sure. We have a lot of depots.

MR. LAFLECHE: So the lights and any electric heat we would use or welding machines?

MR. PORTER: All of that. I mean, the department in general must have a fairly expensive electricity bill when it comes right down to that energy, does it not?

MR. LAFLECHE: Do you want to take that, Diane?

MS. SAURETTE: I can speak to CPI and CPI for our department is approximately a little over \$3 million per year. Electricity costs we're estimating for 2014-15, in addition to CPI, just over \$400,000 and that would be on the building services side.

MR. LAFLECHE: I don't want to ignore your question or say that it's not important, but I just want to point out the complexity. In our budget, we have all of the

public works side, so that would be all of the buildings that we own across Nova Scotia, including industrial parks where we, in fact, are purchasing electricity in some cases to sort of resell to an industrial tenant. So it's a very complex answer. I think what Diane Saurette was trying to get at is the Consumer Price Index increase we're projecting is 3 per cent. But that's a huge portfolio of buildings, which is far beyond just our transportation depots.

So it's a complex answer. I'm not sure that we're going to be able to adequately answer the question in a short time for you.

MR. PORTER: I understand that, I appreciate that very much, thinking about the greater infrastructure piece there. Thank you for that clarification. I'm going to assume probably with regard to gas and diesel pricing, the same? All vehicles wouldn't be just the Department of Transportation and Infrastructure Renewal or is that broken down?

MR. LAFLECHE: We have a fleet in the Department of Transportation and Infrastructure Renewal. The Department of Natural Resources has a separate fleet. The Department of Agriculture has a fleet. Then of course we have fleets in the health authorities. We have the school bus fleet. Now, all of that is not within our purview so we cannot answer for all of that. What is our fuel cost for our fleet, Diane?

MS. SAURETTE: I would have to get back to you with that number.

MR. PORTER: I'm only assuming here, and you can clarify it, that price would change every week when gas or diesel changed, or do you have a flat rate sort of agreement with someone to give you pricing based on your volume, shall we say, which often happens?

MS. BARBARA BAILLIE: For our fuel, we have a contract. It was tendered out for all government, I believe, wasn't it, Diane?

MS. SAURETTE: Yes.

MR. PORTER: A set price that wouldn't change year to year? You work a long-term . . .

MS. BARBARA BAILLIE: I'm going to refer that to Diane to answer.

MS. SAURETTE: We do get a bulk purchasing rate. I would have to verify what the time frame of that bulk purchasing is, but we do get a bulk purchasing rate.

MR. PORTER: I would be interested in knowing what that is, compared to what others get in discounted price, how much really is that discounted price? Is it done annually or I'm going to say the interrupter clause comes in when there's a significant drop, right, if that ever happens, which isn't very often as we know when it comes to fuel pricing. I

understand you don't have that detail, I won't take much time on it because I've got a couple of other things I want to address.

MR. LAFLECHE: I should say that we're not the people to ask that. There's a procurement office, it's part of Economic and Rural Development and Tourism. They do all of the bulk fuel purchasing, tenders for government and perhaps that question should be deferred to an appearance by the procurement group.

MR. PORTER: But you must show it in a line item somewhere? Is there competition . . .

MR. LAFLECHE: We show a line item but the mechanics of it, when it's done, how it's done, who it is done for, what type of fuel is purchased - that would all be done by them, yes.

MR. PORTER: Okay. I want to talk a bit about the operations side of things. We have been very fortunate over the year and certainly in my time and I know the previous member's time - in Hants West we've had great staff, we've had great OSs that have been there. In all honesty I take very few calls in my office when it comes to complaints or concerns if you want to call them, because these guys do a good job and I'm happy to say that as often as I can. It's a matter of picking up the phone when we do get those calls and saying this or that and can you look after it and for the most part, it's able to be looked after.

We've had a lot of issues, though, in the last couple of years with substantial cuts to our RIM budget. Millions of dollars have gone out of this budget and I'd like to know, are there any changes coming? That is important money, you are patching, you are shouldering, now we're only seeing part of roads where the bush cutting is getting done because the dollars allocated have run out and they only get partway down, the shore is all the way down.

I don't know whether you can speak to it or not, given that there's a budget coming soon, I appreciate that, but I'm sure you can understand the significance and the importance of this particular funding. We've had significant drops in the last couple of years and it is showing - everything from guardrail to that bush cutting to grading roads and so on. Each and every operational area tries their very best to get done, I'm sure, what's the status of that? Can you speak to that at all?

MR. LAFLECHE: Someone else is pushing the button for me, right? I'm going to ignore the button from now on. I like buttons. (Laughter)

MR. PORTER: Speak quickly, Paul, I've only got four minutes.

MR. LAFLECHE: I'll tell you the button I really like, it's when I'm shooting the puck against that guy Morris back there, the red light comes on in the net, which doesn't happen often by the way because he's pretty good.

MR. PORTER: Now I'm down to three minutes and I've got one question so go quickly.

MR. LAFLECHE: The Deputy Premier, the Honourable Diana Whalen, will answer those questions on Budget Day. Unfortunately, I can't give you a better answer than that, but we understand the importance of the work you just said.

MR. PORTER: Great, thank you for that. I want to get to, with just a couple of minutes left, as you are probably aware I spoke to this during the estimates last year - the division of operational areas. I now have to deal with Lunenburg and Chester - whatever the right terminology is over there - operational supervisors as well as Hants West or Hants County or whatever you want to call it - West Hants area. That has not gone well because of the way it was geographically done.

In some areas this might have made the greatest sense but when you take an area that's on the end of sort of a more remote area and you toss it over to the other side, which is not even further away from where the area was - and I'm not sure how much of this you all understand, I'm going to assume you have some understanding of it - I want to say for the record that in our area that was not at all even remotely close to being a good decision. It was a bad decision and I would like to know when we can get it changed back, and that is on behalf of every one of those residents who live in that area.

MS. BARBARA BAILLIE: That item is a negotiated item through a CUPE contract.

MR. PORTER: Oh I know.

MS. BARBARA BAILLIE: Our CUPE contract is up again in October of this year so we will be going back into negotiations. I should note that the last set of negotiations it was brought up and both sides decided to defer it for now because the boundaries were so new and give it some time to work through and see what was working and what wasn't.

MR. PORTER: Well I hope it does come back to the table because it is very important. Again, it may work just fine in some areas - this is one area where it doesn't work well.

MR. CHAIRMAN: Thank you, Mr. Porter, your time has expired. We'll now move to the NDP caucus and Ms. Peterson-Rafuse.

HON. DENISE PETERSON RAFUSE: Thank you for being here today. I do recognize and know all the hard work and dedication. It must be totally frustrating to be involved in projects that are moving towards success and then suddenly they're taken away. I am an MLA that is in a rural community, Chester-St. Margaret's Bay. The roads are critical and I saw the results of the improvement in the competition and the increase of road work that was done based on that. I believe it was because of the implementation of the asphalt plant.

I would like to ask Mr. LaFleche - he has made comments several times that he has felt that the marketing factors are what he believed may have caused the new competition. I know for decades that there weren't any major changes in the tendering process or in those tendering costs and then suddenly we saw a dip. I'm just wondering if he could list off for me what those marketing factors are.

MR. LAFLECHE: We were having a discussion here on what marketing factors? Do you mean the bundling of the tenders, the earlier tenders?

MS. PETERSON-RAFUSE: No, what I mean is that you made a comment that because of a reduction in the private sector's tendering costs, that could be related to marketing factors. I wrote the notes down.

MR. LAFLECHE: Market factors.

MS. PETERSON-RAFUSE: Market factors, I'm sorry.

MR. LAFLECHE: I'm sorry, I thought I was out there trying to sell people - come to Nova Scotia, pave our roads. Big ads, you know, in the ChronicleHerald. No, okay, I misunderstood - market factors.

Some of the members who were here last year were very insistent on the fact that there was a reduction of roadwork in New Brunswick. New Brunswick had - going back five to 10 years - a significant volume of highway construction, effectively the completion or near completion of the twinning of the Trans Canada. So there was a lot of work in New Brunswick that P.E.I. and New Brunswick contractors were focused on. For that reason, the theory was that - I'm giving you someone else's theory - they were not that focused on Nova Scotia work at the time. They had a lot of good work and significant volumes in New Brunswick.

With the completion of that work in New Brunswick, these contractors were now able to turn their attention to other areas. I think that's what I was referring to and I was really reflecting the comments that members had made at this committee last year.

MS. PETERSON-RAFUSE: So if there was an historical analysis, this would have been the first time that New Brunswick basically completed their work and could pay attention to Nova Scotia?

MR. LAFLECHE: I have no idea what the history of that is. I'm just reflecting the comments that were made last year and then definitely, if you know a little bit about what went on in the last 10 to 15 years in the Atlantic Provinces, we did have a lull in road building.

MS. PETERSON-RAFUSE: Would you not agree, however, that obviously the asphalt plant being in existence had to have some factor in the fact that we started to see competitive rates coming in that were not there before?

MR. LAFLECHE: Well, as we stated last year - and as the previous minister has stated - there were many factors that resulted. He used to say, for whatever reason the price has come down. There were many different factors, which I've mentioned here today - one of them could or could not have been the asphalt plant so we cannot confirm that either way.

MS. PETERSON-RAFUSE: Is there a cost to keeping the plant idle? If so, what would that be?

MR. LAFLECHE: Well, we're in the winter season so it would normally be idle now. Do you mean in terms of . . .

MS. PETERSON-RAFUSE: Year-round, if you did not use it and you just mothballed it for a while?

MR. LAFLECHE: If we don't sell it in the Spring will there be a cost? Yes, the main cost would be depreciation.

MS. PETERSON-RAFUSE: Could we at some point get what that cost would be? There must be a formula for depreciation.

MR. LAFLECHE: Diane can tell us, what is the annual depreciation figure? It's an accounting term. Is it 20 per cent a year?

MS. SAURETTE: No, approximately 20 per cent to date is what we've depreciated so I'd have to get you the breakdown.

MS. PETERSON-RAFUSE: Thank you. Many times when you're talking about the creation and/or establishment of a new business, and I would assume that this would be a factor also with the private industry, we've all heard the formula that it normally takes five

years to see a turnaround in business to start seeing the profit. Would that not be the same with a pilot project of this magnitude?

I'm asking if you - normally when you look at businesses, we've always heard the formula is that at least the business needs to be operational for about five years, because you go through growing pains and cost factors with those growing pains. Then things level off and you start seeing a profit, and it's usually a five-year window. Would that not be the same for a pilot project, as the asphalt plant was, at that magnitude?

MS. SAURETTE: I can't answer that, I wouldn't know the answer to that.

MS. PETERSON-RAFUSE: Okay, thank you. I also noticed in the comments that 65 per cent of the in-house work that was done within the department actually went to the private sector, is that correct?

MS. BARBARA BAILLIE: Yes, that is correct.

MS. PETERSON-RAFUSE: So does that mean that the private sector would have been receiving work on their own particular private bids, and then through the establishment of the asphalt plant they would have also been rewarded another 65 per cent out of the total work that we were doing?

MS. BARBARA BAILLIE: That is correct, we would tender out the aggregate.

MS. PETERSON-RAFUSE: So there was a very low percentage that was actually being taken over by the government project?

MS. BARBARA BAILLIE: Yes, for the private sector, correct.

MS. PETERSON-RAFUSE: I have a question about knowledge. I know it was mentioned that it was very important that part of the success of the asphalt plant or having that was to be more knowledgeable, so therefore staff would be able to look at the tendering process and ask more intense and knowledgeable questions. Without having the asphalt plant and that experience, do you not think that that will eventually take away that knowledge? I know there are changes in the market, as was stated by Mr. LaFleche, so I'm just wondering if that is a concern for staff, that at some point three or four years down the roads the markets have changed and there will once again be less knowledge to be able to make those decisions.

MS. BARBARA BAILLIE: No, I don't think that concern will exist because we have a very good baseline now, so we have an idea of each stage in the production of asphalt what the unit costs are for each part of the stage. When we tender work we just get a price per ton in place, so now we know the breakdown of what it costs during that process.

That should be pretty consistent, unless there's new technology or something that comes out down the road.

MS. PETERSON-RAFUSE: What about the chip sealing crew? There was almost like a two-part package: the asphalt plant workers and the chip sealing crew. I know that I was extremely fortunate with roads that were chip sealed that would never, ever have had an opportunity to have a piece of pavement put on them. So what's going to happen with the chip sealing? Is that crew still working and there's not going to be any reduction whatsoever in the numbers of chip sealing opportunities?

MS. BARBARA BAILLIE: Actually the chip seal equipment that was purchased three or four years ago, that is also being sold. That will be advertised tonight, along with the asphalt equipment.

MS. PETERSON-RAFUSE: Okay, what happened to those crew members?

MS. BARBARA BAILEY: Those crew members have gone back to their jobs and their home bases. The supervisors, we found openings for them.

MS. PETERSON-RAFUSE: So is there a commitment from the department that we will see the same level and numbers of roads being chip sealed?

MS. BARBARA BAILEY: Until we get our budget this year, that's very hard to answer.

MS. PETERSON-RAFUSE: So based on the budget, if the budget comes in the same - I've been hearing talk about the capital budget is going to be pretty consistent versus the operational budget. Where did the chip sealing come from, capital or operational?

MS. BARBARA BAILEY: The chip sealing was operational, it's pavement preservation.

MS. PETERSON-RAFUSE: Okay. So therefore, depending on the budget, there may be a cut. If there is a cut in operational budget, will that result in less chip sealing?

MS. BARBARA BAILEY: I really can't tell you. If there is a cut I guess we'll have to look at that cut when it comes, if it comes and decide where that's going to be allocated.

MS. PETERSON-RAFUSE: So with the existence, when we had the asphalt plant one of the benefits was the fact that the chip sealing crew had an opportunity to utilize some of the resources and the old recycled pavement from the asphalt plant that they were creating and they would try to coordinate that the plant and the work that was in the local areas then gave you more opportunity to have more chip sealing. What is the strategy behind that going forward without having that asphalt plant available?

MS. BARBARA BAILEY: I'm not quite - oh, the RAC.

MS. PETERSON-RAFUSE: Yes.

MS. BARBARA BAILEY: The reclaimed asphalt concrete for the construction jobs that plane off the top layer of asphalt and it's referred to as RAC, reclaimed asphalt concrete and that is a TIR asset.

MS. PETERSON-RAFUSE: So the asset comes from when the private companies do the work, then you get that RAC, correct?

MS. BARBARA BAILEY: That is correct and there's going to be a provision this year that if the contractor wants that RAC there's going to be a set price that he can buy it back because it is a valuable commodity, it has liquid asphalt in it.

MS. PETERSON-RAFUSE: So will there be a coordination with the jobs that are tendered in terms of the paving work and the private sector and the chip sealing? That was the benefit that I saw in my constituency, the fact that there was an ability in-house to coordinate. Now, if you're bringing in private sector and you don't have that same coordination, I'm concerned about the chip sealing following behind the paving projects. That's why a number of roads in the Chester-St. Margaret's constituency had the opportunity for chip sealing - because of that coordination. What is being done in terms of strategies to make sure that continues?

MS. BARBARA BAILEY: The work that is tendered, we have the ability to dictate where the material goes and where it's placed if we decide to have them replace that. So even though it's contracted work we still have the ability to coordinate that and make sure the flow happens.

MS. PETERSON-RAFUSE: Okay. I have a little bit different question about snowplowing. That question is in respect to the snowplowing crew and there was mention of the snowplowing seasonal workers. Have the same experienced seasonal workers been hired back throughout the entire province? If I looked at who was on the list last year coming back and who is on the list this year, are they one and the same? I know there would be a few people that may not return back to a seasonal position, but can I do a comparison and see that it's typically the same individuals?

MS. BARBARA BAILEY: Generally yes, we hire by seniority so unless there is some extenuating circumstance, then the employees who worked last year should be working again this year. As we talked before, we actually have shortages so all employees would be called back that I'm aware of.

MS. PETERSON-RAFUSE: And that would be in every location in the province?

MS. BARBARA BAILEY: Correct.

MS. PETERSON-RAFUSE: I want to ask a question with regard to - I'm flipping back to the asphalt plant . . .

MR. CHAIRMAN: Order, please. I'm sorry, Ms. Peterson-Rafuse, the time has expired. We'll move to the Liberal caucus for 14 minutes. Mr. Stroink.

MR. STROINK: I just have one question that I want you guys to elaborate on a little bit more. As any business, we try to save money and not take losses. I think by selling this plant and moving forward, we're on the right step. A big part of that is the whole bundling process and that's the ability to save taxpayers a ton of money. Can you walk us through how that is going to work and save Nova Scotian taxpayers money?

MS. BARBARA BAILLIE: The bundling process primarily for the saving of money is in the rural areas where a road is identified for repaving. When a contractor bids on a job like that, they have the overhead costs to move in, so what we're doing is we're looking at the list of roads that require repaving and we're adding more kilometres to that contract so that we can be very economical. If the overhead is spread over more kilometres, you have a cheaper price per ton. We're trying to do that very strategically and that was actually a request from the road builders and it was a very good idea and something that we're working closely with them on.

MR. STROINK: That makes a lot of sense. Thank you.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. LOHNES-CROFT: Mr. Leopold, you have been very silent. (Laughter) I think I'll direct a question to you. Can you tell me what goes on at Miller Lake?

MR. DAN LEOPOLD: Miller Lake is our main Mechanical Branch facility and, as the deputy spoke to earlier, there are six Mechanical Branches, but Miller Lake is the largest facility in the province. We've got several shops there, from a mechanical shop, welding, body shop, paint and a fabrication shop. We maintain, we repair, and we actually build the provincial fleet there. For example, a snowplow - we don't buy them off the shelf. We buy a cab and a chassis; we fabricate the various components in our branch and assemble them on site. Once that finished product is turned out, it goes into the districts.

MR. LAFLECHE: Mr. Leopold is talking about what he is in charge of and I just want to make sure you know there are many other things at Miller Lake. The Auditor General's Report focused on Mr. Leopold's operation. There is also the marine repair and rebuild facility for the ferry fleet. There is a signalization crew for the provincial highway and roadwork signals - lighting. There are vehicle enforcement activities out of Miller Lake

too, so there are a number of other different activities, but they were not the focus of the Auditor General's Report.

I should also add that Mr. Leopold has kindly offered - if anyone would like a tour of the Miller Lake facility, he would be pleased to take members through. You'll have to put on some boots and glasses and so on, but I think you'd find it very interesting to see what's done there. It is our largest mechanical facility.

MS. LOHNES-CROFT: So were you surprised by the Auditor General's Report?

MR. LEOPOLD: I wasn't part of Miller Lake prior to the Auditor General's Report, however, I think the department had identified that we had some challenges and some opportunities upon taking over in Miller Lake. We focused on communication with staff and accountability. We recognized that we needed to improve both of those. If we're not communicating, if we're not setting expectations, if we're not holding staff accountable, it's hard to measure any success.

MS. LOHNES-CROFT: Okay, thank you.

MR. CHAIRMAN: Mr. Horne.

MR. HORNE: Just to elaborate a little bit more on what my colleague has said, I'd like to get your opinion on the Department of Transportation and Infrastructure Renewal agreeing to all of the recommendations made by the Auditor General. How are you going to be able to implement all of those issues - doing it very quickly?

MR. LEOPOLD: What we have done, as you mentioned, we did accept all the recommendations. We're using those recommendations as a road map and a score card for ourselves. We're very appreciative of the input and again, it gives us something to measure ourselves against.

What we did immediately is we created an Auditor General's Committee and that committee was specifically put in place to address an action plan with regard to the recommendations. The Auditor General's Report focused specifically on the Miller Lake and Truro Mechanical Branches but his initial recommendation was we should extend those recommendations to all of our Mechanical Branches, which is what we did. In doing so, we've involved staff from around the province in our various committees.

Our initial committee, as I mentioned, the AG Committee as we refer to it, had managers from the various Mechanical Branches. Then, of course, we struck from that committee a Policy and Procedure Committee, as the AG identifies there are some policy and procedure opportunities. That Policy and Procedure Committee involves employees from the front lines, from the technician on the front line repairing, maintaining, building the vehicles to the supervisory staff and the management staff. Again, we'll get a better

buy-in, we'll get a cross-section of everything we need to address and ensure that we do meet those recommendations.

We've also looked at - we're establishing what we call a standards work group or Standards Committee. One of the recommendations identified is that we need to set some standards. Again, that Standards Committee or work group is going to come as a cross-functional group from across the province and give us some standards that we can measure staff to and against and, of course, hold them accountable with.

MR. HORNE: Just a supplementary, were you very surprised at the state of the Miller Lake and Truro operations? Was it all new to you, or was the TIR in general aware of those issues over the years? It seems like some recommendations were made years ago that should be involved in fixing the broken wheel, so to speak? I just find it so hard to believe that some of these issues have been going on for so long.

MR. LAFLECHE: Neither Dan nor I were in our positions when the Auditor General's Report commenced but you are correct, some of these were longstanding issues. When you asked if the department is going to be able to tackle this very challenging number of recommendations, we must realize that we're not starting from zero; in fact we were working on them long prior to the Auditor General's Report. Some of them were identified in a previous report by the Auditor General years earlier and we had staff working on them.

In fact I bumped into Jacques Lapointe at Pearson Airport a couple of weeks ago and we had a good talk about the Auditor General's Report. I actually thanked him for his focus on it because many times what he does is he helps us by bringing attention to a subject that perhaps, given our many priorities, is not on the radar screen. This one has focused us very much to get things done.

We put a team on it. We have new leadership there at Miller Lake. I should mention that a lot of the leadership in the department has changed due to retirements in the last two years so people are specifically focused now to fulfill these recommendations, to get them done at all the Mechanical Branches and to ensure that the Department of Natural Resources at its one Mechanical Branch at Shubenacadie also adheres to these new initiatives.

I think it's an ongoing issue of many years, is how I would characterize it, but the Auditor General's insight and expertise has been very helpful to us.

MR. CHARIMAN: Mr. Leopold.

MR. LEOPOLD: If I may, our staff, we're very proud of the work they do. They are very capable, experienced and knowledgeable. They recognize that the Auditor General is certainly helping us to achieve our goals, achieve the recommendations. They are

onboard with helping us make Miller Lake a successful place. Again, they're very proud of the work they do and the quality of the work they do.

MR. CHAIRMAN: Thank you, Mr. Horne. Mr. Maguire.

MR. MAGUIRE: I want to thank everyone once again for coming out today. I just want to say - I have a statement and then I have a question. I've had dozens of correspondence with Don Maillet, Guy Deveau and Hugh Burns since I've been elected. They've done an outstanding job. Even when the answer is no, the door is not shut, they try to find a solution to the problem. That's something that's very helpful and it's reflective on the whole department.

I want to talk about Z class roads - I saw your reaction. I just want to know going forward - there's a little bit of confusion about how these roads are handled and I think, from my understanding, that's something that has happened over the last 30 to 35 years. I just want to know is there a plan going forward with these roads?

MR. CHAIRMAN: Ms. Baillie.

MS. BARBARA BAILLIE: The Z class roads are roads that are not listed, they are not owned by Transportation and Infrastructure Renewal and somehow, historically, many, many years ago before any of us were probably around, we started plowing them and some of them we only plow in the wintertime, some of them we actually grade in the summertime and plow in the winter or the opposite - just grade. It's just an historical list of roads that we've been honouring the service on unless they become in such bad condition that it would jeopardize our gear.

We have discussed it and there was a list compiled about 10 or 20 years ago and it was kind of like okay, this is the final list of Z class roads. It's a very interesting topic. Right now it's just status quo on those roads, there are no plans to take them over or anything like that. Municipalities are more than welcome if they want to take them over, but we have . . .

MR. MAGUIRE: We've tried that.

MS. BARBARA BAILLIE: Have you? Okay. We have no definite direction at this time, it's just status quo is how I would put it.

MR. LAFLECHE: We have many different classes of roads and I think there gets to be a lot of confusion. Some of them are cost-shared with municipalities, some of them are owned as Z class by who knows who, some of them are privately owned. Some of them were in dispute on ownership of people who claimed they own the road - we don't mind that actually because then they have to plow and maintain it - or we own the road and we don't know we own it. There's a lot of that because of the history of Nova Scotia. If

individual members have individual cases that they'd like to bring forward, I would encourage you to come forward.

Over the last couple of years we've made a significant arrangement with Kings County on the cost-shared roads. These roads were getting to be 20 to 25 years since anything was done on them because of the complicated nature of the cost-share. Finally, we brokered a deal with the municipality there which has resulted in a significant improvement in the condition of those roads and there's an active repaving program going on. We hope to do that with other municipalities, but there are always these orphans or things that slip through. I know in the case of your riding, there's a Chebucto Head Road which we're working hard with the municipality and the federal government on.

MR. MAGUIRE: I appreciate that.

MR. LAFLECHE: These are funny situations. When something is not considered to be our road legally, we cannot dispense capital on it because we can't depreciate the capital because we don't own it. Then it becomes an operating cost which is a different issue, so it gets into a lot of complications.

I know the minister feels very strongly about this and we will work very hard to try to get the right owner of this road involved or find the right owner or find a solution, if I can put it that way, to the problem in many of these cases.

MR. MAGUIRE: Once again I would like to thank you for coming today and like I said, it's good when you're approaching people in departments and you're not just hearing no and the doors are slamming shut. I think there are some people there and yourselves and people that we deal with that you should pat them on the back and pat yourselves on the back and thank them for helping us look for solutions.

MR. CHAIRMAN: Thank you. Are there any further questions from the Liberal caucus?

With that, Mr. LaFleche, I do want to give you an opportunity to provide some closing remarks.

Before I do, we did have a few requests for information and certainly our clerk will follow up with your department. Just for your reference we did have an offer from you to provide a comparison or explanation of the cost of the paving plant, less depreciation and what you expect to be able to sell it for. The cost, per kilometre, for the paving plant I think a clarification on that; fuel costs for operations.

There are a few other items here as well, a breakdown of annual depreciation cost for the asphalt plant. I believe there are a couple of others which our clerk will follow up

with you, but I'd like to give you an opportunity to finish today by providing some closing remarks.

MR. LAFLECHE: Mrs. Henry is now located about 20 feet from my office so she will be very accessible to me in terms of following up I'm sure. I didn't have any closing remarks, but I do want to address one thing. Mr. Porter was asking some very astute questions regarding how many more kilometres could we pave if we did not have the asphalt plant versus having it at our rate versus the private sector rate. We will provide a calculation on that based on last year's cost date, okay?

We're not going to mix in depreciation, like you were, because that is a different subject. There is a loss, but depreciation and loss are two different things. We will show you that calculation in the table that the chairman mentioned. We will give you those costs because that will tell you how many extra kilometres, given last year's rate differential we could have done had we not had the asphalt plant. I think that's something that has focused the minister - that's what he's very interested in. It's a good question. We're just not going to mix in depreciation, which is a separate subject.

I want to thank all the members here today for their questions. I particularly want to thank my staff and all of those who have worked very hard over the years to maintain our road system. This year has been a very bad year. It's that one in 10 that you hear about. Our crews have really been getting almost burned out, not only by the job of maintaining the roads, but the level of anxiety that citizens have expressed in the roads.

A lot of times - I joked on the way in to a couple of members - Mr. Wilson - about the pavement in HRM. A lot of times HRM gets blamed for our work and we get blamed for theirs. It all gets mixed up, and it all gets focused on our crews - the poor chap driving the snowplow or, more importantly, the dispatcher who is answering the phone at the depot, they feel the full brunt of the public's displeasure with the weather this year and our ability to keep up with it.

You may know that we had almost a shortage of salt at one point. Ms. Baillie was very aggressive in ensuring that we sent our own loading trucks and a filtering operation up to the salt mine in Pugwash. In fact, we visited it to see how it was going, to ensure that we put a second system on in addition to the mine's own system to ensure that we had adequate salt delivery. That was quite a program across the province. There was a big demand for salt in the Atlantic Provinces. You may have also heard about a similar problem in Ontario and Quebec. Luckily, through the efforts of our own staff, we were able to ensure that the salt storage and capacity that we had was adequate for the times. Hopefully we're getting to the end of this one in 10 winter and we'll get that one in 10 fabulous summer. Thank you.

MR. CHAIRMAN: Thank you for being with us today. Our next meeting next week will be with the Canadian Comprehensive Audit Foundation. It is a good opportunity for

us to meet with them. They travel the world helping committees like ours prepare to ask questions to government departments. I encourage you all to attend next week.

We will be breaking the following week for March Break, but the week after that we have another department coming in and that is with the Chief Information Office. That is scheduled for March 19th. I would ask that we take a short recess to allow the Auditor General to come in to brief us for that meeting.

With that, the meeting is adjourned.

[The committee adjourned at 10:54 a.m.]