

HANSARD

NOVA SCOTIA HOUSE OF ASSEMBLY

COMMITTEE

ON

PUBLIC ACCOUNTS

Wednesday, January 17, 2018

Legislative Chamber

Cobequid Pass

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Public Accounts Committee

Mr. Allan MacMaster (Chairman)
Mr. Gordon Wilson (Vice-Chairman)
Mr. Ben Jessome
Ms. Suzanne Lohnes-Croft
Mr. Brendan Maguire
Mr. Hugh MacKay
Mr. Tim Houston
Hon. David Wilson
Ms. Lisa Roberts

In Attendance:

Ms. Kim Langille
Legislative Committee Clerk

Mr. Gordon Hebb,
Chief Legislative Counsel

Ms. Nicole Arsenault,
Assistant Clerk, Office of the Speaker

WITNESSES

Department of Transportation and Infrastructure Renewal

Mr. Paul LaFleche,
Deputy Minister

Ms. Diane Saurette,
Executive Director - Finance

Mr. Bruce Fitzner,
Executive Director, Infrastructure Programs
(Former Chief Engineer)

Highway 104 Western Alignment Corporation

Mr. Peter Hackett,
President

Ms. Eva Hislop,
Controller



House of Assembly
Nova Scotia

HALIFAX, WEDNESDAY, JANUARY 17, 2018

STANDING COMMITTEE ON PUBLIC ACCOUNTS

9:00 A.M.

CHAIRMAN

Mr. Allan MacMaster

VICE-CHAIRMAN

Mr. Gordon Wilson

MR. CHAIRMAN: Good morning, I call this meeting of the Public Accounts Committee to order. Today we have the Department of Transportation and Infrastructure Renewal and also the Highway 104 Western Alignment Corporation as witnesses, to discuss the Cobequid Pass.

We'll begin with introductions, starting with Mr. MacKay.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: We have an opportunity for you both to provide opening comments. Who would like to go first? Or perhaps you have just one person making the opening comments. Mr. LaFleche.

MR. PAUL LAFLECHE: I'll go first and then I'm going to pass it very quickly to Peter Hackett. You've introduced the people here and there may be some uncertainty as to why these look like the same people who regularly work for Transportation and Infrastructure Renewal. The reason for that is the Highway 104 Western Alignment Corporation is, in fact, owned by the government - the highway is.

The corporation is set up as a separate corporation but for many years it has had one board of director member appointed by the minister. That was for the longest time Lee Rankin, one of my predecessors from the 1990s - I'm looking over there and I don't think anyone remembers Lee, all of you are way too young. Lee was around in the 1990s and served as deputy minister. When he retired, this was something he took on as a favour to the minister of the day. He did that for many years, until about two years ago when things developed in Lee's personal life where he felt he could no longer continue. He lives in Bridgewater. He's unable to come here today, or we would have actually had him here today.

We do have the replacement for Lee. When Lee left, we decided we would make the chief engineer of the department the chair of the board and the board member because as has been well advertised, the corporation will probably wind up earlier than we thought, and we wanted to have some insight into how it runs on a daily basis.

At that time, this was Bruce Fitzner, and he was made the chair. I know I promised you a little over a year ago that Bruce was gone for good and wouldn't be back, so I have failed once again to deliver the goods for the public. He is back to torment you. (Laughter) He has some recent knowledge of the corporation, and he still does some work for the department on the wind-up of this corporation, the presentations we will talk about later we will eventually make - we haven't made them yet - and some other files.

When Bruce retired, he was replaced by Peter Hackett as chief engineer, so Peter then took on the mantle of the board and chair of the corporation. That's why he is here today next to me. He is also the department's chief engineer. Eva is in fact the only employee of the corporation who is here. She is in charge of the finances along with my executive director of finance, Diane Saurette.

That's sort of the introduction to the corporation. It is owned by the government, despite I think a lot of confusion to the contrary that it's owned by some other company. There are bondholders that represent national companies that we have bonds with, but the company is owned by the government.

Without further ado, I'll let the whole board here speak to you.

MR. CHAIRMAN: Mr. Hackett.

MR. PETER HACKETT: I'm just going to run through some things and facts about the Cobequid Pass this morning and give you some small details about how the pass is set up and what has happened with it over the last number of years and why it came to be. That will be my discussion here to start off this morning.

As Paul said, I'm Peter Hackett, the chief engineer of the department and also the president of Highway 104 Western Alignment Corporation. The Cobequid Pass is a 45-

kilometre section of four-lane divided highway connecting Masstown and Thompson Station. It is part of the Trans-Canada Highway system, and it's a primary highway corridor connecting Nova Scotia with the rest of Canada.

The pass was opened in 1997 to replace the old Highway No. 104 which was a two-lane undivided highway through the Wentworth Valley. The old Highway No. 104 still exists today but is now called Trunk 4. It's a two-lane collector arterial road still through the Wentworth Valley, but it's a trunk route - it's no longer a 100-Series Highway. The pass cost approximately \$112 million to construct. It took about 20 months to complete when it was built in 1997.

More than half of the project funding was raised through the issuing of bonds that were sold to private investors. The funding raised through the bonds, which accounted for more than 50 per cent of the initial construction costs - those bonds are being paid now over a 30-year term, and they're being paid off through the collection of tolls on the pass.

The Cobequid Pass is owned by the province and operated by the Highway 104 Western Alignment Corporation. It's a Crown agency. The corporation's mandate is the Highway 104 Western Alignment Act, which is legislated. It oversees the toll collections, financing, maintenance, operations, and all other work associated with the operation of the highway.

The corporation is made up of one board member with one lone shareholder, which is the Minister of Transportation and Infrastructure Renewal. The pass has 29 full-time and 17 part-time employees as well as 10 contracted employees, representing a total of 56 local jobs. These folks are mostly from the Cumberland/Colchester County areas.

When the pass was opened in 1997, the average annual daily traffic on the old Highway No. 104 through the Wentworth Valley was about 9,000 vehicles per day. In 2017, the average annual traffic on the Cobequid Pass still remains about 9,000 vehicles per day, but there are now about 2,000 vehicles per day on the old highway. So there are roughly 11,000 vehicles per day travelling through that area.

The impetus to build the Cobequid Pass came under the government of the day, when there was pressure to find a solution to address the large number of fatalities that were occurring through the Wentworth Valley at that time on the old highway. The solution was to construct a modern, divided highway through the area so that we create a safer, more efficient highway to replace the section through the Wentworth Valley. The construction cost of this project, like I said before, was \$112 million or \$113 million. That was a staggering number for one project considering that the entire amount for the provincial budget that year on average was about \$75 million in capital costs, which was well under the amount of actual price of the project.

With mounting pressures to build a new and safe highway, government decided to finance the project through a private-public partnership. The road was built in only 20 months. It was financed through a contribution of \$27.5 million from the federal government and \$27.5 million from the provincial government. The remaining 50 per cent was paid through bond holders. Like I said before, it's being paid over 30 years through the tolls being collected.

The province created the Highway 104 Western Alignment Corporation to operate the highway and administer the financing; that's the agency. Over the past 20 years the traffic volumes on the highway have out-performed the projected models, allowing the corporation to spend all toll increases since 2004. So the tolls right now are the same as they were in 2004, which is \$4 for a passenger vehicle and it's \$3 per axel per truck, and it hasn't changed since that time.

There has also been funds collected in a reserve account, which will enable the province to repay the bondholder sooner than the 2026 date originally outlined in the agreements.

The Cobequid Pass has achieved government's goal of providing a safer route to the Wentworth Valley. From 1987 to 1997, the number of fatal collisions on Highway No. 104 to the Wentworth Valley averaged about three per year. Since that opening of the Cobequid Pass in late 1997, the average number of fatality collisions has dropped to less than one per year.

In fact, in many of the years since on the Cobequid Pass there have been very few or no fatalities at all. There hasn't been a fatality on the old highway, I believe, in about 10 years, which is the old Trunk 4.

The Cobequid Pass is also nine kilometres shorter than the old Highway No. 104. It saves travellers approximately 16 minutes in drive time, and reduces their vehicle operating costs in addition to offering enhanced safety.

As a public-private partnership project, the Cobequid Pass is a successful story that many jurisdictions look towards to when they put their own projects together under P3s, if they want to go towards a very short time build on a major construction project. It's a very good success story for the province.

The positive financial situation of the Cobequid Pass that we find ourselves in right now, the efficiency of the highway and, most of all, the enhanced safety and reduction of the loss of life makes this project one that Nova Scotians should be proud of. Thank you, Mr. Chairman.

MR. CHAIRMAN: Thank you. Mr. Houston of the PC caucus, you have 20 minutes.

MR. TIM HOUSTON: Thank you for those opening comments. I'm not sure who is the best person to address it. Mr. Hackett, can you just give us quickly what the plan is to remove the tolls? When would the tolls come off, as we sit here today, to the best of your knowledge?

MR. HACKETT: I couldn't tell you when the tolls will come off. I can only tell you where the financing is right now or where it stands, and Diane might be able to talk a little bit better about where we sit with that.

Right now, it's projected that we could be in a position to pay off the bonds by 2019. The exact date I couldn't actually tell you that, just because of things like if the traffic volume is going to stay the same, are there any issues that we have to cover for extra costs, construction and that sort of thing.

MR. HOUSTON: What's the latest the tolls could be removed?

MR. HACKETT: The agreement states 2026.

MR. HOUSTON: So they have to come off by 2026 or before.

MR. HACKETT: Once again, I can't say about the tolls coming off. I can only talk about the bonds being paid - being ready to pay out the bondholders. I don't know, Diane, if you want to comment.

MR. HOUSTON: I'll probably get to the finances, but I'm just wondering as an overview, I guess. If I was to ask, when will the tolls come off, 2026 would be the safest answer right now.

MR. HACKETT: Under the Highway 104 Western Alignment Act - I think it's Paragraph 13.2 - it basically states that the tolls may stay on in the event that there are other costs such as maintenance, operations, administration, that sort of thing. It doesn't actually say the tolls will come off when the bonds are paid out or the capital is paid off.

MR. HOUSTON: Fair enough, that's good. Just for some perspective - from inception, from the time the tolls first came on until today, how much toll revenue has been collected?

MS. DIANE SAURETTE: Approximately \$308 million.

MR. HOUSTON: How much principal is owed on the bonds right now?

[9:15 a.m.]

MS. SAURETTE: If we look at last fiscal - statements that are actually on the website - we're looking at approximately \$38 million.

MR. HOUSTON: And how much guaranteed interest is still owed on the bonds?

MS. SAURETTE: That is an estimate. It's based on market, so what we can get in the market today. I think we're probably looking at somewhere between \$17 million and \$18 million.

MR. HOUSTON: That would make the principal and interest in the neighbourhood of \$56 million.

MS. SAURETTE: Yes, that's fair.

MR. HOUSTON: And how much cash is on hand?

MS. SAURETTE: On hand, when we look at the debt service reserve and the excess cash reserve, we're looking at about \$37 million or \$38 million.

MR. HOUSTON: So not necessarily enough cash on hand to pay all of the principal or close?

MS. SAURETTE: I'm giving you numbers based on fiscal 2016-17, so we still have to consider 2017-18. We're projecting somewhere in the vicinity of \$8.5 million in revenue, so if you add that to it. Where we're getting fiscal 2019-20 is we're thinking okay, we're going to have revenue if we stay status quo in 2018-19. If we're looking at another, say, \$8.5 million, what's in Estimates for 2017-18, that will bring us somewhere into the 2019-20 fiscal year that we will have enough cash on the balance sheet to look at the debt.

MR. HOUSTON: Is that the plan, that when there's enough cash to extinguish the principal of the debt? This is something that kind of goes back and forth - do we pay the debt early? Do we not pay the debt early?

If there's \$38 million in cash on hand and \$38 million in principal due, is that something the board talks about? Maybe to Mr. Hackett - taking the cash on hand and paying the principal?

MS. SAURETTE: I can answer that. No decision has been made by government on that. What the department is doing right now is just - we know a commitment has been made to remove the toll for Nova Scotia motorists. Now we've been tasked with pulling all the information together as to what that means.

There's multiple agreements that we have to go through. We have to go through the legislation, we have a corporation to think about and what that means when it's not a consolidated entity. We're looking at revenue, we have to project. We've got a couple more winter seasons that we're thinking that's likely, as well as any other additional maintenance or construction. There's a lot to think about, along with the agreements and legislation and that.

We've been tasked with bringing all that together and bringing it forward to government for them to make a decision.

MR. HOUSTON: And that's to make a decision on removing the tolls for Nova Scotians? Or make a decision on using the cash to pay the debt? Or just making a decision on all those things? What are the decisions before the department right now?

MR. CHAIRMAN: Mr. LaFleche.

MR. LAFLECHE: There was a press release by Minister MacLellan when he was dealing with the whole issue of highway expansion - I believe it was last April. It's in your document package. I think if you read that, you'll see what the government's intent was.

Our job is to work towards that attempt by providing the right factual information so the government can make an appropriate decision. But if you read the exact nature of that, it was that tolls would be relieved when the debt is paid off for Nova Scotia motorists. At this point, we haven't defined that. In fact that's part of the job that Mr. Fitzner is working on, to allow us to make presentations to Executive Council within the next year - maybe a little earlier - so that Executive Council on behalf of Nova Scotians can make the decisions regarding this.

It was rather unfair to say that things would only change in 2026. I think what Mr. Hackett was giving was the legal definition in the legislation. The government has made an announcement, it's in the public and to all instructions I have, even though the minister did change and he's probably shorter and not as good-looking, I hear, than the last one - we're still going to follow the instructions we have and the new minister has authorized us to put together a series of options with facts for government, such that a decision could be made in the next year or so.

MR. HOUSTON: There's a lot baked in that. I guess what I'm trying to do is find out exactly what is baked in that because your discussion started off about the government's intent and that Minister MacLellan at the time said the intent was to remove the tolls for Nova Scotian motorists. Then everything that you just said there talked about trying to get the information together to make the decision.

I think government intent is something that nobody has any confidence in because governments say things all the time. The intent at one time was for the tolls to come off in

2019, and then Minister MacLellan issued a letter saying, let's not pay the debt off until later and then they said we'll take it off for Nova Scotians.

I guess what I'd like to do today is kind of cut through all that kind of rhetoric and actually see what is the plan. If I were to break that down, I would ask a simple question: is the plan to remove tolls for Nova Scotians and when? That's a question I don't think you can answer, right?

MR. LAFLECHE: I think that's a question that has already been answered by the government. They said they would remove tolls when the debt is paid off. The current estimate of that was given to you by Ms. Saurette, and so we're working towards those instructions.

MR. HOUSTON: Okay, I might have missed the current estimate of when the debt will be paid off. If there is \$38 million in principal and \$18 million of guaranteed interest, let's first define when the debt is paid off. Would you define that as the principal plus the interest or would you define that as just the principal?

MS. SAURETTE: I would define it as principal and interest, and sometime in fiscal 2019-20.

MR. HOUSTON: Sometime in fiscal 2019-20, roughly \$56 million would be passed over and the debt would be paid off - do I have that part right?

MS. SAURETTE: I think that's accurate, yes.

MR. HOUSTON: Sometime in fiscal 2019-20, \$56 million would be handed over, the bonds would be extinguished, and the debt would be paid off. At that stage, the tolls would be removed for Nova Scotians only or the tolls would be removed?

MS. SAURETTE: A commitment has been made to remove for Nova Scotia motorists. All other motorists - so trucks out of province, no decision has been made on that.

MR. HOUSTON: But for Nova Scotia trucks - trucks with Nova Scotian plates - no toll. Is that the intent?

MS. SAURETTE: I believe the definition of a motorist would be cars, not trucks.

MR. HOUSTON: So, 2019-20, if you have a Nova Scotia car with Nova Scotia plates the intent is no more toll. Any other type of vehicle, Nova Scotia plates are not - transport trucks, whatever, still a toll?

MR. LAFLECHE: I think, again in your documentation you have some quotes from Minister MacLellan. I think he said that the intent was to remove for Nova Scotia motorists. The definition of a motorist in Nova Scotia is still yet to be known fully, but Ms. Saurette gave you as accurate a description as one has today. We will further work on that, but people who drive cars for recreational reasons obviously are Nova Scotia motorists.

Then Minister MacLellan added a comment that a decision will be made on trucks - trucks writ large could be Nova Scotia trucks, tractor-trailers, out-of-province trucks, or local delivery trucks. All of those are different circumstances. A decision will be made on those in due course when Ms. Saurette, Mr. Hackett, and Mr. Fitzner have a package that is ready to be reviewed by Cabinet, and Cabinet has an opportunity to review that and make those decisions.

We cannot answer yet one way or the other whether an 18-wheeler owned by Galen Weston corporation coming from Brampton, Ontario will have to pay tolls or not, but we will know within about a year.

MR. HOUSTON: Thank you. When was it that Minister MacLellan made this announcement? Do you remember roughly when that time was?

MR. LAFLECHE: It's actually in the package. Why don't we look this up? Diane, do you want to get the statement? There's a date to it in the package.

MR. CHAIRMAN: Mr. Fitzner may have a response.

MR. BRUCE FITZNER: It was done in April, at the time they made the announcements on the toll highway feasibility study.

MR. HOUSTON: It was made remarkably close to the beginning of the provincial election, I'd say. It was made pushing a year ago - not too far away from a year ago that that announcement would have been made. It sounds like a lot wasn't really figured out before the decision was made because a lot of things that were talked about in the announcement still aren't defined, right? How close are we to defining these things? When can people reasonably expect these decisions to be made?

Here we are, a year after an announcement and staff are working on a package - the minister - to put to Cabinet, to put to the Legislature. How close are we to those types of decisions?

MR. HACKETT: I would say probably in another year, another 12 months we'll have an idea where we sit on that decision, what's going to be done. It's not just a matter of paying out the bonds. There are other issues we have to go through as well, other contracts we have to look at and other things that would affect other people and motorists on the pass. It's a fairly long process, so I would expect probably 12 months at least.

MR. HOUSTON: There's no ability right now under the existing agreements to selectively toll one vehicle going through the pass or not, is there? It's every vehicle that gets tolled.

MR. HACKETT: At different rates.

MR. HOUSTON: Then too, this would be a switch from that so that would require new agreements, I guess. At that time there would be fewer agreements because the bonds would be paid off.

MR. HACKETT: That's correct, and the interest of the bondholders wouldn't be there any longer so it would be the agency and the government that would have to make the decisions of what they want to do going forward.

MR. HOUSTON: Is it too early to say or has there been some analysis done that if the toll was removed for Nova Scotian vehicles - however that is ultimately defined - are there some different scenarios to say what the annual toll revenue would still be? How much of the revenue is coming from non-Nova Scotian vehicles at the moment?

MR. CHAIRMAN: Ms. Saurette, do you want to take a stab at that?

MS. SAURETTE: We know non-Nova Scotians, I don't have the truck numbers but we know that approximately 20 per cent of the toll revenue, so we're looking at toll revenues between \$18 million and \$19 million. It's almost 50-50 between cars and trucks, 20 per cent of it we're anticipating or estimating is from locals, so 50 per cent from overall truck traffic. That could be Nova Scotian and non-Nova Scotian trucks. Then there's 30 per cent that is Nova Scotia motorists and out-of-province motorists. That's roughly the percentages.

Right now we've only just in the last, I think, and this is one of the pieces to try to define the revenue and where the revenue comes is monitoring the traffic that's at the pass. We've only just gotten the technology in the last couple of months and that's another one of the big pieces of what is all the revenue and where it's all coming from.

MR. HOUSTON: Okay. In the 2016-17 budget, there is \$10 million that was contributed to the provincial coffers, as a result of the pass. Is there a cheque cut for that? Does \$10 million actually flow into the provincial coffers, or is it just some type of paper transaction?

MS. SAURETTE: The pass itself is one of the GBEs. It's one of the four GBEs in government. You've got your Liquor Corporation, your Gaming Corporation - GBE, government business entity. They are non-consolidated entities. How we recognize is just their income, their bottom line through the equity method, so this is one of them.

We recognize the revenue but the revenue, the cash - because this is legislated toll like our Halifax-Dartmouth Bridge Commission, it stays on the books of the company. That's why it has so much cash on its balance sheet. It's a non-consolidated so that's not the bank account of the province.

MR. HOUSTON: Okay, thank you. The corporation has an obligation to hand over the highway back to the province when all the agreements are said and done, they have that obligation to hand it over in a certain condition. Is it in that condition today? Would it meet that test today?

MS. SAURETTE: I'll let Peter answer that one.

MR. CHAIRMAN: Mr. Hackett.

MR. HACKETT: Yes, you are correct, that the highway has to be handed over in basically the same condition it was in when it was built. Over the last five years the pass has put in roughly \$25 million, in that range, towards capital. They have repaved the entire pass, the full 45 kilometres, and we have put a few million dollars into bridge structures as well. If the Pass was handed over today, it's back in really good condition.

[9:30 a.m.]

The Pass is also monitored by an independent engineer, which monitors the pass every three months and gives us a report. Anything in that independent engineering report has to be done within a short period of time, so they're always on top of the maintenance on that road as well, under that contract or agreement to have an independent engineer.

MR. HOUSTON: Is it in better shape than the other 100-Series Highways?

MR. HACKETT: I would say yes. The reason it's in better shape than the other 100-Series Highways is because of the agreements. Because of the agreement that's written, the highway has to be kept at a certain standard under the contract. In the rest of the province, we have our budget, and it's spread across all the highways across the province. We keep a very good level of service on our 100-Series Highways as well - an excellent level of service, for that matter - but because it's under a contract, they're always on top of it because of the contractual agreements.

MR. HOUSTON: There's more spent on maintenance on that stretch than pretty much anywhere else?

MR. HACKETT: I couldn't say that for sure, but there is a fair amount of money spent on that highway. Other highways get as much maintenance spent on them, but it's not always done as quickly because of the agreements that are in the Pass.

MR. HOUSTON: The 56 employees working for the corporation - is there any plan for those employees once the corporation has been wound up in seven or eight years? Is that something that has been discussed?

MR. HACKETT: Not yet. That would be part of the discussion that we would be having over the next little while, and the future of the pass as well. If tolls are kept on for out-of-province motorists and trucks, then we have to consider what the agency would look like and what the employee contribution would look like. There hasn't really been any discussion about that yet. Right now, it's still business as usual as far as we know.

We will be looking at that as time moves forward. There's a few managers, accountants, and toll collectors. We have folks doing maintenance up there, independent engineers, that sort of thing. There's a variety of staff up there that we have to look at.

MR. CHAIRMAN: We'll move to the NDP caucus, and the honourable David Wilson.

HON. DAVID WILSON: Thank you for being here. It's definitely an interesting topic to many, especially those who travel that area of the province and for some years now have been paying the tolls.

A lot of Nova Scotians are interested in the discussion over the last year or so on the removal of the tolls. I think often once they started to hear that, the assumption is that toll booths will come down, the road will be open, and there won't be any more charges to motorists. Obviously, that may not be the end game here. I think Nova Scotians should be provided as much information as possible through this process so that they know what the intent of the government is.

To what degree do you have the ability to make suggestions to the minister? When I look at this, I clearly see that it's going to be a political decision. The minister ultimately will be the person - whoever he or she is at the time - to make the announcement of exactly what is going to happen. To what degree do you have the ability to bring suggestions to the government? Have you been asked to bring a number of examples of what post-removing tolls for whoever looks like in a few years? Do you have that ability? Or are you being instructed, this is what we need from you, and we'll make the decision as a government, as a Cabinet, as a minister, or with the deputy minister?

MR. LAFLECHE: As you know, we never shy from being controversial here, so we're not going to be shy of that with our own minister. We have said to our minister and the previous minister, Minister MacLellan, when he made the announcement, which is now before you and was in your package - you can read it - that we will be bringing a full range of options. Our job as civil servants is to bring every option from keeping things going forever to winding her up as soon as we can legally wind her up. I'll get to that a little later, how long that would take even if we started today.

We'll bring a full range of options so that they can consider. That's why some of those definitions that Mr. Houston asked about here are not set in stone because there is some degree of ambiguity around some of them. We'll have to show the government what the effect of moving that ambiguity one way or another would be.

Again, it's not to in any way fail to commit to the statement, which Mr. MacLellan has made. The Premier has committed to that. The current minister has reaffirmed that commitment and we will be doing that. That statement, as it says there, does leave issues open related to ongoing maintenance - non-Nova Scotia residents and commercial truckers.

Ms. Saurette, in fact - along with Bruce Fitzner - will be putting together a number of options around that and a number of scenarios regarding revenue or no revenue, which will be presented to Cabinet. No, they have not in any way circumscribed our ability to present those options, other than those options must focus on removing the tolls for Nova Scotia motorists when the bonds are paid off.

MR. DAVID WILSON: Would it be your understanding that the government also wants to look at winding up the corporation and turning everything back over to the department, for example, or is that going to be part of what you bring forward to government?

MR. LAFLECHE: That whole scenario of what exists in the future will be brought forward to government in terms of different options. Do you want to speak to that, Diane?

MS. SAURETTE: That could definitely be one of the options, but with that option, we then have an existing highway - what do we do with it? Ongoing maintenance, operation, capital upgrades - if we cease tolls, what do we do with that? That's just part of the bigger work and review that we're looking at for all the options, whether it's a break-even or if we don't cease tolls or what it could look like.

MR. DAVID WILSON: You haven't been given any concrete terms of reference saying, these are your parameters, don't go outside that. Am I hearing that correctly?

MR. LAFLECHE: The only parameter is that when the bonds are paid off - as it stated in the press release - the tolls will come off for Nova Scotia motorists. That's the only parameter. Other than that, it's completely free.

I didn't want to waste Mr. Houston's time earlier with one of my long answers - I was going to waste my buddy over here, Suzanne's time. He made some astute comments and asked some good questions regarding the maintenance and the legislation - I'll get to the legislation later. With the maintenance, if this highway were to be integrated back into the Nova Scotia system writ large and we folded everything up - that's one option - and it just folds back into the system, then there's the whole question that comes out around maintenance. Not only repaving and that type of capital maintenance, but also daily

maintenance, snowplowing, salting, things like that. How does it get back in our system and how does our system absorb it?

Those are all big questions, which Ms. Saurette and Mr. Fitzner will be working to present options to government. We have not been given any parameters around that. Mr. Fitzner has a long experience in that area. In fact, I think at one time he worked in the pass area as the manager there, so he's well equipped to know the ins and outs of that, which are details that we wouldn't expect politicians to focus on but Nova Scotia motorists, when they're driving the highway, may focus on them.

MR. DAVID WILSON: Thank you. I'm trying to make sure I don't get off-track from my colleague here who has made some comments. I'm glad to hear that, but the reality is the government could come back tomorrow and play with what the minister or the previous minister said in the news release. It's like negotiations and looking at contracts - you can interpret it a certain way and so can somebody else - so it will be interesting. It's not as cut and dried as tolls are going to be off, don't worry, everything is coming down. I think Nova Scotians initially thought that kind of was where we were heading.

I hope with the timeline, if the bond, the money, and the revenue that we see is projected that potentially that 2019-20 kind of timeline is a reality, it's interesting that it will be close to an election. Let's be honest, it may be more of a political decision than a proper decision. It will be interesting to see what happens in the next few years.

You said there were 29 full-time employees, I believe I heard. To what degree will they have input in engaging with management, with the chairman to say what they think might be? If they all live and work in that area, to me that's an asset. They live in communities that have been affected by having the toll, but they've had a job. Are they going to be any part of the discussion? If not, would you make them part of the discussion so that they have an avenue and a voice, just like someone who might live in Yarmouth? I think the employees could bring some valuable information about where we should go with how this looks in the future.

MR. LAFLECHE: You raise a good point and maybe Mr. Hackett or Ms. Hislop can break down the employees for us. One of the things that's not realized is that the maintenance of the highway is contracted to the department. The Canadian Union of Public Employees, regular unionized staff, perform the maintenance on the Cobequid Pass even though technically it's not part of our current system.

There's reasons for that, which Mr. Fitzner or Mr. Hackett can go into. It's not just the commissionaires who collect the tolls, it's not just the administrative staff, like Ms. Hislop, there's also the maintenance workers. There will be a need for maintenance, as Mr. Houston pointed out, after the highway changes are put into effect. Whatever those are, we'll still need to maintain the highway and plow it and repave it and ditch it and trench it, et cetera, all those things.

Already CUPE through their president, Mr. Joy, and their business agents have been quite vocal. They are proud of the job they've done on the Cobequid Pass and they feel they can compete against the private sector, so they're quite proud of the work. They've made representations to the government during the toll discussion last year when of course a decision was made not to toll, but they made representations there concerning their ability to do the work on any future upgraded or expanded, twinned highways. They are doing that about the Cobequid Pass now. They do have an opportunity to do that.

In terms of the other type of staff, maybe I'll let Mr. Hackett speak to that, the administrative and the commissioner staff.

MR. HACKETT: There's the breakdown here that Mr. Fitzner gave me. There's 21 commissionaires that are full-time and 15 spares. Aecon runs the actual toll collection at the pass, so there's eight full-time and two spares there with that company. Then there's contracted employees through the maintenance firms that do work around the toll booth. It's a fair amount of people working there right now.

To your point, Mr. Wilson, I think that it will be worthwhile talking to the employees when we get to that stage. As I mentioned earlier, right now we see things as business as usual so we haven't gone to that step of saying this is what's going to happen or if anything will happen at all. Until that time really comes, then we'd have those discussions.

Outside just the employees, too, whatever the government decides to do with the tolls at the pass and the Highway No. 104 corporation, there are other stakeholders outside the employees as well who use the highway and then we'd have to consult with those folks going forward. Those consultations will take place.

MR. LAFLECHE: I'd ask Mr. Hackett to elaborate. If you look at the employees, let's say that tolls completely came off - I'm not saying that but let's say it did happen. The toll booths are ceremoniously hacked to pieces in a big party, which is what happened in certain areas of Canada that I used to live in when the tolls came off - we'd still need all the employees who do regular maintenance operations.

My question to Mr. Hackett is - I get a question sometimes - if we just eliminated the toll booth and the administration of the toll collection, how many employees would actually remain or how many would no longer be required?

MR. HACKETT: If you're looking at getting rid of the toll booth and you wouldn't have any collection and you'd close down the agency, then you'd probably only need about 10 employees to actually maintain the pass. That would be mostly from our staff. It would be internal.

[9:45 a.m.]

MR. DAVID WILSON: We're hearing that one of the options may be - if you interpret the previous minister's comments about Nova Scotia motorists - we could potentially see some kind of toll for industrial trucks, commercial trucks, out-of-province motorists, or commercial motorists.

I know over the last 10 years, there has been a lot of work done on a regional basis around trade and opening up the borders. Is there anything that you're aware of that would have New Brunswick, for example, say no, that's unfair - you can't just tax or toll or charge a New Brunswick company - in how the governments have been trying to work together regionally in Atlantic Canada, for example? Is there anything that stands out that maybe we can't or shouldn't charge out-of-province vehicles in Nova Scotia, or do we have the full authority to say, we'll do that and we'll live with whatever happens down the road?

MR. FITZNER: There is an area that we haven't looked at in depth yet, but that we'll have to look, and that's with respect to mobility rights of Canadians to be able to work in other provinces. We haven't had the chance yet to delve into that in detail, but that is an issue that we'll have to look at.

MR. DAVID WILSON: I want to go to an area that I know was a lot of concern a number of years ago. That was one of the winter storms that happened and there were stranded motorists for some time. In my previous career, if I was in that area, I would have been fully into trying to help them.

I think the response, as to what I've seen, has been appropriate. Are those relationships and agreements with outside agencies still in effect? I know the closure rates - the potential to close it down sooner than later is there, but are there still agreements with organizations in and around the area to support if we ever see a storm hit like we did before or was that just kind of a one-off for that? We haven't seen it again, but the potential is there.

MR. FITZNER: Basically, at the time that happened and all the tractor-trailers started jack-knifing on the hills and it got blocked off and people spent the night there, we had two consultants come in and do separate reports on all the mitigative measures that we could put in place.

One of the largest ones was to prevent people from continuing to go into that situation when they know there's a problem there. There was no way to do it. We set up a number of protocols. We got the overhead signs in place.

I think there were 38 different measures that were all enacted based on those reports. Every year we do a drill. They have a protocol in the local offices of what to do when you close the highways. There are degrees of authority on that, so certain people have

to have the authority to make those decisions and they're tied in very closely with EMO and that type of thing.

It was a very sensitive issue at the time and continues to be now. The guys up there that work on that do stay on top of that.

MR. DAVID WILSON: Does it come down eventually to a ministerial decision or connected with EMO to close it down? We all know with severe weather and any closure of that highway cuts our province off from supplies. There's always talk about being prepared for that.

Is there work being done to ensure that if that happens, there are alternatives to ensuring that we continue to get the product we need to sustain - gasoline, for one. It doesn't take long for a pending storm to currently see our gas stations run out of gas and the Cobequid Pass is still open and it remains open. Is that work being done to make sure that we have options in case there's a long period of shutdown on the pass?

MR. FITZNER: To get back to your first question, basically the level of authority is in the district level, so the district director there right on the ground has the ability to shut the pass down. They don't do it lightly, for the reasons you give, it's our main corridor in and out of the province.

The detour routes have all been set up and mostly the main detour route is the old No. 104 Highway, which has been maintained quite well in itself and has been repaved and there's a lot of passing lanes and that type of stuff on it. There's basically a parallel highway there, which is a good setup for if something happened on one highway, you can divert to the other.

MR. CHAIRMAN: You still have another minute remaining, if you wish.

MR. DAVID WILSON: I think I'm good - we'll pass it on.

MR. CHAIRMAN: We'll move to the Liberal caucus. There are two people who were asking. Mr. Maguire.

MR. BRENDAN MAGUIRE: Thanks for being here today. There's a lot of interesting information. I've heard on more than one occasion that the monies pulled in from the tolls and also from gas tax - let's just talk about gas tax and motor vehicle revenue - that this can cover all maintenance and expansion, snow removal, ditching, everything that we do. Does this cover our current stock? Would that money cover the Cobequid Pass if we removed the tolls?

MR. CHAIRMAN: Ms. Saurette.

MS. SAURETTE: I can answer that one. Currently right now between RMV revenues and gas tax, we actually run a deficit when we look at overall maintenance of our highway system on an annual basis. This year I think it's somewhere around \$30 million. If you go over the last 10 years - we've got the numbers here, it's \$29.9 million that we're potentially forecasting for this year. In some years we were up to \$75 million to \$100 million where the actual funding that went into the system exceeded what we bring in in RMV and gas tax.

With relation to Cobequid Pass, maintenance and operations and capital and all of that come from toll revenue. When we look at the \$308 million that has been received over the last 21 years in toll revenue, that covers the financing, it covers maintenance operations, capital, everything that has gone into that system over the last 21 years. Gas tax and RMV revenues would not have covered any of that. If the tolls came off, then we'd actually be in a situation of either absorbing it into the current budget or increasing budgets.

I'm going to pass it on to Paul to talk about the difference between the two different gas taxes because we've got provincial gas tax and then we've got the federal gas tax.

MR. MAGUIRE: So it's safe to say, though, that if the tolls are removed - we are currently running a deficit when it comes to motor vehicle registration revenue and gas taxes on our current stock of road. If we add another section of road that essentially is paying for itself through the tolls, then we are going to run an even larger deficit when it comes to maintenance and repair.

MS. SAURETTE: Yes, that's accurate.

MR. CHAIRMAN: Mr. LaFleche.

MR. LAFLECHE: The one point I wanted to make is when people go to the pump and they look at that little division of taxes on there, we're not talking about the federal gas tax which goes to the federal government and is then partially refunded to municipalities, not the province. That gas tax when you see it on the pump has nothing to do with us; the province does not get that tax in the end.

MR. MAGUIRE: How do you determine the tolls? How do you determine if the tolls go up or if they stay the same? My understanding is that the tolls haven't increased - you said this earlier - since 2004. I wish we could say that about the bridge. How do you determine if we do an increase in the tolls? Why hasn't it been increased? Why has it stayed the same since 2004?

MR. CHAIRMAN: Ms. Hislop.

MS. EVA HISLOP: Our tolls are based on arrangements that we have with our bondholders. If we meet certain debt covenant ratios, then we do not have to raise the tolls.

We have been fortunate enough to manage our finances so that we're able to meet those ratios, so we're able to keep the tolls the same.

MR. MAGUIRE: Do you consider the Cobequid Pass project a success? If so, what are the factors that make it a success? If not, what are those factors? Are there outside jurisdictions looking at this? I know that it's our project - and by "our," I mean Nova Scotia's project - so we're more likely to pat ourselves on the back and say this is a success. Do we have other jurisdictions that have looked at this and said, that's a model that we appreciate and would like to copy?

MR. HACKETT: I guess when you rate the success from the highway point of view, it has been a success for the reduction of fatalities. The old highway was the actual reason why they built a new highway, because of the amount of fatal collisions that we were having on that highway. With a very large percentage reduction of fatal collisions, that itself is a huge success for a new road. I think that's the positive thing for the highway department.

When you look at the actual financing model, where there's an agency that's arm's length of government - part of government in some ways, I guess - that runs its own toll collection and own payment of bonds and basically has no risk to government - it's sort of independent. That highway has been running itself for the last 20 years without much intervention from the province. From that alone, it has been able to do all of its bond payoffs. It has been able to do its own financing, its own maintenance, its own capital, which in itself is a huge success.

To your point about other jurisdictions, other jurisdictions do look at this model. I don't know how many have implemented that same model; I'm sure there are some. In some jurisdictions, particularly in the United States, companies will come in and do this type of model but independent of government, and if they go bankrupt, then the government is stuck holding the actual cost of the highway. In this case, that's not the case. The agency is responsible for it, and the government is sort of hands-free. Because there has been very little interaction from government, it has basically been self-contained, independent, and you have a great highway up there. I think overall, it has been a good success.

MR. MAGUIRE: Ultimately, keeping in mind that we are stewards of taxpayer dollars and we have to make sure that they are being spent correctly, would you define success - I would hope you would - as saving lives? We have a piece of highway that had a pretty horrendous nickname, Death Valley, and I haven't heard that term since we had conversations not too long ago. You're saying that this has saved lives, so when you go to bed at night, are you at ease with this strip of highway and the success that you have had from a human life standpoint?

MR. HACKETT: To go back to that, I wasn't here back when the pass went in - Bruce was here - so I can't take credit for the actual construction and the foresight to putting this highway together.

MR. MAGUIRE: He has been here since the beginning of time. Let's not kid ourselves. (Laughter)

MR. HACKETT: I think if you're back in 1993 or 1994 and you're looking at your budget, and you're looking at the amount of lives that are being lost on the Folly Mountain Road, which was averaging three fatal collisions a year, but there could have been more fatalities - that's just the number of collisions that they had where there was a fatality involved. I think the actual number was around 50 fatalities over that 10-year period.

[10:00 a.m.]

When you look at the success, where now you're at less than one fatal collision a year on a new highway, with traffic increasing all the time, I think from that part of it, you're looking at a very good success rate for saving the lives of Nova Scotians and all those people who use that highway.

Saving the lives is the big thing, but it's also a more efficient road. It's a four-lane twinned highway with a higher speed limit, and it's shorter. It's nine kilometres shorter than the previous highway. All those things connected for a transportation network, I would say it would be a success story for sure.

MS. SAURETTE: I'd like to add to that as well. I hate to go to the finance piece of it, but because our mandate really is to have safe highways, that's really the ultimate success of this.

But when we look at this pass and being able to do this road in 20 months, cost at \$113 million, being able to access some federal funds, looking at a model where we're actually in a really unique situation to be ahead of the 30-year schedule, and we look at it and we compare it to the other part of Highway No. 104 where we've opened approximately 15 kilometers over 15 years that cost us \$175 million - when you look at the finance piece of it, if we hadn't gone through this type of model, traditionally it would have taken us a lot longer than 20 months. Then we look at cost and cost escalation and that, so from a financial perspective, it's a success.

MR. MAGUIRE: We have a road that's safer. It was built on time, on budget, faster than any other piece of road that we've had. What's the difference? You're saying if we would have built this traditionally, it would have cost more and it would have taken longer.

MS. SAURETTE: It's 45 kilometres of twinned highway. When we looked at the budget of the day and what we had in capital budget to be able to do it on our own

traditionally, it would just have taken a longer period of time. When you think of escalation and cost over - access to funds and building it quicker, risk transfer. There are a lot of different pieces that you consider when you're looking at this kind of model.

MR. MAGUIRE: From a finance standpoint, in your eyes, this has been a fairly large success.

MS. SAURETTE: Yes.

MR. CHAIRMAN: Mr. Fitzner would like to comment.

MR. FITZNER: Traditionally what we do is we'll build sections of highway as we twin them. If you get so much money in your budget you can do five kilometres, and if you're generally twinning a road then as you build that five kilometres, you're able to put it into service so it's useful to someone.

In this particular case, they were going with a brand-new alignment for all four lanes so we weren't twinning the old highway. They didn't really like the terrain that went through so they moved to the western alignment, as they called it. It just went right through the countryside and really, until you had the whole 45 kilometres built - and that's basically 90 kilometres of two-lane highways - the road wasn't very much good to anybody.

On a traditional build with a small amount of capital available each year, we would have been in the woods for 10 or 15 years. Nobody ever really seeing the highway until it comes out in daylight at the other end of the thing.

It was the type of thing that they did in 20 months. Just an example, the recent one we opened up in Antigonish, which was traditional type, was 16 kilometres that we built. The actual construction portion of that was about eight years. It delivered the goods very quickly. Getting back to your question on success, in that regard, it addressed the safety issue and probably in record time in this province.

MR. MAGUIRE: I just want to go over the toll removal. I have a quote that says, "The province will also be removing tolls from the Cobequid Pass for Nova Scotia motorists once the bonds are paid off . . . 'We want to give Nova Scotia motorists a break. As we move closer to 2019, we'll look at how we'll maintain this crucial piece of infrastructure,' said Mr. MacLellan."

So, 2019 has been floated out there a few times - 2019-20. I guess this would probably be for the Department of Finance and Treasury Board. The indicators right now are saying - is there potential for 2019 or 2022, 2026? What are your financial indicators showing for the bonds to be paid off?

MS. SAURETTE: Right now if we look at status quo, where we are in terms of the year end for 2016-17, so the last statements, and looking at the revenue that we're going to achieve this fiscal year, what we're anticipating for next year - we're likely looking at fiscal 2019-20.

You have to consider that we've got a couple more winter seasons to go through, so this year, next year, what other types of maintenance, we're looking at the revenue, there's a few things that have to be considered. We likely are going to be in that situation in 2019-20.

MR. MAGUIRE: This has little to do with an election or potential election, and more to do with the actual revenues of the Cobequid Pass and some of the factors that we can't control, like maintenance and weather.

MS. SAURETTE: Yes.

MR. MAGUIRE: Can you give me a quick breakdown of the revenue that is pulled in yearly by the Cobequid Pass and where that money goes? I think you said we're pulling in around \$8.5 million a year, so some of that obviously is going to employment.

MS. SAURETTE: Yes, in toll revenue we collect somewhere - actually maybe I'll let Eva speak to that, where she is closer to the finances than I am.

MS. HISLOP: Certainly. Again toll revenue, we're at about \$19 million for last year.

MS. SAURETTE: I've got the numbers here. Toll revenue is approximately \$19 million so it's mostly 50-50 cars and trucks. Expenses - so maintenance, any of the financing, depreciation on the Pass - is to the tune of a little over \$12 million in total. There is insurance, there's all kinds of different types. We've got salaries, we've got just the regular maintenance and that of the pass, so that's about \$12 million or a little over \$12 million.

MR. MAGUIRE: What's the amount of money that goes into salaries yearly? Do you have that number? Just for the Cobequid Pass.

MS. SAURETTE: Just for the Pass - it's actually a little bit difficult just because we've got maintenance and maintenance is related to a contract that we have with the department, but salaries are about \$700,000.

MR. MAGUIRE: Would you say the majority of those individuals are people who are employed locally? So that's going into local economies.

MR. CHAIRMAN: Ms. Hislop, did you want to respond to that?

MS. HISLOP: Certainly. Most of it is local, yes.

MR. MAGUIRE: Take us through what happens. There are two more questions I have around the tolls. Take us through what it would look like if these tolls were removed and what kind of impact it would have on the overall structure of the Cobequid Pass. Why haven't you made a decision on trucks? What's the difference between having a truck and a vehicle on the Cobequid Pass?

There are two questions there - pull the tolls off.

MR. HACKETT: On the toll part, as we mentioned earlier, what that would look like, we're still working on how that would be going forward.

MR. MAGUIRE: When did you start the process of . . .

MR. HACKETT: Of looking at taking the tolls off? We're starting that now. As I mentioned before, it would probably take about a year before we have a decision of what that would look like going forward. Then once we make a decision, I guess we'll determine what the toll collection would look like and what the revenue would look like and that sort of thing. That will take some time to determine that.

MR. MAGUIRE: Will there be public consultation on this? I think Mr. Fitzner has done some public consultation on the Cobequid Pass.

MR. HACKETT: I think there will be some public consultation with regard to the stakeholders involved. If it's the trucking industry, the local community again, sort of similar to what they did when they opened the pass back in 1996 - they had public consultation about how this would look and how it would affect the local community.

Right now trucks aren't permitted to go through the old Highway 104, Trunk 4, unless it's an emergency so what that would look like. There's a number of different scenarios we have to look at as we're going through this process.

MR. MAGUIRE: Maybe, Mr. Fitzner, you could give us some snippets of what you heard when you were out there in the public.

MR. FITZNER: Basically, it was kind of all over the map when I was out there speaking, depending on the area and depending on the crowd that night. But suffice to say there was mixed opinions on the use of tolls. A decision on that was made by the government, so I don't really want to get into that too much.

I'll just mention on the trucks themselves that, as Diane mentioned, the trucks and cars account for about 50 per cent of the revenue. As far as the damage caused to highways,

trucks are the predominant means that highways start to break down, that the pavement ruts, and you have to go in and have the expense of rehabs.

A rule of thumb that they have used probably since the 1950s, through research that they did in the United States, is that the damage of one truck is equivalent to 10,000 cars driving over the road. That's because the weight of a vehicle and the damage it does is not linear, it's sort of exponential, so it's to the power of four. For every pound you add on a vehicle, you multiply that by a pound by a pound by a pound by a pound, to the fourth power, and that's it. The trucks really do all the damage to the Pass, so that's one of the considerations when we look at whether tolls are coming off on trucks and that type of thing.

MR. CHAIRMAN: Time has expired for the Liberal caucus. We'll move back to the PC caucus. Mr. Houston, you have 14 minutes.

MR. HOUSTON: Let's talk about Trunk 4. The speed limit on Trunk 4 has been a source of annoyance for a lot of people. The corporation's agreement, I believe, says that the posted speed limit on Trunk 4 is a weighted average calculation that is not less than 30 kilometres lower than the speed limit on the pass - at least 30 kilometres lower, which I guess would be 80 kilometres. What is the weighted average speed limit on Trunk 4?

MR. HACKETT: I couldn't tell you what the weighted average is right now. I can get that information, what it would be, because it goes over time.

MR. HOUSTON: I think it's somewhere around 70 kilometres for the most part.

MR. HACKETT: Okay, 70 kilometres was what I was going to suggest, yes.

MR. HOUSTON: So that's a slower speed for sure. There is a lot of enforcement on that area. You guys don't have any say as a department on the amount of enforcement on that stretch, do you?

MR. HACKETT: We have enforcement on both roads, actually. They're still public highways, both the Cobequid Pass and Trunk 4, so our enforcement officers work on both. They do work on Trunk 4. The trucks aren't permitted on Trunk 4 depending on the size of the truck, so there is enforcement for that.

There is the speed part of it as well, but the speed is all regulated. The speeds are up, and it's up to the RCMP to enforce the speed. But we do the truck enforcement.

MR. HOUSTON: Can the department influence how much RCMP enforcement is on that stretch?

MR. HACKETT: Not normally. We could recommend that they go out, but they don't necessarily take that into account.

MR. HOUSTON: I heard there was like 40 hours of RCMP enforcement on that stretch a week.

MR. HACKETT: That could be. I guess that would be up to them.

MR. FITZNER: Not so much with the RCMP, but on the commercial vehicle compliance, the pass has a contract with them to do a certain amount of extra patrolling to ensure that trucks don't use that thing. So there is a payment each year that goes to the government for us doing extra patrols for the trucking.

MR. HOUSTON: Okay, that's interesting. The corporation pays the province to put additional enforcement on that stretch.

MR. FITZNER: Just the trucks, not the RCMP.

MR. HOUSTON: Fair enough - good distinction.

When the tolls come off, which is the intent to do at some point for some vehicles, will the province raise the speed limit on Trunk 4?

MR. HACKETT: That would be part of the process that we're going to do for the next year. We'll look at what that would look like going forward. It would be more ideal to keep trucks on Highway No. 104 only because of the fact that we repaved and redid Trunk 4 over the last number of years. It's a trunk road. It can take trucks, but we'd prefer to sort of keep the main trucking on Highway No. 104 as opposed to going through the Wentworth Valley. It has been reworked and it's in great shape and it has been widened in some areas and we've taken some climbing lanes out in others. It's more of a collector road than it is a 100-Series Highway.

I'm not saying that we would ban trucks from that road. I'm not saying we would change the speed limit. I'm just saying that's something we're going to look at as part of this process going forward.

MR. HOUSTON: That's important because when the debt is paid and the principal and the guaranteed interest are all paid and the agreement's kind of done with the bond holders, that gives the flexibility to change things up on the tolls. I've heard this morning that flexibility may mean off on passenger cars, still on trucks - who knows, any variety of things.

So there is a scenario where there would still be a toll for commercial vehicles and trucks on the pass, but really there wouldn't be that contractual restriction to keep the trucks

off the trunk anymore, but there may be a desire to do that, which would be different than other areas, so there are a lot of moving parts there.

[10:15 a.m.]

MR. HACKETT: It is true. It would be a desire to keep the trucks off just for a couple of things - one, for the safety and one for the fact of the road construction because it's a different design.

Trunk 4 is not controlled access anymore. It may have had pieces of it, but there are a lot of entrances and exits, so the safety of that road would be better just for passenger vehicles or smaller trucks. The old highway is nine kilometres longer so the new highway is shorter, so it would be more efficient for trucks to use the Cobequid Pass.

MR. HOUSTON: But if they have to pay a toll on that one. So that's an interesting decision point for the department.

MR. HACKETT: The other decision on that would be the speed limit because the speeds may not be dictated anymore by a contract, but they may be dictated by the actual road itself. Would you put a speed limit up to 100 kilometres an hour on Trunk 4 when really the safe speed is 80 kilometres? That's something that our traffic division would have to review before we ever change the speed limit as well.

MR. HOUSTON: Will the department commit to doing that safety study and looking at the speed limit?

MR. HACKETT: If all these scenarios come forth and we start looking at this sort of thing, we would have to look at the safety of Trunk 4 and what traffic we're going to put on that highway. Obviously the majority of the traffic was taken off that highway for safety purposes, so to open it back up for more traffic we'd have to consider that, because that was the purpose originally to make the road safe.

MR. HOUSTON: In terms of the gas tax revenue - we had a little bit of talk about the gas tax - so between the gas tax and the vehicle licence and registration fees, \$370 million a year. Actual spending on roads \$400 million a year - \$30 million a year in the difference. Money is collected - certain money goes out. So that \$30 million is coming out of the general on a \$10 billion provincial budget - there's \$30 million that's allocated for roads basically is what's happening. It's not a lot for sure.

Looking forward into the future when we start to look at cars being more efficient, more electric cars maybe, that will have an impact on the gas tax revenue. Has the department thought about what might happen to gas tax revenue and how roads would be financed if we're all driving electric cars in the not-too-distant future? There won't be any gas tax revenue. Is that something the department is thinking about?

MR. FITZNER: Yes, we've given it a little bit of thought - not so much as some of the places in the United States like California and these type of people are now starting to look at how they're going to raise that revenue that they had from gas tax for exactly that reason, people are moving to electric cars, the more fuel efficient cars, and the numbers keep dropping every year. So that's going to be a consideration. It won't happen here as quickly, but at some point in time that will become an issue of a declining source of revenue from vehicles.

MR. HOUSTON: So is there some secret spreadsheet somewhere that says we'd better look at our revenue mix and how we're going to pay for roads 10 years from now? It's not that far away that these things could have a big impact on the revenue collected. Are we looking forward like that?

MS. SAURETTE: I don't have a secret spreadsheet or anything like that. I've got too much other stuff on my plate, but this might actually be for the Department of Finance and Treasury Board in the revenue division and what they're looking at in terms of all the revenue that comes into the province.

This revenue actually goes centrally so it doesn't come to the department. We just get our appropriation through our operating budget and our capital budget and we allocate out the budget, based on our mandate. The revenue itself comes into Finance and Treasury Board and it goes centrally.

MR. CHAIRMAN: Mr. LaFleche.

MR. LAFLECHE: I just want to say that at the Transportation Association of Canada and National Deputies Committee, which we serve on - Peter is the Chief Engineer rep for us - there's a lot of discussion about those things, electric cars. The rate paid now in many jurisdictions for charging electric cars is very low; it doesn't reflect true costs. It's sort of a teaser rate to get people in the business.

We're discussing it across Canada, across North America. There are a lot of discussions on that whole issue. What do you charge for electric recharges? What will the future be there? What happens to the gas tax? How do you finance road construction?

We're a small jurisdiction in North America, but there are others that are grappling with this on a bigger basis. The whole way of funding their highway system in the United States could dramatically change. In fact I don't want to alarm anybody here and cause nightmares tonight among some of you but tolls, for that reason in other jurisdictions - not Nova Scotia, other jurisdictions - could become more prevalent for the reasons you are talking about.

All of that discussion is going on nationally. No one has a secret playbook. There's no need for Marieke - who is downstairs listening - to FOIPOP anything yet; we don't have anything for her. Oh, there she is right there, you don't have to drop the camera and run.

In fact those discussions are very public and they are done all across North America. The scene is changing dramatically. You raise great questions and we are going to have to prepare ourselves for those.

MR. HOUSTON: Okay, thank you for that. In terms of the twinning projects that have been announced, what's the time frame for the project at Marshy Hope on Highway No. 104?

MR. HACKETT: Right now we're working on the design of that highway, as well as the engineering for it, and trying to get ourselves looking at a tender process. We have a fair amount of information to collect over the next 12 months, a lot of geotechnical information and a lot of design work to be done, bridge work and alignment work.

We're hoping that sometime in late 2019 would be when the project would start, or around the same time a tender would be closed. That's what we're looking at.

MR. HOUSTON: That's helpful. How long would it take to build it?

MR. HACKETT: It depends on the process, it depends how the department wants to go about doing that, so probably somewhere between three to five years, I would think.

MR. HOUSTON: That's helpful, thank you. Now as you look at the design phase of these projects and all these other types of factors, is the department considering or looking at going to a wider median, like they have in New Brunswick?

MR. HACKETT: It's something that we've looked at. It's not a bad design but it depends on the actual location and if you have the land. Right now in these twinning projects that we have at the moment, other than the one probably through Marshy Hope, the land is all bought parallel to the highway so the existing median design that we have is probably the best way to go to twin.

If you're going through Marshy Hope or around Marshy Hope is what we're looking at for a design, if the land was available it might be something we'd pull out of our toolbox.

MR. HOUSTON: So there's nothing that prohibits you from doing that.

MR. HACKETT: No, it's more of a land constraint thing.

MR. HOUSTON: And having a wider median often will allow you to follow the contours of the land and probably save you a lot in construction costs. So the discussion is, how much is the land cost versus how much do you save. So you are open to that?

MR. HACKETT: We'd be open to it. We've had those discussions and we've had discussions with our staff and we've asked them to look at those potential options. If it works, it's something we could look at. If it's something that we find is more efficient to stay with the narrower median, then we'd go with that as well.

MR. CHAIRMAN: You have one minute remaining.

MR. HOUSTON: The highways that have the wider ones, are they considered safer in the industry?

MR. HACKETT: I don't think you'd really see them as being safer. There are some advantages to it. You don't have any headlights coming at you, you don't see other vehicles, so to speak, and there can be some grade separations as well. You do have a wider right-of-way to look after, obviously, and you have trees and something often in the middle of the right-of-way, which you'd kind of like to get away from that, having trees too close to the highway, for things like wildlife and collisions and clear zones. There are some pluses and minuses to those highways.

The ones in New Brunswick were built because they had a lot of land and it was all virgin material so they just went in and did that design, where we are kind of in a little more constraint situation, sort of building on our old designs.

MR. CHAIRMAN: We will move to the NDP caucus, and Ms. Roberts.

MS. LISA ROBERTS: I'm going to start just trying to understand a little bit more the difference in how the Cobequid Pass was financed - this situation versus sort of general government financing. Obviously, there was a bond issue to raise the revenue - we also issue bonds to finance government generally, that's how we finance our government debt.

I'm just wondering if you can talk a little bit about the percentage of interest that was paid on this bond issue, versus what would have been paid if it were just general government financing. I don't know if Terry Spicer might want to chime in if I'm not making any sense.

MS. SAURETTE: Having a bond is just a different form of financing. The bond rate is just a little over 10 per cent. You can't compare it to the bond rate today, you have to compare it - it has to be relative to what potentially the government's cost of borrowing would have been at that point in time. I think you're probably looking at somewhere between 8 per cent and 9 per cent so this bond is obviously higher than what the provincial government, if they had done it traditionally, which is basically we do it - the government

itself does the borrowing through the Department of Finance and Treasury Board. How all of that debt servicing and borrowing works, it's a little over my scope.

I think when we talk about traditionally, as opposed to doing this, a P3 option, that we were able to get a larger stretch of road - 45 kilometres, 90 kilometres really - done in a shorter period of time. The risk transfer - we were able to transfer that risk onto the contractor, so in terms of escalation, they bear all of that. You pay higher interest but when we look at being able to get it done quickly, the safety, if we then compare it to doing it traditionally and how long it could have possibly taken us - what we have overall in terms of annual capital, taking this on from a government perspective what that could do to the overall costs of borrowing to the province and the debt that we would have had at that time. Hypotheticals, but those are all things you have to consider.

MS. ROBERTS: The 10 per cent on this bond, that was guaranteed for how many years?

MS. SAURETTE: A 30-year bond. When we make a lump-sum payment to pay off the debt, we do get a benefit, we get a make-whole, and we just look at the market conditions and what you would get for a bond of similar type. That's part of our bond agreement, so we will pay the differential - what's in the market today and that 10 per cent less and that's what we'll pay on the outstanding debt.

MR. CHAIRMAN: Mr. LaFleche.

MR. LAFLECHE: Ms. Roberts is touching on a very good point, that in 1995-96 the Government of Nova Scotia was in a very different position accounting-wise - financially, fiscally, and the ability to borrow - than it is today. What was done in 1995-96 is not what we would do today, it's what we had to do then. I was just a baby then and I don't know how old you were, Ms. Roberts, but not that old.

The province was in a very difficult fiscal situation and we didn't even know if they could borrow without a guaranteed revenue base. What was actually done with this highway is what I would call the equivalent of having your parents sign a guarantee on your car loan when you're 16 or 18 years old. The toll revenue was the guarantee that the bondholders would get paid. Today we would do it in a different format. I think it's important to understand that.

MS. ROBERTS: Because I'm taking this opportunity to learn and understand things a bit better - and I will ask Mr. Spicer, maybe, to answer my question - when we issue government bonds now to finance a deficit in a given fiscal year, what's the interest rate? How long is that interest rate guaranteed for?

MR. TERRY SPICER: That's very difficult. I think they're all different. You issue bonds, and there's different rates and different time frames. That would be extremely

difficult for me to answer right now. I would suggest the best people to answer that would probably be the Department of Finance and Treasury Board. They would have all of that detail.

[10:30 a.m.]

MS. ROBERTS: But typically, I don't believe a government bond would be issued for a 30-year guarantee. That's not the length of time that we would be talking about guaranteeing a general government bond, I imagine.

MR. SPICER: I would agree with you. But I think that they do vary.

MS. ROBERTS: Okay, thank you. I want to take advantage of the institutional knowledge represented by Mr. Fitzner again. I wasn't a baby in 1997, but neither was I paying attention to government infrastructure investment. (Laughter)

At the time that this project was undertaken, did we have the other 100-Series twinned highways, or did they come after the Cobequid Pass project?

MR. FITZNER: Most of the highways that had been twinned at that point - we usually twin highways when the daily traffic volumes start approaching 10,000 vehicles a day. Where that was typically happening was in closer to the Halifax urban area. You would see the twinning that went to Truro, Highway 118 out to Fall River in the back of Dartmouth, and some pieces like that. At that time, it was really only around the urban core that there was twinning of all these sections.

However, that particular road at the time - being sort of the gateway into the province - had the highest percentage of trucks of any road that we had in the province. That mix of trucks and vehicle traffic on a non-divided highway was a safety risk that sort of manifested itself in what happened up there with the fatalities every year. That's where we were at the time. This was a big project by the standards of those days.

At that time, the federal government was starting to rein in its own spending. It was harder to come by the federal cash and this type of thing. I think it was a solution that was good for the time, the way they did it because it would have happened quickly but, as Paul says, it might not be the way we would do one today.

MS. ROBERTS: Would you say that safety was the primary reason for undertaking the project?

MR. FITZNER: Yes, 100 per cent.

MS. ROBERTS: I know in Alberta, they have moved to using high-tension cable dividers on medians on larger highways with a lot of traffic volume. Is that something that Nova Scotia has ever considered?

MR. HACKETT: Yes, we are looking at those for some of our twinned highways. Canso Causeway has one right now. We have a couple of others out there as well. So it is part of our toolbox here, our design standards.

MR. LAFLECHE: That raises another good series of questions. Sometimes a solution, if it's lower volume, is not twinning, because the issue is head-on traffic, and it's the divider that's the problem. The high-tension cables or, in some cases, we have concrete dividers are solutions that could be used. Generally here, people immediately go to the twinning solution, which is a higher-cost solution.

There's also the two-plus-one highway solution, and we have a partial implementation of that in the region between Coldbrook and Aylesford on Highway No. 101, although not a full solution because there's not a cable barrier or a concrete median but there was a widening there and there is a dotted, one-metre separation in the middle, plus passing lanes.

Those are solutions that we, the technical people, would encourage Nova Scotians to think about first before twinning, where the volume doesn't justify twinning. Unfortunately, they're not solutions that you see a lot of here so the public generally first, in most cases in North America, they go to the twinning solution, not always the best, not always the best for the taxpayer or the citizen.

We tend to put forward those solutions, where possible. A lot of them are retrofits. You see some of the work that we've done on the Avon River causeway. We're now twinning it. The announcement was on Monday, you might have heard that. Prior to that we put in some safety measures, we put in the cats' eyes, we put in speed radar monitors, rumble strips, things like that, so there are other solutions than twinning. We like to use them but the pressure is always on the twinning because it seems like a simple solution, but it's costly.

MS. ROBERTS: In terms of fatalities and public health, there must at some point be a trade-off between highway infrastructure and the public health outcomes. I think that's something I've heard in my very urban constituency where people are concerned about active transportation and the safety of roads in their urban context.

There's concern that Nova Scotia has actually overbuilt the 100-Series Highways such that it seems like the majority of Nova Scotians can say they live an hour from Halifax. That's sort of true if you're in Truro, if you're in Windsor, if you're in Tantallon, or if you're in Chester - everyone says why not buy a home out there because I'm just an hour

from the city, and then everybody arrives in the city at the same time. Unless we just become a city of highway, it doesn't work very well for the actual community.

I'd welcome your comments in terms of whether those are conversations that happen within the department or maybe between the department and your political masters.

MR. LAFLECHE: There's a political conversation there which I'm not going to bite on. I will bite on the practical part of it, which is that when we twin - and we twin outwards from Halifax - we drive our urban sprawl, we drive the need to put in water, sewer, schools, health facilities, et cetera, which maybe some people feel are most costly than density on the peninsula. This is really the area of HRM and their council and their people but there is that debate which we are a player in - from technical, not a political viewpoint - whether we should densify the peninsula, which is highly controversial, or whether we should contribute to more urban development through making it easier to drive in through twinned or tripled highways.

We provide technical advice in that debate but we don't provide the political side of it, which I'm sure you and your colleagues can do.

MS. ROBERTS: Do you see any path forward from this point which would result in increased safety but maybe lower traffic speeds that might make people consider twice? I think even the use of cables on a less-wide highway - you could have single lanes with cables and accomplish many of the same safety outcomes, I think, as you do with twinning.

MR. LAFLECHE: Those are options that we present to politicians and then they decide whether they like those or not. We do present the safety aspects of it, the cost aspect of it, the engineering aspect of it. Sometimes, as Peter said earlier, when Mr. Houston asked those questions on the median, we are stuck because we don't have a lot of space so technical innovations need to be done.

We provide information on all of that, we work with the Halifax Regional Municipality staff on things in Halifax in those cases. As you know, we also do active transportation solutions in conjunction with municipalities. We work on all of that.

MR. CHAIRMAN: Time has expired. We'll move back to the Liberal caucus, Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: I'm glad that members of the Opposition are keen to talk about the future expenses of the province this week. Last week they were a little reluctant, but they've seen the light.

Anyway, who owns the Cobequid Pass?

MR. HACKETT: The province actually owns the Cobequid Pass, but it's run by the Highway 104 corporation, so it is a government entity and it's a provincial highway.

MS. LOHNES-CROFT: Who are the stakeholders?

MR. HACKETT: The one shareholder is the Minister of Transportation and Infrastructure Renewal, and it's made up of one board member, which is the president of the Pass, which just happens to be me today.

That's the way the structure is set up, but it is run at arm's length from government in a way so that they run their own operation, they collect their own tolls, they pay off their own bonds, they do their own maintenance and operations and all that sort of thing. Other than the structure I just gave you - the department has very little involvement with that. Even as Mr. LaFleche mentioned earlier, the maintenance is done by us, but it's contracted by the pass, so even though it's our staff, the pass pays for it.

MS. LOHNES-CROFT: Commissions and agencies usually fall under the portfolio of the Minister of Business. Am I correct?

MR. LAFLECHE: I've been in a few departments and many departments have Crown Corporations - ABCs, commissions, et cetera. There are a lot in some departments and fewer in others. I think you think of the Department of Business because they have four big ones that everybody knows about, but there are also others like the Nova Scotia Liquor Corporation under the Department of Finance and Treasury Board. We have Cobequid Pass and the Halifax-Dartmouth Bridge Commission under us. The Department of Agriculture has many ABCs; in fact, a lot of commissions. The apple maggot commission - I'll mention that one as an interesting one in case, because we always need members. (Laughter)

MS. LOHNES-CROFT: Those would be in your annual finances. You'd find them under your department. I've been told that the Cobequid Pass is not a P3 project, but it seems very similar. Can you explain how it's different from a P3?

MR. LAFLECHE: A P3 has a really broad definition and some people don't really cotton on to my statement, but when we lease government office space - I mean, you're in a P3, and so are you and you. You're in leased space in your caucus offices. That's one extreme end of P3.

Another extreme end might be when it's totally contracted out like some of the hospitals in Ontario are just total P3 - operated by the private sector, maintained and run, and the only thing the government provides is the health care operating costs. There are all sorts of P3s. There's a huge spectrum.

I would define this as a P3, but you could find some professor somewhere - maybe at Concordia University - who would go into economic theory and not define it as a P3 for some reason, but certainly we would consider this within the spectrum of P3s somewhere.

MS. LOHNES-CROFT: How is it different? Is it because of the bonds?

MR. LAFLECHE: I don't know. It's a type of P3, we would say. First of all, there are probably multiple P3s here. Maybe, Bruce, you could describe how it was built, because that was a P3 in itself - how it was built.

MS. LOHNES-CROFT: I think we typically look at our schools and our hospitals in the P3 model, so I think we're talking outside the regular thought on what P3s are.

[10:45 a.m.]

MR. FITZNER: In this particular project, the private sector is involved because they raised over half the funding to do the construction originally through the bond issue. There was a company that was set up. It was Atlantic Highways Management Corporation, or whatever they were called - a consortium that did both the construction and then looked after the financing of that share of the project.

I think you could probably say this clearly falls in the range of P3 because there was private money that came into it as opposed to all just government money.

MS. LOHNES-CROFT: When you say consortium of construction, I think of *Bluenose II*.

MR. FITZNER: No, no. Okay, I'll take that word back if I can take it back. Many of the contractors who did the work were from Nova Scotia. But it was such a big project that no one particular contractor could do it themselves, so several of the large contractors banded together to do the work.

MS. LOHNES-CROFT: The 20 months that it took to build seems like a very short span of time for that length.

MR. FITZNER: Extremely.

MS. LOHNES-CROFT: Would that be part and parcel because you had so many different groups working?

MR. FITZNER: One thing is that when we do a project, we will typically do a small piece. For each of those pieces - we'll send out the bridges to get designed by bridge designers, and we'll get the highways designed by highway designers. Every time they do it, it's slightly different.

On the Cobequid Pass, they used basically the same design for all the structures. They replicated that same thing, so there were efficiencies by doing that. The forms could be used over and over again. The form work to pour the concrete would be the same for each bridge. They move up the road, and they would get it done a little more efficiently.

Giving them that large piece of work and sort of getting out of their way and letting the road builders build and us just overseeing that they're meeting the standards allowed them to be more innovative and get things done quicker - at a guaranteed price. They were on the hook for that.

MS. LOHNES-CROFT: When you talk about the people who work there, the 29 employees, there was a group from DOT that is dedicated to working that piece of the highway. Will those people be absorbed back into DOT? They are NSGEU employees, I would assume. (Interruption) They're CUPE, okay. They would be absorbed back into the regular DOT? Or do you not know how it's going to look?

MR. LAFLECHE: They're part of the existing CUPE workforce. They're already absorbed in it. The question really is, how are we going to do maintenance on the Cobequid Pass in the future? That's one of the questions we're going to answer, in different ways with different options, when we do a presentation to Cabinet. Mr. Fitzner and Ms. Saurette will put that together and talk about how Highway No. 104 would be maintained if we dropped some tolls, all tolls, whatever, et cetera. How would the future maintenance be done? That question will be answered.

But those employees are existing government employees - CUPE, Canadian Union of Public Employees - with seniority. The collective agreement governs. Let's say we didn't use any of them on the Cobequid Pass in the future. That's one end of the spectrum, an extreme decision. That's maybe not where we're going. We're presenting many options. They would be absorbed back - they're part of the system already. They don't get absorbed back. They're part of the system, and the collective agreement and their seniority determine what happens with them.

Maybe we need them on some of the twinned highways we're building elsewhere if we don't use them in the Cobequid Pass, et cetera. That's a question we can't really answer today. If I was one of those employees, I wouldn't be very worried about it because most of them would be veteran employees, and they have rights under the collective agreement. We have maintained these employees for a long time.

MS. LOHNES-CROFT: You have dedicated employees. Do you have dedicated equipment that is just used for the Cobequid Pass?

MR. LAFLECHE: I'll let Mr. Hackett answer that, but there's a wonderful new truck that we just bought for the pass. Maybe you can describe that.

MR. HACKETT: It's a very expensive truck. It's a large truck. It's a double-wing truck. It's a very powerful truck for the snow up there. We're using it on the pass. It's dedicated to the Londonderry base, I believe. The gear up on the pass is gear from Londonderry and gear from Oxford. It's really only dedicated through the wintertime. If there's snow and ice control, that sort of thing, it would come from those bases. The gear is part of our inventory, and we use it for other work in that area as well. It's not just dedicated to the pass, but in a snow event, it is dedicated to the pass for snow events, yes.

MS. LOHNES-CROFT: That would also be for your summer maintenance program, like bush-cutting and paving machines and whatnot? They would all be jointly used by the Londonderry-Oxford bases.

MR. HACKETT: Basically the way it works is that the independent engineer would identify what issues would be needed for repair on the pass over the summer and they would give the report to us and we would look at it and we would send our staff out there to fix those items if they needed to be fixed.

MR. LAFLECHE: The type of gear we use in different roads in different areas of Nova Scotia with different climate zones varies considerably. The type of gear in the pass would be larger, more robust gear, like we would see in areas of New Brunswick.

In order for us to consider contracting out something like that - I hate to use that word - someone has to buy a lot of gear or get a lot of gear so there has to be sufficient scale to that. We found it most efficient and that's why our own workers do the pass. It's most efficient for sections like that because we have the gear and we have the trained, quality staff to do it ourselves.

There are circumstances in other provinces, other jurisdictions, where they have contracted out that type of thing but it has to be a sufficient scale to do that, it can't just be one small section. So we'll see where that goes. We'll give advice on costing and equipment and maintenance to the government as part of the decision to go forward within the next year and they will make a decision on what to do.

MS. LOHNES-CROFT: Thank you. In that April 2017 press release where you said that tolls will be considered being removed should the bonds be paid off, what factors play a part in making that decision?

MS. SAURETTE: Can you just clarify that question - what factors in taking off the bonds?

MS. LOHNES-CROFT: Need to be considered before you look at paying off the bonds.

MS. SAURETTE: I think the biggest factor is making sure we have enough money to pay it off.

MR. CHAIRMAN: Mr. LaFleche.

MR. LAFLECHE: Previously Ms. Saurette mentioned weather and maintenance and any surprise disasters that come that we have to fix up that would affect the cash flow towards getting enough cash for the bonds.

There are other questions, too, and this is where I'm going to use up your time for Mr. Houston because he alluded to the legislation. That brings the whole question, we have to wrap up all the agreements, we have to change the legislation, maybe get rid of it or modify it. All of this takes time. As you know, legislation has to go through a sitting of the Legislature, so these things have to be done in an appropriate way with due diligence on behalf of Nova Scotians so we do the best we can for Nova Scotians.

Some people say well why don't the tolls come off tomorrow? Well because of all these agreements and the legislation, it takes time to wind these things up appropriately so that things are done in a legal way, in a way which best benefits Nova Scotians.

Those are the things that need to be put in place to ensure that some time around 2019, as was alluded to by Minister MacLellan, the tolls do come off for Nova Scotia motorists.

MS. LOHNES-CROFT: I think I heard someone say that you must return it in the condition that it was built.

MR. LAFLECHE: Yes, there are various - I think you have a copy of the agreement, do they not, in their package?

MS. LOHNES-CROFT: We have the Act.

MR. LAFLECHE: Of the Act, okay. Well there is an agreement too, and in the agreement it has certain specifications. If we end the agreement early, prior to 2026, we have to, so to speak, negotiate that ending. Then there's all the things we just talked about, plus other things that Mr. Houston brought up related to the speed limits and the situation on old Highway No. 4. All that is part of the discussions we need to have with the bondholders when we wrap this up and it will take a little time.

MR. CHAIRMAN: Order, time has expired. Mr. LaFleche and Mr. Hackett, you have a couple of minutes to provide some closing statements.

MR. LAFLECHE: I guess I want to focus on the date. We were asked earlier on about when the tolls would come off and there was a lot of focus on the legal date of the

original Act and the bondholder agreement, which is 2026. I think it's necessary to assure the listeners that we are striving to meet Minister MacLellan's, Minister Hines' and the Premier's commitment of when the bonds are paid off, Ms. Saurette has reiterated that will be some time in fiscal 2019-20, so that's when it will happen, so there should not be a big focus on 2026, other than us wrapping up the agreement which happens to have that date in it.

MR. CHAIRMAN: Thank you. Any other comments. Mr. Hackett, did you want to provide some closing comments?

MR. HACKETT: I'll just say that - basically right back to my opening remarks - the pass provides safe transportation to the Province of Nova Scotia and it was built for that purpose. It is a safe highway for folks coming from away or travelling in the province. It's a safe highway for trucks and all the economics for the province as well.

I think with that and the efficiency of the road, as we mentioned earlier, and the fact that we're in a dilemma here with - we're 10 years ahead of ourselves and these bonds looking like they could be paid out, so I think that's kind of a success story for the province. I think the whole thing wrapped up as one is one that we can be proud of. I just want to put that in closing.

MR. CHAIRMAN: Thank you for being with us today and answering our questions. We have just one item of committee business. We had correspondence from the Department of Health and Wellness. That was information requested from the December 13th meeting. Are there any questions or comments on the correspondence? No.

Our next meeting is January 24th. It is to discuss tourism in Nova Scotia and it is with Tourism Nova Scotia. We will see you then.

This meeting is now adjourned.

[The committee adjourned at 10:56 a.m.]