

EVENING SITTING

COMMITTEE OF FINANCE

General Revenue Fund  
Environment and Resource Management  
Vote 26

**The Chair:** — The Government House Leader moved that we report progress on the estimates of the Department of Environment and Resource Management.

General Revenue Fund  
Post-Secondary Education and Skills Training  
Vote 37

Subvote (PE01)

**The Deputy Chair:** — Would the minister please introduce his officials.

**Hon. Mr. Hagel:** — Thank you very much, Mr. Chair. I would be happy to introduce to the members of the committee the officials who are joining me here today for estimates for Post-Secondary Education and Skills Training. To my left is Deputy Minister Neil Yeates. And seated directly behind him is Mae Boa who is the executive director of finance and operations. Directly behind me is Lily Stonehouse, and to my right is Wayne McElree, and both are assistant deputy ministers.

I'm sorry. And I neglected to recognize — I was turning the wrong direction — John Janzen behind Mr. McElree, who is the acting executive director of the student financial assistance branch.

**Mr. Hart:** — Thank you, Mr. Deputy Chair. I'd like to welcome the Minister and his officials here this evening. I have a number of questions that we can get started with in his department. I'm sure the number of questions that we would have on this side of the House will certainly take more time than this evening's sitting but we can at least get a start on it.

Post-secondary education, in our view, plays a very important role in today's society. In today's economy we hear the catch phrases of knowledge-based economy, life-long learning, and so on.

I had the privilege of attending the function that the Saskatchewan Indian Federated College put on last Friday over at the Centre of the Arts where they talked about their new building that they will commence construction very soon. And the First Nations people refer to education as their buffalo, their source of security, and that engine that will take them from where they are now to where they want to go.

And I would take it one step further. I would think that it's all of society's buffalo in view of the changes that we see in the economies of the world and that sort of thing. I think also that we must no longer just think of post-secondary education as strictly in the educational aspect of things.

I think in the past we've looked at post-secondary education in isolated thinking in terms of universities and SIASTs and regional colleges and those sorts of things. And I mean there's many more things that happen in the post-secondary education field, particularly at the universities and SIAST perhaps to a lesser extent. The other institutions — I'm thinking more of the research activities and those sorts of things and the importance that they can have in today's economy and the spinoffs, the economic spinoffs that can come from the basic research and so on.

So with that I looked at what other jurisdictions are thinking about and I guess their goals and their visions. And when I did the research I came across statements and vision statements and those sorts of things, talking about providing their people with opportunities they need to learn and adapt and develop new technology and new skills. Other areas, you would see phrases like foster knowledge, innovation, and research technology across all sectors of their economy.

And of course you didn't have to do just too much research to come across phrases like expanding knowledge-based economies to include information technology industries and those sorts of things.

Other jurisdictions, some of them, they talk about creating centres of excellence that would pertain to their area that they are responsible for. And I stated in the House earlier this session that I feel ... that we feel that there is some opportunities for perhaps Saskatchewan to go down that route. We have some problems — whether it be in health or agriculture or highways — and perhaps through our research capabilities or the pool of knowledge that we have at our universities, we could apply that and perhaps turn them into an opportunity.

I guess, Mr. Deputy Chair, my first question is, to the minister, is what is the minister's government's vision and goal for Post-Secondary Education and what are the plans to achieve those goals in the post-secondary field?

**Hon. Mr. Hagel:** — Mr. Chair, I thank the hon. member for his question. In many ways, it's an all-inclusive sort of question that he asked. It's somewhat akin to why is there air. And we can go forever I suppose in the answer, but I don't think that the hon. member had in mind that we should go forever in the answer.

But I listened to the reference of the hon. member, the Post-Secondary Education and Skills Training critic, Mr. Chair, and I think it's fair to say that the two of us share, I think, a great deal in common. And I know that not just from the question but from our conversations that we've had over the past year and a half that we've been mutually engaged and are concerned about this particular area of function of government. But now the hon. member is getting some help there, Mr. Chair, which may be less than totally beneficiary, but I will do my best to respond to the question.

It is appropriate when talking about Post-Secondary that we ask ourselves what is the vision statement, what's the vision for Post-Secondary. And there is also, as you would say from your

own research, there is a vision statement for our task here and I'm very happily put that on record and let me quote it, Mr. Chair:

Through continuous learning, all Saskatchewan people have the knowledge, skills, and abilities to benefit from and contribute to society and the economic prosperity of the province.

Now, Mr. Chair, that's kind of a formal-sounding statement and it is. And maybe I can just make some comment to the pieces of it because the words are significant.

Perhaps I can summarize that vision statement, Mr. Chair, by saying this: that in my judgment, Post-Secondary Education Skills Training is in the future business. That's what we're about. It is the responsibility of this department to take the resources that are provided to us by the taxpayers of Saskatchewan and to use those as best we can to do two things: one to enable our citizens to build their own futures by increasing their knowledge and their skills and their qualifications to shape their own futures; and then secondly, collectively, through the use of those resources as well to build the future of our province.

And so when we look at the vision statement and we say through continuous learning recognizing, as the hon. member has said in his opening statement, that it has been said for some time that we're entering the world of lifelong learning. And I'm not sure just exactly when we got there, Mr. Chair, but the fact of the matter is the world of lifelong learning is not coming; it's here. And so it is a process of continuous learning that Saskatchewan people will engage in in a number of different kinds of ways.

When one goes to graduations across the province, one recognizes that you see people of all ages.

But in addition to that, Mr. Chair, we see people engaged in learnings which are for a very practical application at times as well, and that's extremely relevant in this rapidly changing world in which we live.

So it is our vision that we would want to see Saskatchewan people engaged in continuous learning and that that would be facilitated through the actions of the department that all Saskatchewan people have the knowledge, skills, and abilities to benefit from and contribute to society. And in looking at that, Mr. Chair, and also to complete that — and the economic prosperity of the province — I would say this: it would be an objective of mine that what we would be promoting through the availability of post-secondary education and skills training is a representative workforce ultimately.

So that what we are wanting to do is to see our citizens be able to take advantage of the use of education to overcome what barriers there are that are between them and gainful participation in the labour market here in Saskatchewan and to be contributing citizens. And that'll mean a whole lot of things to a lot of different people and I think, Mr. Chair, probably enough said about the vision statement.

Now in order to achieve the vision, the hon. member asks, what

goals then would the department have to work towards achieving that particular vision. And in essence, Mr. Chair, there'd be four goals. And as we talk about goals these are goals that are arrived at through a process of ongoing consultation with the partners in the sector and should have . . . evolve measurable objectives to assist us in guiding as to how they are achieving . . . how they are being achieved.

What are those goals, Mr. Chair? Well the goals would include things like a high-quality post-secondary education training and employment programs and services system. So quality is important to us that what people receive when they engage in education or training activities are valuable to them. As I say valuable in two ways, that they can use to shape their own futures or in shaping of the province.

Also we would want to see a second goal within the sector that our activities . . . not just our activities. When I say, our activities, I mean not only government-funded activities, but recognizing in the world of post-secondary education and skills training there are many partners, many of whom are not government and many of whom are not receiving government resources to provide their services, but that the services that are being provided meet the needs of individuals and communities.

(19:15)

Again I go back to that vision statement that we're in the future business. People being able to have access to the training allows them to shape their own futures, and then also in the context of communities. And so part of what we do would be supporting economic development, for example.

Thirdly, a goal that the sector would meet the needs of employers and industry and contribute to economic growth. And again I come back to what I said earlier in talking about being in the future business, that it would be our objective that our activities and the activities within the post-secondary sector would support economic growth, and that it would respond then to the needs of industry here in Saskatchewan, because training which . . . Saskatchewan training for Saskatchewan people for Saskatchewan jobs I think makes a great deal of sense to Saskatchewan people who pay Saskatchewan taxes. And so that would be the objective there.

And finally, that the sector contributes to the discovery, integration, and application of knowledge. And that certainly, Mr. Chair, talks about the kind of thing that the hon. member was referring to, which is a support for the creation of knowledge in which we oftentimes refer to research.

So I apologize for taking so long in the answer. When the question is, so what are you doing, I find myself feeling that I'm really being quite restrained actually, Mr. Chair. But I'll look forward to more questions from the hon. member, and try to be more pithy as long as his answers . . . or his questions are a little more pithy as well.

**Mr. Hart:** — Mr. Chair, I listened intently to the minister's answer, and I was pleased to hear the goals that he outlined. He mentioned quality of education as being important, and that is something certainly we heard when the Minister of Post-Secondary Education and the Minister of Education

conducted their hearings around the province last winter. It was an overriding theme that came through, at least every meeting that I attended, that above all else we should not sacrifice quality of education.

I wonder perhaps could the minister outline a few initiatives in his department that would tell us what kind of steps he's taking to ensure that we have a quality post-secondary education in this province.

**Hon. Mr. Hagel:** — Mr. Chair, I thank the hon. member for his question. We're certainly starting with the big questions early here this evening and I appreciate that very much. In a nutshell, and I'll be a little more specific as I expand to the hon. member, Mr. Chair. In a nutshell, the assurance of quality in our post-secondary system really originates in this room by virtue of authorities and requirements that occur by legislation.

So let me give you three key and important and broad, sweeping ways that that occurs — our universities, SIAST (Saskatchewan Institute of Applied Science and Technology) and regional colleges.

Our universities provide degrees by virtue of legislative authority granted in this room, and it is part of the process then of ensuring the qualifications of the graduates or the students from those universities that they go through their own accreditation process and engage in peer and academic reviews. That's an ongoing exercise and something that the universities will both do in order to ensure, on an ongoing basis, the credibility of the degrees that come from them.

So in addition to the authority that they have to operate, of course funding is provided . . . and that's what we're doing here right now, is facilitating that. And that will be true throughout the piece.

Moving on to SIAST and regional colleges, they will both have the statutory requirement of reviews. And in fact the hon. member may reflect back to about a year ago when both SIAST and the regional colleges had completed their reviews of their programs. And out of those reviews then, which were required by statute, there are a number of recommendations that the regional college system, including each of the . . . in each of the regional colleges themselves, and SIAST, use that as part of their work plan then in moving forward to meet the needs of Saskatchewan people.

So that will be . . . that's a legislated requirement. Reviews are done; recommendations are made; and then the minister responds, which I did, by receiving those reports and the recommendations and directing them to SIAST and the regional colleges then to work to implement. So that's the process of accountability to quality.

Within the department itself as well, there will be program evaluations that we will do as part of an ongoing commitment to ensure the presence of quality in programs.

**Mr. Hart:** — Thank you, Mr. Minister. Mr. Chair, I wonder if the . . . in order for the minister and his department and his government to evaluate where they are, and you need to have a starting point of these and then set some targets, and I'd like to

ask the minister some questions with regards to that area.

I'd like to ask the minister, what percentage of today's population in this province have some post-secondary education and training?

**Hon. Mr. Hagel:** — Mr. Chair, I'm advised by my officials that the percentage of the Saskatchewan labour force that has some post-secondary education would be approximately 43 per cent.

**Mr. Hart:** — I wonder if the minister could . . . he indicated that about 43 per cent of today's labour force, but I was talking of the population as a whole, whether that'd be retired folks, business people, members of this Assembly, and so on, the whole population. Would that be 43 per cent of the total Saskatchewan population, or is that 43 per cent of the labour force?

**Hon. Mr. Hagel:** — The number I've given you, to the hon. member, Mr. Chair, is 43 per cent of the labour force. Included in that of course will not be any of those people who are in the K to 12 system or earlier. Obviously just by definition, they don't have any post-secondary skills training.

**Mr. Hart:** — I wonder whether, Mr. Deputy Chair, if the minister has statistics for our First Nations people. What percentage of First Nations residents in this province would have some post-secondary education or training?

**Hon. Mr. Hagel:** — Mr. Chair, to the hon. member, I'm sorry; my officials don't have a specific number here with me this evening. But I certainly can speak to the essence of the question which I think is maybe the information you're trying to glean.

I first of all will say, Mr. Chair, that our Aboriginal population sectioned out from the population at large has a lower percentage of individuals with post-secondary education, and some post-secondary education.

We will know from our demographics here in Saskatchewan that the lowest percentage of post-secondary education will be in the category that we would describe as First Nations people living on-reserve. There'll be a higher percentage for Aboriginal peoples off-reserve. But both of those will be less than the population at large.

And it's in that context, Mr. Chair, that a very important part of, I think, responsible Saskatchewan planning for the future must focus. I know the hon. member will be aware of a demographic report which my department had commissioned and released — would have been, I think, in February or so of the year 2000, so a little over a year ago — which pointed to a tightening of the labour market here in our province over the course of the decade.

Now why is that happening? Well, Mr. Chair, it's happening here for much the same reason that it's going to be happening just slightly later because of the relative average age in Saskatchewan. It will affect us just a little bit earlier here than the rest of the country, but really this is a phenomenon that's occurring across Canada in this decade because the baby boomers are starting to retire or take partial retirement. The consequence of that, Mr. Chair, is that there will be an

increasing tightening of the labour market. So in other words, that pool of educated and skilled people available to support our economy, compared to the demands, is going to get tighter and tighter.

We have here in Saskatchewan, in my judgment, Mr. Chair, a tremendous opportunity, an opportunity that I think is meaningful to all of us regardless of the perspective we look or where we sit, and that is to develop in Saskatchewan a representative workforce, a workforce that is made up proportionate to the citizens that we have in our Saskatchewan. And that will become I think a very significant factor in terms of the inclusion of our Aboriginal peoples because, Mr. Chair, I do point out that Saskatchewan has a natural competitive advantage, you see, with the fading labour market that's occurring because the baby boomers are going to start to retire, and so the number of people available in the labour market is going to start to decline

(19:30)

But our advantage is this, that in Saskatchewan here we have a mini baby boom — a mini baby boom of Aboriginal peoples who is coming right behind, and in fact will start to grow at the very time that our labour market starts to shrink.

Now where is that mini baby boom? Right now largely, Mr. Chair, it's in the K to 12 system. And the real challenge and the opportunity for Saskatchewan is this, is that if we are able to have our Aboriginal peoples find success in the K to 12 and post-secondary systems and skill training systems and become active participants in our labour market, come the end of the decade and early into the next decade, this will become Saskatchewan's competitive advantage in the nation. Because we have access to a mini baby boom when the rest of the nation is wishing that they had the same.

And because that mini baby boom is largely made up of Aboriginal peoples and because the success rate in terms of participation in post-secondary is not as high as it is for the population at large, therein lies our challenge, but with that the great opportunity for our province in the nation.

**Mr. Hart:** — Mr. Chair, I listened with interest as the minister explained the demographics of our population. And I would say I would have to agree with him that we do have a mini baby boom that has occurred and will be continuing to occur.

But my theory is that we . . . I haven't seen evidence of initiatives and plans to bring a larger percentage of the Aboriginal students into post-secondary education and skills training. I think statistics will show that there's a very high dropout rate in high school, although it may be declining, but I think we just can't say that the way things are . . . have been going on in the past is good enough for the future. Because this is of utmost importance to our province that we bring these people, the First Nations and Aboriginal people, into mainstream society, and education is the major tool to do that.

And I'd like to know if the minister has any special initiatives. I realize the commencement of construction on the new Indian Federated College building is certainly a huge step in that direction, but it's not good enough just to finance and put up a

building. We have to make sure that the students from the reserves and the cities get their K to 12 education and then move into those post-secondary education institutions that we have in this province.

And has the department, has the minister got any special initiatives and plans to enhance that initiative?

**Hon. Mr. Hagel:** — I thank the hon. member for the question, Mr. Chair. He's asking questions which I think are most appropriate to the challenges facing Saskatchewan. And I fully agree with him in the importance of addressing these kinds of things.

In fact, the question is very timely because we are right, as we speak — literally — to the hon. member, Mr. Chair, we are engaging in consultation with our Aboriginal partners in post-secondary education and skills training.

We're doing that in order to facilitate the development of an accurate strategic plan that reflects within the strategic plan the work, not only of the department as one part of this sector of post-secondary education and skills training, but also other partners. And over the course of the next few weeks the assistant deputy minister will be engaging in consultations with many of the Aboriginal organizations and institutions, ensuring that we have as current an understanding of number one, their training plans for the future but also their identification for the training needs of the future.

And that as much as possible we are engaging in synergistic kind of relationships and that we are complementing — not competing; not duplicating — but complementing our efforts to make the best possible use we can of limited resources in order to meet Aboriginal training needs. And it is . . . goals are important and as we undertake this consultation there are three goals that we're attempting to achieve to assist in the . . . through the consultation.

One is to achieve an Aboriginal representative skilled workforce. As I said earlier in my last response, that is our end objective. And I talked about the critical importance in the next decade for Saskatchewan to do that.

Secondly, a post-secondary education and training system that supports Aboriginal people's access and success in education and training. So access is an extremely important part of that, and certainly for some of our Aboriginal population — not all — then we're talking about what initiatives that are providing access outside of our four largest campus communities, for example.

And thirdly, the third objective is that Aboriginal involvement in decision-making and the design and delivery of post-secondary programs and services because it seems to me that if we're doing this thing right, Mr. Chair, then this is not something that is being done for Aboriginal peoples, but is being done with Aboriginal peoples. Clearly I think anyone would assume that that's the approach that has the greatest likelihood of success.

So what are some of the things that are in this budget that is . . . We're engaged here in estimates discussion, and quite correctly,

the hon. member asks then what are the expenditures that are happening that contribute to this kind of achievement of objectives.

And I point out first of all, Mr. Chair, that it must be, in my mind, there must be consistency and collaboration between the two departments of Post-Secondary and Education; the K to 12 system and the post-secondary system surely must be operating from the same page.

And in the budget that is before us . . . and you may want to ask some questions of the Minister of Education when the Education estimates are before the House. But a couple of things that are really, really important is the dedication of additional resources to community schools. We will recognize that the community schools in this province seem to be a vehicle that help to significantly increase the rate of success, for a variety of reasons I won't go into, and I'm sure the Minister of Education would be happy to.

So there is investment there and also an increased emphasis in the area of math and sciences. One of the areas of shortfall that's seen in terms of that link between employment opportunity and skill training in order to access it is having a background in the maths and sciences, and so that becomes, in the K to 12 system, an area of increased emphasis.

In the Post-Secondary area directly, just first of all a couple of things that are in this budget, in the estimates that are before us right now that support Aboriginal training . . . the hon. member will be aware that there is an increase in funding to the Apprenticeship Commission in addition to the 3.5 per cent that all of the institutions in Post-Secondary, that are funded by Post-Secondary . . . they all receive that same, standard 3.5 per cent increase to their base operating. In addition to that, the Apprenticeship and Trade Certification Commission received an additional \$400,000 which is targeted to be used for apprenticeship training for Aboriginal persons. We would anticipate that that would increase by some 80 to 100 training spots for Aboriginal people through the Apprenticeship Commission.

There will also be within the budget itself . . . and the member will recognize that when the Minister of Finance presented the budget, he referred to increased investment. I think the terminology he used at that time was in technology enhanced learning. He may have referred to the virtual campus. But whichever terminology was used recognizing, Mr. Chair, that what we need to do is to increase our investment through the use of technology through the development of on-line learning.

On-line learning is in its relative infant stages but it's growing very rapidly and provides the great advantage no matter where you live in the nation — whether it's downtown Toronto or it's Ile-a-la-Crosse — the ability to train any time but also anywhere. And large city or isolated community in northern Saskatchewan or rural Saskatchewan has the same advantage in terms of overcoming the barrier of time.

But, Mr. Chair, it also has a significant advantage that is very important to us in Saskatchewan, and rural and northern Saskatchewan, and many of those communities specifically having significant Aboriginal population overcoming the barrier

of distance. Access, affordable access to quality post-secondary education.

I know the hon. member will remember, Mr. Chair, that the last year when we had those public meetings that over and over again people said that when thinking about financial access that it was extremely important to do what we could to address the cost of living away from home, and in many ways said that what they wanted to see their government doing is increasing the emphasis on bringing the campus to the student.

On-line learning is the way of doing that and in excess of \$4 million that are in this budget dedicated to development of technology enhanced learning, promotion of on-line learning, there is also the inclusion of our First Nations institutions as part of that whole process. That's very, very important to us that we're addressing that area of access in a priority kind of way.

I will remind the hon. member as well, Mr. Chair, that there was a decision of this legislature, although not before us now, but in the last session of the legislature providing credit granting authorities — the Saskatchewan Indian Institute of Technology. And that was certainly in support of a credible First Nations training institution, the ability to move forward and become a leader potentially in the nation.

And he in his question referred to the Saskatchewan Indian Federated College, which in this province, I think we should all look at with a great deal of pride because we see there a college which has made tremendous strides in the successful completion of degrees held by First Nations people in our province, and an institution that I think is seen as not only a leader in the province but within the nation and in fact some would say beyond the nation.

So again I promise . . . I apologize for being so long-winded in the answer, Mr. Chair, but it's an important question and there's a number of facets. The answer lies not in any single one or two things, but approaches in concert. But in the process we must always be consulting and trying to get the best synergies of the resources we've got available to meet the objectives of increasing the successful post-secondary education and skills training for Aboriginal peoples.

**Mr. Hart:** — Well, Mr. Chair, again I listened to the minister's response to the question and I was pleased to hear of some of the initiatives. I'm sure there are a number of other initiatives that can be taken to achieve greater results in this area and I would urge the minister to look at all possibilities because this is a very important area that the well-being of the people of . . . all the people of our province depends on.

Now if I can just go back to the some of the things I mentioned in a previous question with regards to the percentage of people in our population that have some post-secondary education and skills training. The minister indicated that 43 per cent of our labour force have some post-secondary education.

I was wondering, Mr. Chair, has the minister set any targets. I notice in other jurisdictions that they measure where they are today, then they look a few years down the road and set some targets. And I would think in light of the government's announcement today of a Crown corporation set up to celebrate

our 100th anniversary that it might be fitting that his department would have some targets as to how many more people or a percentage growth in people involved in post-secondary education or . . . and that. I wonder if he would . . . if he does have those targets, would he share them with us.

(19:45)

**Hon. Mr. Hagel:** — Mr. Chairman, in response to the hon. member, I would say that this is an item that is coming soon to a legislature near you. Mr. Chair, I do totally agree that it is important to look at targets. We are, I think, within a short period of time of arriving at a specific target.

One of the things that Post-Secondary Education and Skills Training is doing is we're part of the whole Partnership for Prosperity consultations that have been going on around the province for some time, and have within them a number of different kinds of targets related to the development of the economy. And after that consultation has been completed, Post-Secondary will, together with Economic and Co-operative Development which is doing that, want to define a specific target for that purpose.

While I'm on my feet and while I hear the hon. member say that — I think he's implying that he thinks that Post-Secondary Education should have more resources than it does and I would simply say to the hon. member . . . say to the hon. member that I share his enthusiasm for that objective. But obviously resources are not unlimited. We'll need to use them always most prudently and engage in partnerships in order to develop synergies to make the best use of the taxpayer resources that we have.

**Mr. Hart:** — Mr. Chair, in an answer to an earlier question, the minister, when he talked about the vision for Post-Secondary Education in this province, he talked — and how his government plans to achieve these goals — he talked about quality education and meeting the needs of employers and employees in the future to support economic growth and contributing to create new knowledge in those sorts of things, which are all laudable goals, no doubt.

But when you look at this year's budget and the number of dollars that have been allocated to Post-Secondary Education, one has to question the sincerity of this government. If you look strictly at the budget document, as we have before us tonight, and look at the estimated expenditure for the past fiscal year and the estimated expenditure for the current fiscal year, certainly there is an increase in allocation of funds to Post-Secondary Education. But that only tells part of the story. If you look at page 82 of the budget documents, you will see that the forecasted expenditures for the past fiscal year totals some \$530.4 million. And yet this year's expenditure is only . . . are estimated at \$511.5 million, a decrease of almost \$19 million.

Now is this the commitment that this government has for Post-Secondary Education, and quality education, and all those things that we talked about earlier this evening? To me it would appear that there is a lack of commitment to Post-Secondary Education, and I wonder if the minister would care to respond to that.

**Hon. Mr. Hagel:** — Well, Mr. Chair, the hon. member will be pleased to know that his question is in fact good news for Saskatchewan and for our partners in Post-Secondary Education.

The difference, Mr. Chair, has to do with the fact that there was a special warrant that made it possible for us to address some one-time kinds of expenditures at the end of the fiscal year to take advantage of some unanticipated revenues. And that this came as good news then for some payments that we were able to make in advance to a number of our Post-Secondary partners.

The operational expenses as forecast, Mr. Chair, come in almost bang on. And in fact this budget, budget-over-budget, provides for a three and a half per cent increase in funding to Post-Secondary Education and Skills Training, at the time when I believe the economic forecast is a growth of the neighbourhood of 2.2 per cent or thereabouts. So the Post-Secondary increase in funding is about over one and a half, somewhere between one and a half and double the economic forecast.

So if I could simply outline to the hon. member, Mr. Chair, and to the members of the committee, where the extra \$36 million at the end of the fiscal year went, that we were able to provide payment — \$21 million of that went to the University of Saskatchewan. That's to pay in advance for capital commitments for the Thorvaldson and Kinesiology buildings. That's in addition to the \$7 million that was in last year's fiscal year's budget, and an additional \$7 million in this year's fiscal budget.

So between the two fiscal years, Mr. Chair, what that meant is that we were able to make payment to the University of Saskatchewan in the amount of \$35 million. So 21 of that extra \$36 million went to the U of S (University of Saskatchewan) advance payment, and this is not according to an expectation that they had. We had committed ourselves to pay that for the next three years after the fiscal year that currently is before the House and to speed that up for them.

That also provides them the added advantage of being able to save some \$3 million in interest costs as well, so that's got an immediate advantage as well in addition to the straight \$21 million. There was \$2 million advance payment to the University of Regina for the chiller replacement project to keep them cool and comfortable, the students cool and comfortable at the University of Regina, Mr. Chair. And also an advance payment of 855,000 to the University of Regina for the Education Building; an advance payment of \$155,000 to SIAST for technology enhanced learning, the whole matter of working towards a virtual campus that I referred to earlier; RC is . . .

**An Hon. Member:** — Regional college.

**Hon. Mr. Hagel:** — Oh, okay. I'm having a hard time reading my abbreviations . . . \$100,000 to regional colleges, also for technology enhanced learning; \$750,000 in advance to Parkland Regional College for the joint-use facility that's being developed there; \$1.2 million to assist SIAST in dealing with collective bargaining costs, and \$10.265 million for the student aid fund.

So as a matter of fact, Mr. Chair, that's good news. That was \$36 million that Post-Secondary was able to move forward in support of our system, some of it for students and student aid and the other in capital projects.

So I think that very nicely explains that, Mr. Chair, and points out that that was the financial picture that the hon. member points to. It represents some very positive news and welcome news in our post-secondary sector.

**Mr. Hart:** — Mr. Chair, I find it interesting that the minister would — but not unexpected — that the minister would term his budget good news for the new fiscal year. However I'm looking at the headlines in some of the newspapers after the budget was presented, and I see that some of our post-secondary educations don't share the minister's enthusiasm.

I'm looking at a headline in the Saskatoon *StarPhoenix* where the president of the University of Saskatchewan says that the budget is a letdown. Another headline in Saturday's *Leader-Post* where: "U of S tuition fees face huge hikes." It puzzles me somewhat that this could be good news. I would refer to this budget and I look at post-secondary capital expenditures are down, estimated to be down \$2 million from the previous year. Granted there was some one-time funding from the windfall, I would assume, some of the unexpected revenues from oil and gas and that sort of thing.

But according to particularly the University of Saskatchewan, our oldest university with the largest capital investment and a large need to renew and renovate and do the necessary repairs to their buildings and infrastructure there, the 3.5 per cent increase in operations certainly is not . . . and the reduction in capital expenditures certainly would not be termed as good news.

The minister indicated that a 3.5 per cent increase in budget, in the operating budget, is greater than the growth in the provincial economy, but is it greater than the growth in utility rates, for instance? I would think not, and I would suggest that these are some of the reasons we are seeing some of the headlines in the papers.

Added to that, we're all familiar with some of the not-so-good news coming out of the College of Medicine, and in fact I'm sure we're all familiar, I'm sure the minister saw the headlines of a Dr. Roger Pierson, an award-winning researcher at the College of Medicine, who earlier . . . or this past month or earlier . . . indicated that if there wasn't substantial funding increases to the College of Medicine, in fact a doubling of funding to that college, that we might be better off just to shut it down because we've reached a crisis level in that college.

So, Mr. Minister, is this a sign of your commitment to post-secondary education where we're having these types of headlines and an increase of only 3.5 per cent? It seems to me that if we're going to have quality education, we're going to have to fund it or else we're going to have to make the difficult choices that come along with underfunding it.

I wonder if the minister would care to respond to my question.

**Hon. Mr. Hagel:** — Thanks to the hon. member for the

question. Mr. Chair, he's asking the big questions tonight, and I'm afraid the answers take a little bit longer than just straight one-liners.

I think it would be fair to say that our universities here in Saskatchewan share in common with every single university across the nation the desire to have more resources than are being granted, and I understand that. However, Mr. Chair, to put a perspective on the thing, I do point out that over the course of the last three budget years in combination, including finishing with the fiscal year before us — the estimates that we're in right now — that funding to the universities have increased by in excess of 15 per cent over the last three years. And I think many would say that they'd like to have more. But also I think many Saskatchewan taxpayers would be of the view that that's not a small amount of funding increase, in percentage terms, to our universities.

Over the course of the last three years as well, we were talking about . . . in the last question the hon. member makes reference to the matter of capital. There has been an expenditure of \$108 million dollars in capital expenditure to our universities over the course of the last three fiscal years. These are not small commitments. And also I do point out that, when looking at things like the College of Medicine, it should be thought very clearly to be interpreted that the College of Medicine is seen by the province as an important part of our health care . . . or, excuse me, of our addressing of the health care needs in the future. Mr. Fyke, in his report, that we heard Mr. Fyke at the table here in the Committee of the Whole just last week talk about the importance of the College of Medicine, and certainly that's part of what will need to be looked at for the future.

A College of Medicine engages in three important activities. One is teaching, of course; it's a teaching college. Secondly, it provides services, and thirdly it does research. And all three of those in combination are important to our health care system. There is an advisory council, as the hon. member will know, that is reporting to the U of S Board of Governors, that is looking at the College of Medicine. Post-Secondary is one of the participants, as is the Saskatoon Health District, the Department of Health, the university itself, and others; and we'll be making recommendation, it would have to be taken within a context.

(20:00)

All of these things, Mr. Chair, have to be understood as well in the context of a nation, because I started by saying that our universities would wish for more money. Of course they do, I understand that. I wish that there was more money to provide as well.

And what they're experiencing, I think, are the consequences of some decisions made at the national level over the course of the last decade. We'll all recall the withdrawal of funds from the CHST, the Canada Health and Social Transfer, back in the mid-'90s.

And who did that hit, Mr. Chair? That hit the provision of post-secondary and health services.

In the time since then, I'm pleased to say that Saskatchewan is

one, in fact, one of the few provinces in the nation that backfilled the loss of funding from the . . . as the federal government backed away from that. And so we did something a little differently here than in some of the other provinces.

However having said that, the federal government has never come back and restored that level of lost funding. And some would say, Mr. Chair, that there's a legitimate question today when you look at provincial responsibilities like Health and Post-Secondary Education, and then the level of government whose resources seem to be growing — the fastest and the greatest being the federal level — that we've got a need to bring those to the good of all Canadians and all provinces closer into sync.

And it would certainly be my hope that part of the response to training Canadians will rest with response from the federal government. We don't say that post-secondary education in Saskatchewan is available only to Saskatchewan people and only . . . and because we do recognize that Saskatchewan people will move elsewhere as other people will move here. And that what goes on in the nation is that we're training Canadians and that the federal government has some obligations.

I do note with interest that Canadian ministers of Education have something in common with Canadian ministers of Finance who have something in common with Canadian premiers. And all three, over the course of the last two years, Mr. Chair, have all called on the federal government to restore, through the CHST, funding to provinces to assist in Health and Post-Secondary Education and Skills Training funding.

We saw last year the federal government make a move in health care. And through the Council of Ministers of Education of Canada and other national bodies, our legislature in concert with others across the nation, we need to continue to work to increase that level of funding in support of access to quality post-secondary education in Saskatchewan and other provinces as well.

**Mr. Hart:** — Mr. Chair, the minister indicated that by and large, the reason for underfunding at our universities is all the fault of the federal government. And that in fact may be partially true. Certainly both levels of government have responsibility in this area.

But having said that, I don't think it's entirely acceptable for a provincial government to say well, the federal people have withdrawn funds, therefore there's really nothing we can do about it and we'll just kind of let the walls crumple around us as the College Building may soon do on campus at the University of Saskatchewan.

I think we have to take . . . be proactive in this area and put into . . . develop plans as to how we're going to deal with the whole area. Look at what our priorities are and make the plans and go forward.

And I'm wondering if the minister has plans to deal with the lack of federal funding. I mean are we just going to go along and watch our post-secondary educations, particularly our universities and to a lesser extent, SIAST, just downgrade the quality of education that they are providing to our students? I

would hope not, but I would like to know if there are plans to deal with this problem — the lack of underfunding from the federal government, if in fact that is the case.

**Hon. Mr. Hagel:** — Two parts to this answer, Mr. Chair. The questions are getting shorter and I think the answers are too.

But first of all I do have to take a bit of issue with a statement made by the hon. member in his question when he says . . . refers to taking a position there is nothing we can do. Clearly that's not true.

And clearly it's not true in the budget that's before us that we're talking about right now. I do remind the hon. member once again that there is 3.5 per cent funding increase to all of our institutions including our universities and there are some additional funds that will be made available when the formula for the . . . university funding formula is refined and concluded later this spring so there'll be additional funds there. And as I pointed out to the hon. member, Mr. Chair, that over the course of just the last three years alone there has been \$108 million in capital that has gone to our university campuses here in the province of Saskatchewan.

The hon. member makes reference to the College Building. And he'll recognize I'm sure that, as requested by the University of Saskatchewan, the province has said that we would provide a third of the funding and, in the context in which it was requested by the University of Saskatchewan, to be matched by the university and the federal government. So we're awaiting the federal government. Is there a bit of a pattern here, Mr. Chair? But the province is certainly prepared to be a responsible partner in the whole matter of funding as we work forward. And that's true where we're talking about the College of Medicine to be a willing partner. I refer to the consultations going on and the need to dovetail that with our plans for the future coming out of the Fyke report and so on.

Now when you talk about what we're doing at the national level to support the injection of funds from the federal government to the province of Saskatchewan and other provinces, the hon. member may be aware that the Council of Ministers of Education of Canada just met recently about two weeks ago and in fact addressed this very issue.

Just for the information of the members of the committee, Mr. Chair, the Council of Ministers of Education of Canada is an important entity for all of our provinces because Canada is unique in the world in that we don't have a national minister of education. And so on dealing on educational matters interprovincially or in a Pan-Canadian or international way, that becomes our vehicle for doing that and to find ways that we can work in concert towards common goals.

And on the agenda of the Council of Ministers of Education of Canada, when they met a couple of weeks in Toronto, there was in response to requests from the premiers of Canada a decision to forward to them the advice and the report related to the needs of post-secondary education in the nation. And I expect that the premiers of Canada, when they meet later this summer — August in Victoria if I'm not mistaken — that they will see post-secondary education and skills training on their agenda as they speak hopefully with a united Canadian voice on behalf of



all provinces to Canada.

I think my judgment would be, Mr. Chair, that we are wisest to work in concert with our sister provinces and territories in the nation speaking to our national government with a united voice. National government has certainly made noises lately in terms of support for what they will refer to as the national skills agenda and have expressed interest in this sort of endeavour. I think we need to give the federal government an opportunity to be good for their word and it's wisest if we provinces all speak together because yes, we have challenges here in Saskatchewan; so does British Columbia and Alberta and Manitoba and so on to the Atlantic provinces and our territories as well, and it is just in all our constituencies best interest when we speak with a united voice.

**Mr. Hart:** — Mr. Chair, I would have to say that certainly it is important that we speak with a united voice but I think with some of the urgent situations that are facing us in this province that perhaps we may have to step to the forefront and take a leadership role in this area.

I would like to at this time turn to staffing in the Department of Post-Secondary Education. I noted with interest that last year there was in the estimates . . . it was indicated that there was 408.6 positions and that increased some by almost 33 positions this year to 442.5. I wonder if the minister could indicate: why is there an increase in staffing in the department and what is the reason behind that increase in staffing?

**Hon. Mr. Hagel:** — Well, Mr. Chair, and hon. member, there is more good news.

The fact of the matter is that, as the hon. member will appreciate, the world of IT (information technology) is affecting all of us. And it's probably fair to say that one of the departments, maybe even the department in which it has the greatest amount of play will be Post-Secondary and Skills Training.

Over the course of the last number of years we have engaged a number of people on contract to be working in support of our IT kinds of developments. And I'm pleased to say, Mr. Chair, that we are able to convert some of those contract positions to permanent positions.

This is not a small matter as the hon. member will recognize. The demand for IT specialists in the world in which we are living is growing. That's why, by the way, in this budget we have also added a million and a half dollars in support of additional computer science training positions here in Saskatchewan. And so . . . we do that because we recognize that's what our province needs.

Now when we recognize that's what our province needs we also have to recognize that those IT specialists that we're using within the department are getting harder and harder to hang on to. There is the story in a nutshell. So I am very pleased that we are able to convert from contract to permanent positions those positions of people who are working in the IT area in support of our activities. That gives us a sense of stability, I think, both for the Department of Post-Secondary in terms of getting our tasks done and together with that the stability of employment for IT

specialists who are moving from contract to permanent employment.

So that's by far the biggest explanation. There is also some areas where we've replaced secondments with permanent positions, which would be a smaller portion of the total explanation. So bottom line: it's good news for Post-Secondary, I think, because it gives us more stability in our operation.

**Mr. Hart:** — Mr. Chair, I was listening to the minister's response, and I'm not sure whether he indicated how many of those contracted people are now full-time positions. But I did look at what the minister said in response to the budget and I believe he indicated that there were some 26 positions that were taken up in this area — in the IT area. If in fact that is correct that there is 26 new positions created in the department, I wonder if the minister could indicate what the cost of those additional 26 positions would be?

**Hon. Mr. Hagel:** — I thank the hon. member for his question, Mr. Chair, and I want to make a correction. I'm advised by my officials, when I said 26 the accurate number is 22. There are 22 employees who have moved from contract, so I appreciate being able to correct the error — it's not 26, but 22.

Having said that, Mr. Chair, I am advised by my officials in terms of total cost to the department in fact this represents a cost saving.

**Mr. Hart:** — Mr. Chair, would the minister have an estimate as to the cost saving that we would have. And I would imagine that there may be an immediate cost saving by going to full-time positions, but oftentimes we've seen in the past that positions are created and filled and sometimes they extend beyond their useful period.

And I'm wondering — this would be one of my fears — certainly if certain skills are scarce it may be good to tie them down but somehow they have a way of just becoming part of the overall workforce of the department, and once the service is required it's sometimes difficult to change those positions into more useful positions.

And again, to repeat to the minister, would the minister have an estimate as to the cost savings by going this route?

(20:15)

**Hon. Mr. Hagel:** — Well, I have more good news for the hon. member. That what will happen, Mr. Chair, is that for short-term activities — being sensitive to the kind of matter that you raise, that the hon. member raises, Mr. Chair — short-term contracts will continue to be used. But the emphasis now, we've been doing some redesign work, is on the maintenance and operation. And the good news for the hon. member and the people of Saskatchewan is that we estimate that the cost saving in this fiscal year will be in the neighbourhood of \$400,000.

**Mr. Hart:** — Mr. Chair, I would like to turn my attention at this time to the area of student loans. I understand that the current agreement that the province has with the Royal Bank will be coming to an end at the end of . . . in mid-summer, I believe in July is the deadline if I am correct. I wonder if the

minister could tell us what plans his department has for the administration of student loans once the current contract expires.

**Hon. Mr. Hagel:** — Well, Mr. Chairman, there's more good news. I'm sorry to have to say it, Mr. Chair, but there's more good news. And I do deeply appreciate the question, and I know that it is an important question to our students here in the province of Saskatchewan.

He's quite correct, Mr. Chair, that the current agreement with the Royal Bank expires the end of July, and August 1 we go into a new student financial assistance year.

What we're doing right now, Mr. Chair, is engaging in some negotiations which are close to being completed and about which I hope to be able to make a specific announcement in the not too distant future. But the net objective of this, Mr. Chair, is to improve service, to improve efficiency, and to improve the program — all at the same time. And in fact, over the long run, I expect also to be able to save some cost to the taxpayers of Saskatchewan. So I call that good news, Mr. Chair.

And what we're doing is discussing with the federal government the means of arriving at an integrated administration, an integrated student loan, here in Saskatchewan so that there would be one service provider for all Saskatchewan students who have student loans. They wouldn't be dealing with two separate offices for the provincial loan and the federal loan.

As the hon. member will be aware, when the Saskatchewan student takes a loan it will be roughly, when it's granted, roughly 60 per cent federal, 40 per cent provincial, and they're separate administrations. So by integrating that we see potential for saving administrative costs, and converting that administrative cost to improving the programs.

I'd like to see us improve the protection for students who have difficulty repaying their loans after graduating in the area of interest-rate reduction and in the area of debt reduction. I'd like to see us make progress there for Saskatchewan students. I want to see Saskatchewan students be able to deal just with a single body in dealing with their loans.

I've talked with the student association executives of the four SIAST campuses, both universities, and they find it being very desirable to have a single office — one student, one loan, one office — to deal with. And we anticipate that by doing this we'll be able to take the administrative savings, translate them into improved loan protection for Saskatchewan students, provide a better service, higher quality of service that is met with greater favour by Saskatchewan students, and with some optimism that over the long-run that we'll also be able to reduce the total costs even with the improved student loan program.

So, Mr. Chair, I'm as enthusiastic as the hon. member in bringing this negotiation to a conclusion. And I'll want to do that substantially ahead of July so that it's very clear to the students in Saskatchewan come August 1 in the new student loan year how we're operating here in the province of Saskatchewan.

**Mr. Hart:** — Thank you, Mr. Minister, for your comments. I too have met with some of the student bodies and they have expressed some concern about the administration of student loans once the current contract with the Royal Bank continues. That's not to say that they are entirely happy with the present arrangement but they at least knew what they were dealing with. There was some concerns expressed that perhaps the service provider could be an off-shoot of a collection agency centred in other . . . in the US (United States) and those sorts of things.

I wonder is the minister prepared to provide a bit more detail as to who actually will be providing and administering student loans after July?

**Hon. Mr. Hagel:** — Well, Mr. Chair, I think we're on a roll because there's yet more good news. And in the . . . Arriving at an improved student loan system, as I said to the hon. member just a moment ago, we're negotiating with the federal government. So Saskatchewan's contract would be with the federal government, that's who our contract would be with.

Now the federal government has made its decision who the service providers will be so we know when we're contracting with the federal government we know who the deliverers will be. And the deliverers will be two-fold: EduLinks which is an offshoot of CIBC (Canadian Imperial Bank of Commerce) and will be the service provider for the public institutions . . . publicly funded institutions; and BDP which is an offshoot of the Bank of Nova Scotia will provide service to the students who are taking loans who are going to private vocational schools.

One of the significant advantages, I think, of EduLinks — refer to them specifically — that say would differentiate them from a Royal Bank arrangement that students would have now, is that EduLinks does one thing and one thing only — one thing and one thing only, and that's to provide service for student loans; that's their business. So it's not a part of their business, that's their business.

I was able to get for Saskatchewan students some testimonial about experience and give them names of students in other . . . who have had previous experience with these loan providers so that they can make their own consultations as well.

However I should point out as well that there is a difference too, Mr. Chair, in that if we are able to successfully conclude our negotiations the loan would actually be made from the Government of Canada and the Government of Saskatchewan. So rather than it being a Royal Bank loan, service by the Royal Bank which is our current circumstance, this would be a Government of Saskatchewan loan, which is — and a Government of Canada loan — which is serviced then by EduLinks or BDP.

**Mr. Hart:** — Mr. Chair, the minister indicated that there'd be an integration of student loans, yet he mentioned that the student would receive a loan from the Government of Saskatchewan and the Government of Canada. So would that mean then that students would have to fill out two application forms, deal with two separate loans, or is it all integrated? It's somewhat confusing and I wonder if the minister would clarify

the exact procedure.

**Hon. Mr. Hagel:** — More good news, Mr. Chair, one application form, one loan. And from the point of view of the students that's the simplicity of it. The money — I'm simply explaining to the purpose of the House — because as a part of our Estimates we have money in student financial assistance because some of that money that's made available in that loan would come through the approval of the Post-Secondary estimate and would come from the taxpayer of Saskatchewan.

I do point out as well, Mr. Chair, that that's a very important principle which I would not be prepared to give up because the approval of the application itself is done by Saskatchewan. So it's the servicing that comes after that would be done by EduLinks and BDP if this contract goes through; but the approval is by the Province of Saskatchewan of Saskatchewan funds.

And that's extremely important to Saskatchewan students because we would have I think what many would consider the most generous bursary program and student loans in all of Canada sensitive to those with the greatest amount of economic need.

Just by way of example, Mr. Chair, in the previous year of some \$62 million of Saskatchewan loan, literally over \$32 million of Saskatchewan loan was forgiven. And that's an extremely important principle to Saskatchewan students to know that Saskatchewan will retain the right to make the decision about the approval for the loan and also that Saskatchewan students will continue to be eligible for the Saskatchewan bursary program in the student loans. That's very, very critical and something that I would not be prepared to give up.

**Mr. Hart:** — Mr. Chair, I noticed in the budget that the budgeted amount for student support programs increased marginally from 72.6 million to 73.2 million. In view of the fact that students may be looking at substantially increased tuition fees, does the minister feel that that minimal increase in student support will be adequate to service the needs of students? I think students are somewhat . . . are already apprehensive when they read today's headlines and look at the budget and see that there really isn't any extra money . . . no new money to help them with the anticipated higher costs. I wonder how does the minister and his department address this situation?

**Hon. Mr. Hagel:** — Well, Mr. Chair, I know the hon. member will be pleased to know that there's more good news. And, Mr. Chair, I'll remind the hon. member of our early reference when we were talking about the special warrant and the extra funds that were provided as a result of the availability of the unanticipated revenues.

The hon. member will recall that I referred to \$10.2 million in that special warrant being added to the student financial assistance. And so there is, in addition to what we see here, and I thank the hon. member for raising the question, and to be sure that students will understand about the importance and the fact that there's 10 million . . . \$10.2 million more than you see in the budget here.

I would point out as well, Mr. Chair, that in addition to that, that

in the budget in support of the financial needs of Saskatchewan, that there was \$500,000 in the budget for scholarships to go to our institutions for first-year scholarships based on merit to attract and retain some of Saskatchewan's best students or post-secondary institutions.

And that also the Minister of Finance, I'm pleased, was quite co-operative in approving the literal doubling of the education tax credit to students. So what that means is that for Saskatchewan students, full-time students, the tax credit that they have . . . the tax deduction is increased from \$200 a month to \$400 a month and for part-time students from 120 to \$240 a month. When you put that together, Mr. Chair, what it really means is with the new Saskatchewan tax structure that we have now which is a tax on income, it would mean when you put that together just with the basic deduction that a full-time Saskatchewan student could earn, most would be able to earn in excess of \$11,000 in a single year before paying a single penny of Saskatchewan income tax.

And so that's part of the support for the financial needs of Saskatchewan students as well. So the special warrant, 10.2 million; scholarships, 500,000; and doubling of the tax deductions for students in Saskatchewan post-secondary institutions.

**Hon. Mr. Lautermilch:** — Mr. Chair, I move that we report progress on the estimates for the Department of Post-Secondary Education and Skills Training,

(20:30)

**General Revenue Fund  
Energy and Mines  
Vote 23**

**Subvote (EM01)**

**The Chair:** — I'd like to welcome the Minister of Energy and Mines, and invite him to introduce to the House, to the committee, his officials.

**Hon. Mr. Sonntag:** — Thank you, Mr. Chair. Seated to my right is our deputy minister, Ray Clayton. Immediately to my left is Bruce Wilson, executive director, petroleum and natural gas. Seated directly behind me is Donald Koop, assistant deputy minister of finance and administration. And off to . . . behind me and to my right is George Patterson, executive director, exploration and geological services. Straight behind me in the back row is Doug Koepke, manager, corporate services, and Trevor Dark is seated beside him, acting assistant deputy minister, resource policy and economics.

**Mr. Stewart:** — Thank you, Mr. Chair. I would like to welcome the department officials here this evening. Late as it is, we really appreciate their efforts and any contact that I've had with them in the past has always been very courteous, helpful, and I found them to be very competent as well. And I haven't had the opportunity to face this minister in this forum in Estimates before. I also look forward to that.

Mr. Chair, Mr. Minister, I understand that sales of Crown petroleum and natural gas rights have been going quite well

lately. How much does the province expect to make from the proceeds of such sales this year?

**Hon. Mr. Sonntag:** — If the member wouldn't mind, I'll answer that question directly as well, but I wouldn't mind just giving a little bit of an overview for you first as well.

The Department of Energy and Mines' mandate first of all is to achieve the full and responsible development of Saskatchewan's energy and mineral resources to create jobs and sustain economic activity in the province and to optimize revenues to fund government programs and services. The department works closely with the oil and gas and mining sectors. The oil and gas industry in Saskatchewan is currently booming as you will know with record levels of natural gas drilling in 2000, record level of oil production in 2000, and over a billion dollars in revenues collected to fund government programs and services.

As a government, we recognize that we must continue to attract new development and to spur activity in order to not only sustain the industry but also to expand it. In order to do this we are focusing on four main areas. First we are supporting the development of new technologies to improve recovery rates and reduce operating costs. The Petroleum Technology Research Centre at the University of Regina Research Park and the Saskatchewan petroleum research incentive are examples of this support.

Second, we are improving our petroleum geoscience knowledge and information available to guide exploration activity. Thirdly, we are providing effective and appropriate fiscal regimes such as the recently introduced incentives for carbon dioxide enhanced oil recovery projects. And finally, we are continuing our consultation with industry to ensure that we are aware of and understand the issues that they face.

One of the best examples of our consultative approach has been the development of the oil and gas well and facility orphan program, which we did a second reading on today. This program, which the industry requested us to consider, ensures that the oil and gas industry accepts its responsibility to protect the environment and accept full financial responsibility for cleaning up orphaned sites. The program also reduces the risk of wells and facilities that are no longer in use from becoming orphaned.

The mining industry in Saskatchewan is also doing well. The uranium and potash industries in Saskatchewan are the largest producers in the world and the largest exporters to world markets, accounting for over 30 per cent of the world's production for each of these commodities. The year 2000 saw a record level of potash production and value of sales.

As a government we need to encourage more exploration and development to take advantage of our excellent geological potential. We have recently announced a series of measures designed to encourage exploration and development of our mineral wealth. These measures include mineral exploration tax credit that builds on the federal tax credit; and additional . . . additional funding, I should say, for northern geoscience to provide more extensive and up-to-date basic geological information in maps; reduced mineral permit and claim fees;

and a new government industry committee to review exploration land use issues and making our geological information more readily available and useful to industry.

Despite the relatively low prices for some commodities such as gold, base metals, and uranium, we need to actively encourage more mineral exploration and developments since it can take several years from the discovery of a deposit to the development of a producing mine. Although our diamond deposits are at an early stage of exploration, the results are encouraging. Saskatchewan has the world's highest-grade uranium deposits and we are working with the uranium ministry on research that will improve our understanding of the potential for more uranium deposits in the Athabasca basin of northern Saskatchewan.

The department also continues to ensure that existing mining operators in the province are as healthy and competitive as possible. As an example, we offer a research and development incentive for potash producers. We recently announced a capital incentive to promote the installation of more effective, efficient I should say, production technologies in the sodium sulphate industry. And we maintain an excellent working relationship with the industry through open dialogue.

And finally, the department has also engaged in several major policy issues including climate change, energy conservation, and electricity restructuring, that the government will be examining in the months and years ahead.

I thank you for that opportunity just to give a little bit of an overview. The answer to your question is \$50 million.

**Mr. Stewart:** — Well for my second question, Mr. Minister, how much did the province make from such sales last year?

**Hon. Mr. Sonntag:** — Okay, 55.3 million for the fiscal year just ended.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, and Mr. Minister, is the Department of Energy and Mines involved in any way with the government's new wind power scheme as announced in the Speech from the Throne recently?

**Hon. Mr. Sonntag:** — Yes we do, and the amount that we have budgeted for that item is half a million dollars.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, how will that half a million dollars be spent?

**Hon. Mr. Sonntag:** — The money will actually be provided to SaskPower for electrical purposes for government so it'll be . . . the money is funnelled . . . is through Energy and Mines but it'll be provided to SaskPower and they'll do the actual generation.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, can you give us some idea of the sort of investment that the province might expect to receive in this current fiscal year from the mining industry and how would that compare with the investment in mining last year?

**Hon. Mr. Sonntag:** — I'm sorry, could you clarify the question? I think we're trying to answer different answers I

think than I think you asked us.

**Mr. Stewart:** — I'm trying to get a handle on the magnitude of investment that the department would expect Saskatchewan to receive from the mining industry during this current fiscal year, and last.

**Hon. Mr. Sonntag:** — The total investment, including capital and exploration, would be in the vicinity of \$50 million, we anticipate this year.

**Mr. Stewart:** — Thank you, Mr. Minister. And last year, comparatively?

(20:45)

**Hon. Mr. Sonntag:** — The total investment last year was about \$170 million. And just in anticipation of the question as to why it's down substantially this year . . . is largely because there was a completion of a number of the uranium mines last year and that isn't happening this year.

**Mr. Stewart:** — Thank you, Mr. Minister. Now I'm reading from a commentary in *The Leader-Post* dated May 25, 2000, 11 months ago. It states that the mining industry will shy away from further northern development if circumstances do not change. These comments come from the president of the Saskatchewan Mining Association and he's talking about provincial royalty fees and red tape.

I've discussed this with previous ministers, Mr. Minister, and I'm curious what conversations you've had with the Saskatchewan Mining Association since then and what steps have been taken to alleviate this concern of theirs.

**Hon. Mr. Sonntag:** — As I outlined in the beginning . . . if you like we can go through that again but just generally we've just actually had seriously the same discussions with the president of the Saskatchewan Mining Association and I think that they had legitimate concerns in direct response to that. Some of the things we implemented through the budgetary process, and in actually in advance of the budget process, in advance of the announcement of the budget, here are a couple of things.

The mineral exploration tax credit which ties in with the federal tax credit; additional funding for northern geoscience to provide more up-to-date information; reduced mineral permit and claim fees; and also the creation of a new government industry committee to review exploration land use issues, and then also making our geological information more readily available and useful to industry and also reviewing of the uranium royalties.

**Mr. Stewart:** — Thank you, Mr. Minister. Reviewing, you say reviewing of uranium royalties, I understand this is an ongoing review and I'm wondering when we could expect to see that completed and some action taken in that regard.

**Hon. Mr. Sonntag:** — I'm told that the process started last fall and is moving along quite nicely. We anticipate it will come to conclusion some time later this year. First of all, any changes would be retroactive to January 1 of this year, and the intent though, which I should point out, is really to simplify the process of royalties as it pertains to uranium. Right now we

have a very, very complex system of royalties for uranium that is I think frustrating for the industry.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, you state that the primary purpose is to simplify. Would there be anticipated reductions in uranium royalties as well?

**Hon. Mr. Sonntag:** — The primary focus both for ourselves and for industry here is simplification. There's an agreement that this will largely be revenue neutral. I'm told that this will impact some companies. There will be fluctuations. You'll see some increases and in other places of course you'll see decreases. But there's an agreement this will be revenue neutral.

**Mr. Stewart:** — Thank you, Mr. Minister. In terms of the corporate capital tax on resource companies which is unique to Saskatchewan, what headway has been made on this issue?

**Hon. Mr. Sonntag:** — Let me say just generally — first of all I think this is more of an issue for the Department of Finance to respond to probably specifically — but generally speaking clearly in the meetings that I've had with all of the industry that is affected by this issue of corporate tax, corporate capital tax I should say, it clearly is an issue of substantial concern for them. I guess the difficulty for government is to try to balance off as best we can the need for revenues and at the same time trying to ensure that we still have an industry in Saskatchewan that we value very much and try and strike that balance. Obviously I think we'd like to see a lower corporate capital tax as well, but right now that isn't necessarily in the . . . I don't want to say in the plans, but it certainly isn't in this year's budget cycle.

**Mr. Stewart:** — Thank you, Mr. Minister. Another concern is always royalties. Saskatchewan has one of the most onerous regimes in the world. Last year you collected close to a billion dollars in oil and gas. Are you doing anything to change this condition? Are you working towards reducing oil and gas royalties or even simplifying them?

**Hon. Mr. Sonntag:** — I think on the issues of royalties in the area you've just asked, simplification is not really an issue there. I don't think industry or ourselves find that issue very complicated. The industry has views on the issue but they don't find it complicated.

Let me respond this way. In the meetings also that I've had, and especially with the oil industry, while we acknowledge again, much like the corporate capital tax, that this is an issue that I think we would like to make progress on, they tell me that while they have concern about it, that's not their only issue. They appreciate the fact, as an example, that they can get issues dealt with very quickly here in Saskatchewan with the Energy and Mines department. They appreciate the fact that in a number of areas they have to deal with less regulation sometimes, so it's not just a matter of royalties.

But I acknowledge the concern that you raised and the concern that they have as well, and I know that we would want to move in that direction as well when we think we are able to financially.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, Mr.

Minister, I believe that Energy and Mines has been heading towards digital staking of mining claims for the whole of the province. Is that correct?

**Hon. Mr. Sonntag:** — Apparently, it's not correct.

**Mr. Stewart:** — Could you explain to me what progress has been made or what distance has been travelled along this road then.

**Hon. Mr. Sonntag:** — We have currently available digital claim maps, and we are making progress. But you will not be able to stake a claim that way for some time yet.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, is it your goal and the department's goal to get there someday in the not-too-distant future? Is that something you're working towards?

**Hon. Mr. Sonntag:** — I'm told you'll be able to claim via the Internet, but you still have to stake on the ground for the foreseeable future anyway.

**Mr. Stewart:** — Thank you, Mr. Minister. I've had several complaints from mining companies about the added prospecting costs because of this feature, and that's why I asked the questions.

But to move on, does your department have any plans to encourage increased investment in oil and gas and, if not through reduced royalties in the near future, through reduced taxes or incentives of any kind?

**Hon. Mr. Sonntag:** — Thank you. In our budget this year, you may be aware there was provisions with respect to CO<sub>2</sub> projects. Also in the geoscience mapping that I referred to earlier, there was also a specific section that applied to southern Saskatchewan.

(21:00)

**Mr. Stewart:** — Thank you, Mr. Minister. Yes, regarding the 920,000 I think that will be spent this year on enhancing the geoscience program, can you explain how that money will be expended, Mr. Minister, and what benefits we could expect to accrue from that expenditure?

**Hon. Mr. Sonntag:** — Of the money that you refer to, about half of it will go to the North, which is primarily for mining, of course. And in the South, the other half is largely for petroleum. We're in consultation with both industries to determine the exact programs, I think, exactly the way they would want them implemented. But generally, we have found that for every dollar you invest or spend in this process, there is roughly \$3 spent in exploration, so we see it as a good investment.

**Mr. Stewart:** — Thank you, Mr. Minister. What are the government's latest projections as far as oil and gas reserves currently in this province?

**Hon. Mr. Sonntag:** — Of the remaining reserves, it's estimated that in oil there's about 1.1 billion barrels. In gas, there's about 2.4 trillion cubic feet.

**Mr. Stewart:** — Thank you, Mr. Minister. For my benefit, and others' I'm sure, how is that calculated? Can you tell me if that's just in known, in producing fields, or is there other areas that are expected to be producing areas in the future also taken into account?

**Hon. Mr. Sonntag:** — With today's technology, these are largely just the proven reserves.

**Mr. Stewart:** — Thank you, Mr. Minister. Regarding uranium mining in the North, can you tell us what the output in uranium was for the past year and how that compares to previous years, Mr. Minister?

**Hon. Mr. Sonntag:** — For the year 2000 it was 29.8 million pounds.

**Mr. Stewart:** — Thank you, Mr. Minister, and compared to previous years — say the previous year?

**Hon. Mr. Sonntag:** — In 1999 it was 21.8 million pounds.

**Mr. Stewart:** — Thank you, Mr. Minister. Do you foresee any major expansion, Mr. Minister, in the uranium industry in Saskatchewan anytime soon and particularly over the next year?

**Hon. Mr. Sonntag:** — I guess just an example, the Cigar Lake and the Midwest mines when they come into production, there will obviously be a significant increase but it will largely be up to world markets and obviously to these companies to determine when those mines come into full production and when they do there will be a significant increase.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, there's been a serious glut of uranium on world markets for several years. Do you or your department have any handle on how we are doing at eating up that pile or do we face several more years of lower than normal uranium prices?

**Hon. Mr. Sonntag:** — I think generally, unfortunately, and I qualify again by saying generally analysts would predict that we were probably several more years of oversupply before we reach a supply/demand that is . . . would see higher prices, I should say.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, do you expect potash production to be higher or lower in this fiscal year than last and some reasons to back up your answer please, either way.

**Hon. Mr. Sonntag:** — The markets have held generally pretty steady and we would project it to be about exactly the same this year as it was last year.

**Mr. Stewart:** — Okay, Mr. Minister. In an average year, how much potash is mined in the province? And as well, compared to the output that we used to expect 10 to 15 years ago.

**Hon. Mr. Sonntag:** — For the year 2000, it was 8.2 million tonnes, and just as an example, we've got . . . the numbers we have right here, 10 years ago it was about . . . That's up; 10 years ago it was about 6 million tonnes.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, how much revenue is generated from the 15 cent a litre road tax from the oil and gas and mining industries from fuel used in off-road applications?

**Hon. Mr. Sonntag:** — Sorry, we don't have that information. I'm sure the Department of Finance could provide that for you though.

**Mr. Stewart:** — Thank you, Mr. Minister. Can you tell us how many new oil wells were drilled in Saskatchewan in the year 2000?

**Hon. Mr. Sonntag:** — Twenty-four hundred and two new oil wells — 2,402.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, what was the total number of oil wells in production last year, in the year 2000 in Saskatchewan?

**Hon. Mr. Sonntag:** — There were approximately 20,000 oil wells in production last year.

**Mr. Stewart:** — Thank you, Mr. Minister. Was this much of an increase from the previous year, 1999?

**Hon. Mr. Sonntag:** — It was about a 7 per cent increase over 1999.

**Mr. Stewart:** — Thank you, Mr. Minister. Gas wells, Mr. Minister, how many gas wells last year and compared to the previous year?

**Hon. Mr. Sonntag:** — In 1999 we had 9,332 gas wells; in the year 2000 there were about 10,483 . . . I shouldn't say about, there were exactly 10,483 for a 12 per cent increase.

**Mr. Stewart:** — Thank you, Mr. Minister. Do you have a forecast for the coming year?

**Hon. Mr. Sonntag:** — I'm told that for both the oil and gas we are anticipating a very similar year in the year 2001 to what we've just experienced in the year 2000.

**Mr. Stewart:** — Thank you, Mr. Minister. How many people were employed in the oil and gas sector in Saskatchewan during the year 2000?

**Hon. Mr. Sonntag:** — I'm told to qualify this by saying for sure that this is an estimate. It's for the oil and gas industry both direct and indirect; we estimate that we employ about 20,800 people.

**Mr. Stewart:** — Thank you, Mr. Minister. The price of a barrel of oil has been trending slightly lower recently; do you have any estimates as to how this will affect new drilling in the current fiscal year, or if it will affect new drilling?

(21:15)

**Hon. Mr. Sonntag:** — I'm told as long as we stay over the \$20 West Texas per barrel, you won't see any significant reduction in the amount of activity. As an example, today we are

apparently sitting right around the \$28 mark, so we're substantially above the \$20 mark.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, how many applications for drilling have been received for the year 2001, drilling for gas or oil?

**Hon. Mr. Sonntag:** — The most recent figures we have, to the member, are to April 13 of this year. We had 962 licences issued for both oil and gas. That is down slightly from last year when we had at this point in time, to the middle of April as well, 1,103 licences issued.

**Mr. Stewart:** — Thank you, Mr. Minister. And the total number of licences issued last year for both oil and gas?

**Hon. Mr. Sonntag:** — 4,108.

**Mr. Stewart:** — Thank you, Mr. Minister. Do you or your department have any prices, projections, formulated for the price of natural gas over the coming year?

**Hon. Mr. Sonntag:** — For our current calendar year we are using \$5.86 per gigajoule Canadian.

**Mr. Stewart:** — Thank you, Mr. Minister, and any projections for the price of light crude oil over the next year?

**Hon. Mr. Sonntag:** — Again for the current calendar year, we are using for budgetary purposes \$25.50 per barrel.

**Mr. Stewart:** — Thank you, Mr. Minister. The April 3, 2000 *The Leader-Post* an article by Bruce Johnstone states that the oil industry says it didn't get much on its return on its investment in the March budget. The quote from the president of the Flatland Exploration Ltd. of Regina states that:

The only good thing is that the taxes are so high here there isn't a lot of competition.

Mr. Chair, my question for the minister is what is being done to reduce taxes for the oil industry?

**Hon. Mr. Sonntag:** — I'm told that right now the average royalty tax rate amounts to 15.5 per cent, which means that of course there's 85 per cent in industry's hands. If the prices drop and the prices weaken, I should say, of course their percentage . . . this will go down, as the royalties are price sensitive.

But having said that, again we acknowledge that this is an issue, the issue of royalties, the point that you make. And when we think that we are able to I think we would want to move in a direction that would continue to create an environment that the oil industry sees Saskatchewan as a good place to do business, and we would want to improve that situation for them if we could.

**Mr. Stewart:** — Thank you, Mr. Minister. Mr. Minister, Saskatchewan has the highest royalties in the country. That scares away investment. Last year when asked the question, the minister in charge, the member from Prince Albert Northcote, stated they would look into this.

Mr. Chair, Mr. Minister, can you give the Assembly an update on what has been done to lower these royalties in hopes of attracting more business to Saskatchewan? And I think at this time, when the government has just collected at least \$1 billion in royalties from the industry, I think surely this is a time that something can be done.

**Hon. Mr. Sonntag:** — I guess I would respond by saying this, last year we had record oil and gas prices. We also had a record number of wells drilled last year. We would be of the view, and I think probably industry as well, that the time really — although we're always sensitive to this issue — the time really to be considering reduction of oil leases is when prices start to soften and weaken and you want to keep the industry going.

Again I say, we acknowledge that this is a concern for the industry, and I think it's an area that we also want to make headway on if we are able to.

**Mr. Stewart:** — Mr. Minister, I understand that it's difficult to lower royalties across the board, but the Canadian Association of Petroleum Producers would like to see the government reduce royalties on new wells. What, if anything, is being done in that regard, Mr. Minister?

**Hon. Mr. Sonntag:** — There were major changes, as the member might be aware, in 1998. In 1999 there was reduced royalties on high-water-cut wells. Of course this year we had the CO<sub>2</sub> program that I just spoke of. Beyond that there aren't any specific programs targeted at new wells.

One of the things I would say as well, that in the recent SaskPower rate . . . when there was a rate increase we also took advantage of the opportunity to do readjusting within the oil industry because it was an issue for them. The power rates for them were reduced on average by 3 percentage points for the oil industry, for which they were appreciative and we acknowledge that we need to move further in that regard as well.

**Mr. Stewart:** — I acknowledge that, Mr. Minister. Can you tell me if there's been any steps taken to facilitate cogeneration of power for oil fields, particularly in the southeast of this province where they are burdened with pumping large quantities of water in places?

**Hon. Mr. Sonntag:** — That has really nothing to do with Energy and Mines. That's not their mandate to deal with that specific issue at all.

The committee reported progress.

The Assembly adjourned at 21:32.