



# **STANDING COMMITTEE ON ECONOMY**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON ECONOMY  
2004**

Mr. Eldon Lautermilch, Chair  
Prince Albert Northcote

Mr. Lyle Stewart, Deputy Chair  
Thunder Creek

Ms. Doreen Hamilton  
Regina Wascana Plains

Hon. Deb Higgins  
Moose Jaw Wakamow

Mr. Yogi Huyghebaert  
Wood River

Mr. Ted Merriman  
Saskatoon Northwest

Mr. Kevin Yates  
Regina Dewdney

The committee met at 15:00.

**The Chair:** — Good afternoon, ladies and gentlemen, members, and others. I want to welcome as well, to this committee, the viewing public.

This is the first meeting of the Standing Committee on the Economy. This is in fact the first broadcast on the Standing Committee on the Economy, which is the product of a series of very significant reforms to the Legislative Assembly and our process here in Saskatchewan.

Reform began some four years ago, and it was worked out by an all-party committee. And the reforms were put into place at the beginning of this legislative session. The changes are meant to strengthen the role of members and provide increased public input into the legislative process, and the changes as well are intended to help make the operations of the Legislative Assembly more open, more accountable, and more responsive to our citizens.

The biggest changes to the rules and procedures of the Assembly is the result of the creation of policy field committees. This committee is one of the new policy field committees. Policy field committees are multi-functional and designed to monitor four broad sectors of government activity, as well as the various Crown corporations.

The rules permit the policy field committees to review annual reports, legislation after first and/or second reading by the House, budgetary estimates, regulations and bylaws, and to conduct the inquiries. The committees also conduct hearings in relation to inquiries and the review of legislation, regulations, and bylaws.

To help achieve the goal of making the Assembly more open, the proceedings of the policy field committees are broadcast on television and on the Internet. Information on the business before the committee and upcoming meetings can be found on the Assembly Web site at [www.legassembly.sk.ca](http://www.legassembly.sk.ca). It is the hope of . . . That was a big mouthful, by the way. It was the hope of this committee that you will find the proceedings interesting and will tune in often.

I would, before I introduce the minister and his . . . have him introduce his officials, open the floor. Ms. Hamilton has a motion to present, as I understand it, regarding hours of the operations of the committee.

**Ms. Hamilton:** — Thank you, Mr. Chair. I would move:

That in accordance with rules 110 and 3(4) of the *Rules and Procedures of the Legislative Assembly of Saskatchewan*, when this committee convenes during the hours specified by rule 3(1) for the daily meeting of the Assembly during the sessional period, it shall follow the Assembly's recess and adjournment times unless otherwise ordered.

So moved.

**The Chair:** — Thank you, Ms. Hamilton. Is there any

discussion? Mr. Stewart?

**Mr. Stewart:** — I second the motion.

**The Chair:** — All right. I'll then, if there's no further discussion, I'll read the motion into the record. And it's moved by Ms. Hamilton, Regina Wascana Plains:

That in accordance with rules 110 and 3(4) of the *Rules and Procedures of the Legislative Assembly of Saskatchewan*, when this committee convenes during the hours specified by rules 3(1) for the daily meetings of the Assembly during the sessional period, it shall follow the Assembly's recess and adjournment times unless otherwise ordered.

And that is the motion. All those in favour? Those opposed, if any? That motion is carried.

With that then, I would like to introduce the Hon. Eric Cline, the Minister of Industry and Resources, whose estimates . . . whose department's estimates will be before the committee today. Mr. Cline.

**General Revenue Fund  
Industry and Resources  
Vote 23**

**Subvote (IR01)**

**Hon. Mr. Cline:** — Well thank you very much, Mr. Chair. And to you and members of the committee and other members of the legislature and everyone here, I'd like to say good afternoon.

And before I introduce my officials, I'd like to say I'm very pleased to be participating in what is really a very historic day for the legislature of Saskatchewan since we're moving into this committee structure which is something entirely new. And so it's very exciting to be part of that for your very first meeting.

I also want to compliment the employees of the Saskatchewan Property Management Corporation who I believe have built the furniture and redone this room as a committee room. I think they have certainly done a very good job.

I am very pleased to introduce the officials who are with me today. With me, seated immediately to my right is Mr. Larry Spanner, who is the deputy minister of Industry and Resources. To my left is Ms. Debbie Wilkie, the assistant deputy minister of industrial development. And behind me — and I'll ask them to stand as I read their names so you can see who they are — are Bruce Wilson, the assistant deputy minister of petroleum and natural gas; Jim Marshall, assistant deputy minister of resource and economic policy; Denise Haas, executive director of investment and corporate resources; Gary Delaney, the director of our northern geological survey branch; Hal Sanders, executive director of revenue and funding services.

And we also have, as you know, Mr. Chair, and members will know, partnerships with other organizations, specifically the Saskatchewan Trade and Export Partnership and the Tourism Saskatchewan. And from the Saskatchewan Trade and Export

Partnership we have John Treleven, who is the president and Gerry Adamson, who is the vice-president. And from Tourism Saskatchewan we have Roy Anderson, who is the president and CEO (chief executive officer), and Louise Usick, who also is from Tourism Saskatchewan.

I'm very pleased to be here today at the Standing Committee of the Economy for the consideration of the mandate and activities of the Department of Industry and Resources. Like other government departments and agencies, the department had to make some tough decisions this year in order to deliver on the province's two main priorities of health and education.

We reduced various programs and department administration and are practising careful vacancy management. However while we've exercised restraint, we still have the resources and the commitment to work with our business, co-operative, and community leaders. And we will still deliver on our mission to work with our partners to focus on economic growth in our key economic sectors and to ensure a positive business environment for new jobs and new investment.

During the year ahead we will continue to deliver the programs and support services that have been so well received by our oil and gas and mining industries. Those programs coupled with royalty and tax changes have resulted in record oil and gas drilling — the second best year in 2003 for oil and gas land sales — and huge increases in mineral exploration.

We're increasing support to our popular Small Business Loans Association program. New funding will allow the community-based SBLAs to increase their loan limits from \$10,000 to \$15,000 per loan.

We're also using the Small Business Loans Association program as an umbrella for a new initiative that targets young business people between the ages of 18 and 30 and provides them with SBLA loans plus mentorship support and entrepreneurial training.

We're allocating \$5.3 million in this year's budget to our share of the new Canada-Saskatchewan Western Economic Partnership Agreement, which is designed to increase the competitiveness and productivity of our economy.

We're also maintaining our core support to community economic development. We increased our core operational funding to regional economic development authorities by \$100,000 and have maintained the popular REDA (regional economic development authority) youth employment program at its existing level. Our core services to co-operatives and neighbourhood development organizations are basically unchanged.

We continue to see dramatic increases in venture capital investment in this province — almost \$22 million invested in provincial pool funds for the 2003 tax year. Accordingly, the provincial budget is allocating an additional \$1.2 million for tax credits under the labour-sponsored venture capital corporation program.

Finally, we're continuing with the third year of the Our Future is Wide Open campaign. We will be focusing on promoting

Saskatchewan to targeted out-of-province audiences in our key economic sectors.

Now, Mr. Chairman, through this budget and through the hard work of our staff we will continue to build on Saskatchewan's current economic momentum — build on our key sectors, attract new business investment, and nurture a climate that encourages more business growth.

I thank you very much, and now I certainly would welcome any questions you may have.

**The Chair:** — Thank you very much, Minister Cline. Firstly we will beginning with vote (1R01) on page 90 of the Estimates book, administration. Mr. Wakefield.

**Mr. Wakefield:** — Yes, thank you, Mr. Chair, and congratulations on being the Chair of this new committee. The committee structure, I think, does have potential, like you have referred to. I think it's a place where we can get into the business of what is being done and how best to get a better understanding, and therefore try and make some positive progress and achievements.

And, Mr. Minister, welcome to all your officials here and all sitting behind you there. Usually they're around you and you're well protected. You're kind of out in the open here, Mr. Minister, so don't feel that we're going to take advantage of that.

Just an opening comment about the Industry and Resources, or Vote 23, of this budget process. One of the key things that we have to do in this province — you and I have talked about this before — I think we both have to agree that there is such a potential in this province. We have to do what we can to achieve that potential.

You have put together, I assume what you're responsible for in this budget, the Industry and Resources numbers. We do have some very tough times and some situations in Saskatchewan that need addressing.

I guess my first question is, when I look at the budget that you've prepared here and is before us, I struggle with the comments that you make about, we're going to try to keep growing the province. The growth of the province is a major concern to me and I think to everyone.

What we see here is a continuation of the same thing, a continuation of a focus on areas that in this case have a reduced spending dollar amount attached to it. And I'm wondering if you can explain a bit more your comments about, we need to keep this economy growing, because I haven't seen that in the past the way I think it should happen.

**Hon. Mr. Cline:** — Well I'd be very happy to, Mr. Wakefield. And certainly you're correct that we do share the view that we want to build Saskatchewan's economy and see growth there.

In fact, Statistics Canada came out today — your question is whether our economy is growing — with their figures, as to whether there had been growth in the Saskatchewan economy and indeed every other economy in Canada.

And I know you'll be very pleased to know that they have found that the Saskatchewan economy grew by 4.5 per cent in 2003, and that was actually the highest growth in Western Canada. We outgrew Alberta, for example, by a few percentage points. We outgrew British Columbia and Manitoba. So undoubtedly there was good growth in the Saskatchewan economy in 2003.

Having said that, that follows slow years in 2001 and 2002. But the point would be that we certainly have turned the corner, notwithstanding some problems in 2003.

The other very encouraging news is that the Conference Board and the private sector — the banks and so on — predict that Saskatchewan will grow quite well in 2004, and that will be growth upon growth. So we're actually seeing a lot of encouraging things.

We see record drilling in oil and gas. Last year we had \$1.9 billion of private sector investment in the oil and gas sector in Saskatchewan. We see increased investment in the mining sector. And I could go into quite a bit of detail about some of the investment in forestry, mining, oil and gas, and some of the activities in particular sectors.

But in answer to your specific question, is there growth in the Saskatchewan economy? Clearly there's actually very strong growth in the Saskatchewan economy for 2003, and the same is projected for 2004. So I know that members will welcome that; it's very positive. And when I say that we want to continue to grow, we want to continue on the same trend we're on now, which is a trend of growth.

**Mr. Wakefield:** — Thank you, Mr. Chair. The numbers do look very positive, and I'm pleased, and I think everyone is pleased to see those numbers. I think you touched on an area that is part of that realism, and that is the amount of growth that we should be expecting after some serious downturns. So whether it's 4.0 or 4.3 or 3.8, whatever the number is, we are in a recovery mode. And I think we have to do that.

But I guess my concern would be that you seem to be hanging the future of our economic growth on some fairly tenuous circumstances, when we talk about increase in activity in minerals, and activity and increase in oil and gas. I've given you accolades in the past for going in the right direction in terms of royalties and assisting. However the activity in the oil and gas sector I think is a major function of the world price. You have I think budgeted — from the other numbers I've seen — budgeted for much lower than \$30, something in the 25, \$26 dollar a barrel. It's been over \$30 a barrel. And that is certainly giving us a very large boost toward economic growth.

But there's a bigger complement in this province than just oil and gas and minerals — agriculture being one. Our hopes and prayers are with the agriculture sector for sure. But that's again just part of the growth of the province. We need to, we need to expand the whole investment opportunity in this province, and that's where I'm struggling as I look through the budget and appropriations, as to how we can achieve that bigger growth — minerals, oil being part of it.

**Hon. Mr. Cline:** — Well, Mr. Chair, it certainly surprises me

to hear Mr. Wakefield say that the . . . what happens in oil and gas is dependent upon the world price because it has been the long-standing position of the Saskatchewan Party, I believe, that most of this activity or lack thereof reflects government policy and not outside forces. But in fact I would say that it's a combination. The level of oil and gas activity will depend of course upon world price, but also upon government policies.

And I would say in answer to the question that I do not agree with the assertion that to want to build our economy by looking to sectors such as oil and gas and mining and forestry, to name some parts of our economic development strategy, is tenuous at all. Mr. Chair, these are very, very important parts of our economy. For example, the oil and gas sector is actually the largest part of our economy. It reflects about 8 per cent of our GDP (gross domestic product). It employs 24,000 people directly or indirectly in our province, and it accounts for a great deal of our revenue. And what we're trying to do — and Mr. Wakefield has acknowledged this in his question — is to formulate policies that will encourage more development of the oil and gas sectors, and world price is one factor.

But I do want to say, you know, actually when you were the minister, Mr. Chair, of the Energy and Mines, and I think as it was then called and then latterly Industry and Resources or Economic Development, some of the changes that were made to the royalty structure in oil and gas led that industry to come forward and say, we are going to increase the level of our drilling because of the policies of the government.

And I just met with an oil company today from Alberta that certainly said that. They said that they're extremely pleased with the policies of our government. They have said that they have met with the Alberta government and indicated that in the area of heavy oil — which is the type of oil Saskatchewan has, unlike light, sweet crude which Alberta has — they indicated to me that they had told the Minister of Energy in Alberta that if he wanted to grow the heavy oil sector, he should adopt the policies of the Government of Saskatchewan because we have unique policies to encourage some horizontal drilling, other technological advances to try to increase the amount of oil production.

And so I would say what we're doing is recognizing that these sectors are not tenuous, Mr. Chair. They're very important. Oil and gas development is important to the province. Mining is important. Mr. Chair, we are the second largest oil producer in Canada. We are the third largest producer of natural gas, and we're the fourth largest mining jurisdiction in Canada — and if you exclude coal, we're number three. We contain in Saskatchewan the only two mining sectors where Canada leads the world. They are uranium production and potash production. We are the biggest in the world, and the headquarters of those industries are located in Saskatoon. Mining is the third largest part of our gross domestic product.

We move into the area of forestry. And what we have seen in . . . That's the third area of natural resources. You've got oil and gas. You've got mining. You've got forestry. We have seen in the last five years a billion dollars of private sector investment in the forestry sector. We have seen the building of two of the world's largest oriented strand board plants, one at Meadow Lake, one at Hudson Bay. And forestry employs, you know,

thousands and thousands of people in our province — as does oil and gas, as does mining.

And yes, there are other important parts of our economy. Agriculture is certainly one. We have seen problems of drought and BSE (bovine spongiform encephalopathy) that have impacted agriculture very hard. But the thing to note I think about the Saskatchewan economy is that — notwithstanding our problems on the farm, which I believe we are going to get through — our economy is growing as I said at 4.5 per cent last year.

Now what does that mean? If you're having trouble on the farm — and to some extent our farm economy has been stagnant or shrinking because of drought and BSE — but you're growing overall, it must mean that there's positive growth in other areas. And in fact there is growth in areas like mining, oil and gas, forestry, manufacturing, value added, and so on. Our economy is much more diversified than it's ever been, and we're going to continue with our policies of encouraging the resource development because we believe that if we encourage the oil and gas sector, mining, forestry, along with the others, there will be indirect effects in other areas too. For example, if you have a uranium mine, you also need to develop the information technology sector. You need to develop the engineering sector because you're going to be using a lot of robotics. The same is true of the other industries I've mentioned.

And I'm sorry to be so long-winded, but I'm so passionate about the idea that these industries have to be developed for the future of our province, and I believe that we're making tremendous progress in that regard.

Have we done everything that we should do? I don't think so. We should continue to try to develop our policies to grow those industries more. But I wouldn't want to underestimate the importance of those industries or government policy to our economy. Thank you.

**Mr. Wakefield:** — Mr. Chair, thank you. And, Mr. Minister, what you have described in essence is an expanding set of industry sectors that are prime production sectors — minerals, gas, oil, and even agriculture.

There's other things that need to be addressed. And in those sectors that I'm familiar with — agriculture and oil and gas in my area — I have seen in my lifetime some wild swings in terms of net world price. If your economy is based on those kinds of foundations, the variable swings in the cycles can be devastating for the province. Witness the agriculture sector has certainly crippled the economy to some extent in Saskatchewan because of the drought, world price, and so on.

I guess my point is this, Mr. Minister. If we're going to grow the province, we have to grow not only the natural resource sector; we have to grow the people sector as well. I guess the proof of the pudding at the end of the day is to have more people in this province with adequate wages so that the tax base is expanded so that we can do a lot of the things that is expected in Saskatchewan. That is a problem because the Statistics Canada tell me that the population continues to be lost. And when you're talking about attracting people, you have to get the confidence of investors to be able to invest in the different

sectors and particularly, I would hope, value-added sectors.

You mentioned you talked to an oil company from Calgary. That's pretty telling. The head offices of virtually all of that sector — not entirely but a major portion of that sector, and certainly in my area — is not in this province. They are paying land prices for exploration. They are developing, and royalties that are being paid are very welcome. But the people generally that are working their head offices aren't here. The people that are doing the servicing in my area come into Saskatchewan, do the job, and go back to Alberta to sleep and pay their taxes. That's a big problem.

And I guess, in a rambling way, I'm trying to understand your reasoning about focusing and taking so much credit for developing these base and primary sources — mining, agriculture . . . or mining and oil. We have to expand that into more value-added and attracting both people and corporate investment here so that it stays here and doesn't leave again.

We're going to have varying prices, and right now it is very positive for oil and gas and minerals too, but that's a world price function, as I mentioned earlier. So I'm still troubled by where the vision is in trying to grow the province, other than what you've been telling me on those oil, gas, forestry, and agriculture.

**Hon. Mr. Cline:** — Well I think I mentioned mining, manufacturing, value-added as well, as well as referring to development of engineering services and information technology.

But I think what I would say, Mr. Chair, is I believe fundamentally that if you have natural advantages, you need to do everything you can to take advantage of them. And I know that all the members of the legislature would agree that we have some advantages in Saskatchewan, being largely resource based. I mean in agriculture our advantage is that we have 42 per cent, I believe, of the arable land in Canada, so we need to do everything we can to try to promote that. In mineral production we have advantages obviously in uranium, potash, gold, base and precious metals. And we need to do everything we can to exploit that. And I think the same could be said for forestry and oil and gas.

And my point — and maybe we disagree — but my point is it just makes common sense to me that you should have policies that take advantage of your natural advantages in the first instance.

It doesn't make sense to me to say that our emphasis should be on, you know, trying to replicate Silicon Valley in Saskatchewan in the first instance. I mean, we don't have a natural advantage over California or perhaps Ottawa Valley in that area. But we do have some advantages in heavy oil, natural gas, uranium, potash, some of the minerals, forestry, and the like.

So I'm trying to say fundamentally that we would not be doing our job if we didn't try to develop those sectors. That was the point I tried to make earlier and I'd be quite surprised if there's really any member of the legislature that would not agree that we should try to take advantage of natural advantages.

So we're trying to build those policies to do that, as I've described. Then the question is, well but is that all you're, is that all you're doing? And I already said in the last answer that, no. Because what I believe — and the policy of the government, Mr. Chair — is that there's a false dichotomy between the so-called old economy, which is the resource-based primary production that the member refers to, and the new economy, which is the information technology and engineering services and manufacturing.

And I'd like to point out that when you support the oil and gas sector and the mining sector and the forestry sector, you therefore support the development of those other sectors. For example, if you go to a saw mill — as I certainly have to many saw mills in Saskatchewan, and we have very world-class ones as you know because, Mr. Chair, you're from that area — they rely upon computer technology. The log goes along and there's somebody sitting in a small room with a computer configuration of the log figuring out how that log should be cut up. Many members will have seen that.

The point is it's very sophisticated, world-class technology that you need to run a saw mill. The same is true of an oriented strand board plant or a pulp mill. So when we build the forestry sector, we're also building those sectors that provide the sophisticated information technology services and the engineering that's needed to run those places.

In the mining sector, I said a few minutes ago, the uranium mines, if we develop them, need to rely upon engineering services for robotics. They need information technology. The mining sector needs large gears that need to be machined at places like Standard Machine in Saskatoon. And the precision machining industry has to grow up to support that industry as well.

And certainly in terms of oil and gas, that's true as well. I agree with the member that, in terms of oil and gas and some of the engineering and other jobs, too many of those jobs are done outside of Saskatchewan.

In the mining sector, if you talk to consulting engineers they'll tell you that the mining sector shops at home. They are based in Saskatchewan largely so they will use a lot of consulting engineers in Saskatchewan.

The oil and gas sector, as the member says, is largely headquartered in Alberta. And I believe if you looked at the engineering services that they might purchase, about two-thirds of those services would be located in Alberta. They often would work closely with those companies which are largely headquartered there. One-third of them would probably come from Saskatchewan. I was meeting with, actually, a group of consulting engineers today and that's what they advised me.

I would like the committee to know that we also want to increase the number of engineers in Saskatchewan. I can report to you that the number of consulting engineers in the private sector has been going up in the last few years, and our Department of Industry and Resources is embarking upon a process with the consulting engineers to work with industry, in particular oil and gas, to try to increase the services that they might purchase from Saskatchewan engineers. And so that's a

priority for us as well.

I want to say to . . . The member refers to . . . is suggesting that if we try to build oil and gas, forestry, mining, for example, that there is a danger because of volatility of world markets that it will be, you know, the markets go down so the economy goes down. That is true if you're only dealing with one or two sectors, but what we're finding is that the Saskatchewan economy is more diversified than it's ever been before. So that we're in a situation where when one sector goes down it doesn't drag the whole economy down. And I think a good example of that might be last year where we know there were problems in the agriculture sector, but we had growth in the economy because we had growth in the other sectors.

So the policy of the government is to try to build each of those sectors and in a sense to, if you liken it to the motor of a car, you know, you might have six cylinders; and it's true that one of the cylinders might be down, but if the other five are still going then you can keep moving along until you get the other cylinder repaired. And that is what we're trying to do.

We see some very positive developments, some very exciting developments in the area of . . . areas like diamonds for example, where there's major exploration going on and some exciting possibilities for diamond mining in Saskatchewan. I've spoken to people in the gold mining business that are contemplating the expansion of gold mining in Saskatchewan, and I think we'll see that in the next few years.

We see the development of the ethanol industry in Lloydminster and at Weyburn. These are relatively new industries, Mr. Chair.

And so I think we are making progress, and we have to continue going in the direction we're going, it seems to me. Because as we were talking about before, with 4.5 per cent growth in the economy last year and a projected approximately 4 per cent growth this year, obviously we're making some progress. And we would all agree that that's what we want to continue to do.

**The Chair:** — Mr. Wakefield.

**Mr. Wakefield:** — Mr. Chair . . . Thank you, Mr. Minister. I think we do agree that there is a very large potential and we need to continue to attract as much interest and, particularly, investment as we can.

Confidence is the real key. Confidence is what is needed to have investors take a chance. They have to have the confidence that they are going to get return on their investment in a normal business-risk way. They have to have the confidence that they're not going to have to compete against taxpayer-funded corporations and services. And I think we need the confidence of people that would say that there is an opportunity in this province.

But again, we seem to be losing a large part of the population that we need to have remain here — struggling to find the opportunity to be able to stay here and to work and to contribute to the economy, because of the lack of opportunity which is dependent so much on that investment and confidence.

What kind of a business plan would you be able to offer to the

young people that are just entering the workforce? Saying that, from Industry and Resources point of view, here's a business plan that we think Saskatchewan can realistically achieve in a time frame, and in a corporate sense. These are not uncommon things that are put in place.

And then benchmarks. What benchmarks would you be able to determine, in terms of success of whether you're achieving that particular business plan? Because that is the confidence that is needed for both people and for investment.

**Hon. Mr. Cline:** — Well, Mr. Chair, I'm very glad that the member asked that question because the member says that we should publish benchmarks for economic growth. And I'm pleased to inform the member that we've been doing precisely that for several years. And in fact we . . . there's a document called *Partnership for Prosperity: Success in the New Economy*, an economic strategy towards 2005. And that was published in 2001.

And a progress report was published just last year, 2003. So what the member's asking us to do is something that we've already done. And in fact I think members of the opposition commented upon the progress report, because what we do as part of the economic development strategy — and the member asks what would we . . . would we be able to tell youth that we have an economic development strategy? Well, Mr. Chair, I have this strategy right with me so certainly we would.

And then the member says, well why don't we publish benchmarks to measure whether we're succeeding or not? And actually, Mr. Chair, that's exactly what we do. The benchmarks are published in the back of the document and it says, targets by 2005. These came out four years ago. And for example, increase the number of jobs by at least 30,000; reduce provincial income taxes by over 25 per cent for an average Saskatchewan family; increase average personal disposal income by 20 per cent; and there's a long list of things that we want to accomplish to grow the economy.

And then last fall we published a report where we said, here are the benchmarks; how are we doing? Because we want to be accountable to the public for what we're saying we're going to do and what we actually do. So we reported that, for example, we have a goal that we wanted to increase jobs by 30,000 by 2005. We're on our way there but we did have a few difficult years but we're still, we're still aiming for that target.

We were able to report that we had reduced personal income taxes for the average family by 25 per cent, for example.

And I won't go on unless the member wants me to, but my point is what the member says we should do — and I could certainly go into a lot more detail in every item in every way as to how we've done it — Mr. Chair, is exactly what we have done.

Now having said that, an economic development strategy is not written in stone. And I've said several times since the last provincial election that we need to be prepared to always be updating it, revising it, listening to positive suggestions from members of the legislature including the opposition, meeting with the public as we do on a daily basis, meeting with industry

groups, and perhaps getting together to examine the economic development strategy and to ask ourselves, how could we improve it?

And certainly part of that always will be setting goals, publishing benchmarks, and then putting information out to the public so that they can judge where we have succeeded in our benchmarks and whether, where we have fallen short of the mark as sometimes we have.

So I'm very pleased to answer the question and very happy that we're able to do what the member says that we should be doing.

**Mr. Wakefield:** — Thank you, Mr. Minister. I'm glad you brought that up, because when that *Partnership for Prosperity* brochure was put out, I think earlier on by one of your predecessor ministers, the questions came to mind right immediately: what is here? What is going to allow us to be able to achieve those targets? Targets, I think we're . . . when we looked at the targets, we thought, yes we do need targets but can we actually . . . is there something here to allow people to come to achieve those targets?

Well we looked at the benchmarks that you have published recently. And I guess my comment would be, well how are we doing? Probably the worst job creation record in Canada, maybe save for one or two of the Maritime provinces that are really struggling as well.

Why are we still losing people? Why is our population going down, Mr. Minister? And why is the debt of this province increasing?

**Hon. Mr. Cline:** — Well there are several questions in there, but the question about debt and population — I want to say to the member first of all that debt is always something that should be put in perspective, depending upon your level of wealth. By which I mean, if I'm a university student and, you know, I have a \$5,000 Visa bill, I think that's . . . for a typical university student that would be a kind of a serious debt situation. On the other hand if I'm a, you know, member of the legislature and I have a \$5,000 debt on my Visa bill, it really shouldn't be too much of a problem.

And the reason I say that is because, first of all, when the member says the debt of the province is going up, I'm pleased to report that that's not the case. The debt of the province peaked at about \$15 billion in 1993. Today the debt of the province is roughly about \$12 billion, which is a reduction of \$3 billion.

But what I would say to the member about debt is that most people that look at debt, such as the credit rating agencies and the international bankers, the bond dealers and so on, look at debt at what they call the debt-to-GDP ratio — in other words, just like a company would look at its debt-to-equity ratio. I mean it's . . . mom and dad's corner grocery store would be in trouble if they had debt of \$1 million. But if Imperial Oil has a debt of \$1 million, it really wouldn't be a problem.

And our debt-to-GDP ratio, in other words, as a percentage of the size of our economy, used to be about 65 per cent. Today our debt-to-GDP ratio is more like 35 per cent. In fact I think it



went from about 70 per cent to 35. So relative to the size of our economy, which has been growing, our debt is about half of what it used to be.

Now another way to look at this which I think is very instructive is that Saskatchewan has gone from being the worst province in Canada when it comes to debt, per capita debt, to being the third best. So on the debt front we've made a lot of progress, and that's why Saskatchewan has received 11 credit rating upgrades since 1995. And Saskatchewan has gone from having sort of B credit ratings to . . . back to straight A's across the piece.

And, you know, one thing you need to understand about debt is that the credit rating agencies primarily look at the ability of a province or a company to service their debt. And nobody has any doubt about the ability of Saskatchewan to service its debt. In terms of confidence in Saskatchewan, when Saskatchewan goes to the market with its bonds to raise money, there are very few jurisdictions in Canada whose bonds sell faster than the bonds of the province of Saskatchewan. Because the investment community — not only in Canada, but worldwide — has a great deal of confidence in Saskatchewan which has, as I said, an improving credit rating.

So debt has gone up in the last few years largely because of crop insurance payments, because we've gone into debt to meet crop insurance obligations that exceeded the amount of money paid into crop insurance. I think most reasonable people would think that that was a good thing to do, and that's what the government did.

But debt . . . Is debt a bigger problem in Saskatchewan than it used to be? Absolutely not. And nobody has to take my word for it. They can talk to the credit rating agencies, they can talk to the investment dealers of Canada, they can talk to the investment bankers across the country, and they can talk to the people that buy our bonds. There's a great deal of confidence in Saskatchewan's fiscal situation when it come to debt.

The member is correct when he talks about population, that we have some long-standing problems in Saskatchewan that go back 60 or 70 years relative to the growth in the population. But you know, I would want to report, Mr. Chair, I indicated earlier, that the Saskatchewan economy was growing quite a bit in 2003. And it appears from the last few quarterly reports from Statistics Canada that there was . . . the population was declining somewhat in the last few years. But that appears to have turned around in the last six months, where the population stayed relatively flat.

So the decline seems to have stopped. And what we're hoping for, of course, is that the population will begin to increase as the economy grows. And I think we are going to see and have seen job growth in the last year. There are more people working this year than last year, and we expect a continued job growth this year.

So we would all agree that it would be nice if the number of jobs we were creating was even higher than it is. But if the question is, are there more jobs in Saskatchewan on a year-over-year basis, there certainly are. That's been the case for several years now. Will there be more jobs next year at this

time than there are presently? Our projections, and the private sector projections are, certainly there will be. And all of those things indicate that we will probably get back into some population growth.

So I think we've turned the corner. And I know that my colleague, Mr. Wakefield, will be pleased that we are turning the corner, albeit we would all agree that we'd like always to go further, faster.

**The Chair:** — Mr. Wakefield.

**Mr. Wakefield:** — Thank you, Mr. Chair. If we could turn that corner, yes, I would be very pleased. I think Saskatchewan would welcome that. That would be quite a change indeed. And I know we talked in areas here that aren't exactly involved with Industry and Resources but it all becomes part of the picture.

You talk about the debt is decreasing, and I guess the numbers you took or the years you took, that there is a difference. I think what investors look at when they wish to come and do business in a province is the trends that are happening. And one of the trends is that the debt over the last three years has increased continually for those three years. But that's just one part of the package, and I think we have to again somehow give these young people and investors confidence that there is a future here.

I've talked about these young people before. I have five granddaughters, and I would dearly like to see them have an opportunity here in Saskatchewan and be able to remain here. If they wish to travel somewhere else for experience, fine, but the opportunities . . . I would like to see them here and I'm sure you would too.

From the combination of the General Revenue Fund debt and the Crown corporation debt and unfunded pension funds, I think we're . . . from my recollection of the auditor's report, we're over \$20 billion now. And I think that's maybe 21 billion. That's already \$21,000 debt and liability on my poor little four-year-old granddaughter in this province. We've got to be able to do something to try to take that burden off our young people because it's not sustainable.

And I guess getting back to where I wanted to go with Industry and Resources, was the fact that we have to keep adding the incentives and the confidence to do that. And a lot of the things that are talked about in the budget, and I'm looking at the different subvotes, investment programs, industry development and so on, those are really . . . those are things that we should be developing.

And I see in those sections that we are in fact allocating less money all the time to those particular areas. I know funds are tight but we're allocating less funds to an area where I think you would agree that we need to encourage growth with, with added service.

**Hon. Mr. Cline:** — Well on the . . . There's two aspects to the question. One is a comment on debt and the other is, you know, less spending by the department to build the economy.

And on the debt side, I would just reiterate that we are now the

third best in the country when it comes to debt, and we used to be the worst. So I agree with the member that you don't want to burden younger people with inordinate debt. But I would just say that if we are doing so, we're in the company of every other province and the federal government, because all of them carry some debt. And our debt relative to theirs is generally better now, whereas it used to be worse. So it would seem to me that we're going in the right direction.

On the second part of the member's question, I'm a little surprised with the direction he's taking because it has been the position of the Saskatchewan Party, as I understood it, that they want less government spending but they want us to create an environment for growth with royalty changes, tax changes, and the like. And Mr. Wakefield is saying, well you're spending a little bit less in terms of growing the economy.

Well what we've decided to do, and we have been doing, is we're still spending in areas to encourage investment, but we also are emphasizing creating an environment for building the economy. So that, as I said before, we've changed the royalty structure on oil and gas; we've changed the royalty and taxation structure in mining. And we're doing things, Mr. Chair, to try to create the environment for private investment in Saskatchewan, and we're seeing that. I referred to some of the figures before.

We see \$1.9 billion a year now invested by the oil and gas sector, \$1 billion private sector investment in forestry in the last five years. Mining exploration investment has been going up about 25 per cent per year for the last few years. So I think we're going in the right direction.

And I'd be surprised if the answer to building the economy coming from the opposition would be for government to spend more money directly growing the economy because that's usually what we're told by the opposition we should not be doing. So I think on reflection, you know, the members might see that in fact perhaps we're adopting some of the very helpful suggestions that they've made over the years, and therefore would be able to endorse the budgetary direction of the department.

**The Chair:** — Mr. Wakefield.

**Mr. Wakefield:** — Mr. Chair, and Mr. Minister, don't get too excited about the comments as you interpreted them. The spending that is less in Industry and Resources generally are in an area where maybe some positives could be made. But I do notice that full-time FTE (full-time equivalent) staff complement hasn't changed, and I notice that the salary component as listed in the budgetary item is marginally different but really no change.

I guess what I'm saying is that if you are going to use the different programs to do what's supposed to be done, well then make sure you get it done with the programs as they're intended and make those the priority and make sure that the services are delivered accordingly.

**Hon. Mr. Cline:** — Well I certainly welcome the suggestion. I do want to say the budget of our department overall is being decreased by approximately 10 per cent, and I don't have the exact figure in front of me right at the moment. But my point is

that we are trying to be very cost-effective.

We are spending less money. We are prepared to do the things we do with less. And while it's true that the number of FTEs in the department may remain the same, there are also a number of vacancies that we have not been filling. So we have been trying to contain, you know, the growth of the number of employees in the department.

But we're managing our activities with less money as part of an effort to support the priorities of the government which include health care and education, to name two of the ones that went up in the budget, as well as the maintenance of the highways spending, which was another priority in the budget.

**Mr. Wakefield:** — Thank you, Mr. Minister. Under the investment programs, and that is the subvote (IR07) — I'll try and get back to looking at some of these details — in the explanation, the preamble to the allocated numbers, you talk about financial assistance to businesses and organizations, regionally based economic development organizations. Are we talking about the REDAs (regional economic development authority) in that case? Research institutions in key sectors. Can you expand on those particular items for me please?

**Hon. Mr. Cline:** — Yes. I believe that the item referred to is the REDAs. And I'm sorry, what was the other aspect of the question?

**Mr. Wakefield:** — There was financial assistance to businesses and business organizations; of course research institutions to encourage economic growth, but in key sectors. I guess the three things, businesses, how are you investing these programs in businesses and in what key sectors are you referring to?

**Hon. Mr. Cline:** — Well I'll refer to some of them and then if there are other areas that, you know, we need to go into, we can do that. But one of the important things we're doing is support to the petroleum research initiative which relates to research undertaken in the field largely I think by oil companies with respect to how to better recover oil. So we're providing \$1 million of support to that, which is unchanged from last year.

Secondly, the small business loans associations which I'd talked about in my opening remarks, we're increasing the amount of money used to support, really I suppose, loan losses more than anything else. We're increasing that to \$560,000, and that will allow the Small Business Loans Association to increase the amount of money they can loan out, I believe to \$15,000 from 10. And we are also increasing the funding to them so that they can earmark a certain percentage of their loans to young entrepreneurs between the ages of 18 and 30 to try to help them get started in small business. And I might say that program has been very successful.

And when I was at the SUMA (Saskatchewan Urban Municipalities Association) convention in the fall, one of the things that they asked was that we increase the Small Business Loans Association amount, and we're responding to that.

There is the Strategic Investment Fund which receives \$1.5 million. And that is lower than last year, but on the other hand there was uncommitted funding as well that allowed us to

operate with that level of funding.

There are mineral exploration incentives of \$1.6 million.

The ethanol fuel tax rebate, we've only budgeted 860,000 but that's because we were unable to start with the mandated use of ethanol this year. That has to be delayed into sometime in the next fiscal year.

And so those are some of the programs we have to support business development. But as I said before, I think our main priority is to try to create an environment in some of these sectors for the private sector to invest and grow the economy.

**Mr. Wakefield:** — Mr. Chair. Thank you, Mr. Minister. It sometimes gets a little confusing when we talk about both support and investment. The vote is called investment programs. And it is a . . . I guess the question that I was trying to get to is, is there . . . which of those key sectors that are maybe outlined there that you have put direct investment into?

**Hon. Mr. Cline:** — Well certainly, as I said, the petroleum research initiative is very key because it supports development of the oil and gas sector.

The Small Business Loans Association, that's very key in the sense that small business and the development of small business is very important to the economy.

The new young entrepreneurs program that will be run through the Small Business Loans Association, that's very important because it speaks to the needs of youth to be involved in the economy and also to stay in the province, which we want.

I referred to the mineral exploration incentives; they speak directly to the mining sector, which we've talked about is a very important part of our economy.

The ethanol fuel tax rebate helps us try to build the ethanol industry in Saskatchewan.

Reference also under investment programs, there is money for technology commercialization which — and Strategic Investment Fund — which allows the department to support projects that may come along that help build, I suppose, the so-called new economy in terms of taking technology where somebody has an idea and how can we market that to the world.

And so I think that these programs speak to some of the key sectors, but again I would say that they're very small in comparison to what . . . the investment you need in the economy. So that these total \$15.8 million but, in the oil and gas sector alone, the investment by the private sector will probably be more like two thousand million dollars — in other words, \$2 billion — and that's just one sector.

And what I'm trying to say is, I think it's much more important to . . . These programs are good, but to really build the economy it's much more important to have the right environment for the private sector to develop those other sectors that we've talked about; for people to invest their own money more so than the government investing a lot of money directly.

**The Chair:** — Mr. Wakefield.

**Mr. Wakefield:** — Yes, thank you again, Mr. Chair. If there is . . . I'm just going to keep going unless you dictate others . . .

**The Chair:** — Carry right on. Things are working well.

**Ms. Hamilton:** — I guess I just have a procedural question.

**The Chair:** — Yes.

**Ms. Hamilton:** — I don't mind facilitating the member asking questions, but I assumed that he was a chit for today. And I don't think that's the case. So I think it would be appropriate of the committee to ask leave of the members who are the working members of the committee, to ask questions of the minister and then we'd be prepared to grant that. Is that the procedure?

**The Chair:** — Ms. Hamilton, I'm told by the Clerk that we've used a less formal arrangement in committee in the past, and that was sort of the process that I was considering would be appropriate for today. But if members of the committee feel that a member outside of the committee would be better advised to ask for leave of the committee, I'm certainly more than willing to . . .

**Ms. Hamilton:** — It would make it easier for us as committee members to distinguish those people who are chitting in for the day on either side and those who are asking questions to ask, by leave of the committee.

**The Chair:** — Well rather than putting it into a formal motion . . . Mr. Huyghebaert.

**Mr. Huyghebaert:** — Mr. Chair, it's my understanding that this is not unlike estimates. When you chit in, you chit in as a voting member. And that's not what the member's doing. He's here to ask questions. He's not here to chit in as one of the voting members of the committee.

And it was my understanding that anybody may ask questions while we're in committee — anybody. So why would you want to be chitting in every member that wants to come down and ask questions, not unlike estimates.

**Ms. Woods:** — Perhaps I could clarify things a bit more. The practice here in the standing committees is that we assume that leave is granted unless a regular member of the committee voices a concern or an objection. I think that was the approach taken today.

Generally what Mr. Huyghebaert was saying with regard to chitting in members, those are the members that do have the ability to move motions and to vote if something is on the floor. They're also the ones that will be considered for quorum.

Other members who are extra members are certainly willing or able to attend meetings, but there again it's up to the discretion of the actual committee members themselves what extent of latitude will be granted in terms of asking questions and so on.

**The Chair:** — Thank you. Are you comfortable then with the process, Ms. Hamilton?

**Ms. Hamilton:** — I'm assuming with the answer that Ms. Woods was supplying that we will, as committee members, say that we're assuming the committee gives leave and then we don't have to go through that formal process every time. If that's how the Chair wishes to operate, I have no problem.

**The Chair:** — I think that was certainly my interpretation, members. Okay. That's fine with the committee? All right. Mr. Wakefield.

**Mr. Wakefield:** — Okay. Thank you, Mr. Chair. And I think that's a distinction that is useful to have on the record so that we understand what we are doing. This is a new situation for all of us, so I think that was a very good question.

I'm just going to have maybe one or two questions, and I'm going to get out of your way, Mr. Chair, and let some others ask some questions. I guess the one that I would have, Mr. Minister, is — I think I understand what has happened — but it's about the Saskatchewan Opportunities Corporation. Now that used to be a very functioning part of — what was it called? — Economic and Co-operative Development when we were doing this before. I know that that has been transferred into the Crown sector to be administered. Is there any lingering aspects of the association between the Saskatchewan Opportunities Corporation and your department that we should be aware of, or are you completely out of the business of providing service to the investment industry through SOCO (Saskatchewan Opportunities Corporation)?

**Hon. Mr. Cline:** — Well thank you for the question. The answer is that we own the research parks and SOCO operates them on our behalf. And I think it's important to point out, you know, that SOCO did start out as running the research parks plus lending money to projects for investment. And the investment side ended a few years ago and really SOCO then became simply the manager of the research parks, that is Innovation Place in Saskatoon, the Regina Research Park at the University of Regina, and also the forestry centre in Prince Albert. And so that's now the function of SOCO and that will continue.

And there's some consideration being given to maybe changing the name of SOCO as we move forward because really what it is, is a manager and developer of the research parks. It is certainly not in any way an investment, investment company and nor, nor is it contemplated that it will be because the other thing we've done is taken the investment functions really that were part of CIC III (Crown Investments Corporation of Saskatchewan Industrial Interests Inc.) and, as you know, turned those over to the Investment Saskatchewan and tried to enter into kind of a new process there.

But that's what SOCO does. It is a separate corporation. I believe it's a CIC corporation, that is a Crown Investments Corporation corporation. But the research parks are owned by the General Revenue Fund and the management of those parks is the responsibility of SOCO.

**The Chair:** — Yes, Mr. Chisholm.

**Mr. Chisholm:** — I just have a question on the process of determining or estimating the royalty revenues for the year,

taking in mind that we were a long ways off the mark last year. And I'm wondering if you've changed processes or how much faith we can have in the numbers that are in our revenue section?

**Hon. Mr. Cline:** — I think what I'll do, if the committee is comfortable with this, is ask maybe Mr. Bruce Wilson to comment on this process because I should say that Mr. Wilson, despite the fact that he doesn't look like he has been around in the department for 32 or 33 years, I think he has been. And he's always been involved in the oil and gas sector, and he will be able to answer the question better than I could.

**Mr. Wilson:** — I think . . . I'm sorry.

**The Chair:** — Mr. Wilson.

**Mr. Wilson:** — In terms of the revenue forecast, there's a number of things that go in to the forecast but the . . . probably the main item is the price assumption that we would use. And, you know, it may seem as though we throw darts or consistently underestimate the revenue or the price that's being used, but quite honestly what we do is simply canvass a number of different agencies that do provide forecasts for the different commodities, particularly oil and gas.

And the one that I would be most familiar with would be oil. And with that one we would simply take — at the time that we were preparing the forecast — a consensus view of the various parties that are putting these forecasts together. And so to the extent that we look at an oil price forecast that's 25 or \$26, that in fact would be the consensus view of a number of these parties that were, you know, providing information at that time.

The other thing that one needs to take into account is the timing of when we put these forecasts together. These forecasts are being put together in January and February, in advance of the budget. So again it's the information that would be available to us at that time. And we would certainly be quite pleased to provide you with the information that we use and who we referred to in terms of putting our forecast together, if that would be helpful.

**Mr. Chisholm:** — Yes, I would appreciate if we would get that, the sources of where that, you know, where that information comes so we can try to follow that through. Thank you.

**The Chair:** — Go ahead.

**Mr. Chisholm:** — One other question just, that was brought up that I wasn't clear on was regarding that ethanol tax rebate. I wonder if you could explain that to me again, where that . . . why that number was \$3 million last year and it's been reduced but it still isn't really happening, or . . .

**Hon. Mr. Cline:** — Well what we had . . . I should explain there. The ethanol policy of the government is that we have said that there should be no provincial tax on ethanol that is produced and consumed — for example, in a motor vehicle — in Saskatchewan. So that if you buy, you know, fill up your tank and you've got a 10 per cent ethanol blend, that that tax, the tax should not be charged on the 10 per cent. And we will

rebate that money back to the seller.

They will have not charged the tax for the ethanol portion in the gasoline, and . . . but if they, but we rebate that back to them, if you see what I mean, so that they're put in a position where they don't have to charge tax on the ethanol.

Now we had planned that as of, I believe it was April 1 of this year, we would have enough ethanol produced in Saskatchewan that we could go to a 5 to 10 per cent blend by April 1. And it would be phased in but go up to 10 per cent.

And the forgone tax revenue, the money lost to the province, would have been about three point some million dollars because instead of getting the 15 cents tax per litre, we'd be getting the 15 cents tax on 80 per cent of the litre but not on the other 20 per cent. So this rebate I think takes into account the fact that we're giving some of that revenue back.

But because we didn't have the industry up and running to produce the ethanol as of April 1 this year, we said that we couldn't really bring that in until next year. And then we expect that Husky Oil in Weyburn, as well as Pound-Maker, which already produces ethanol, would be providing enough ethanol that we can say to the distributors of fuel that they are required to use ethanol in fuel. And so that's the reason why it is less of a cost now than we thought it would be.

**The Chair:** — Mr. Chisholm.

**Mr. Chisholm:** — Mr. Wakefield did mention that there appeared . . . My figures show that there is a drop in the appropriation of this, of Industry and Resources of about 18 per cent less money being spent this year. And yet we have a drop of just over 1 per cent in salary component. So I wonder if you could explain, if we are cutting back on what we are doing by approximately 20 per cent, why there wouldn't be a larger reduction in the salary component.

**Hon. Mr. Cline:** — Well part of that is, I think part of the reduction up to 18 per cent would be due to the fact that there is a fund called the Innovation and Science Fund which is . . . well it was \$8.5 million . . . 8 million, and that's being transferred from the Department of Industry and Resources to the Department of Learning. And that part of our budget really is money that is simply matching funds that matches Canada Foundation for Innovation grant — research grants that the universities get.

So in that sense the money is gone from our department, part of the 18 per cent to Learning, but it wasn't a function whereby you even had anyone that was dedicated full-time to it. There were several people that part of their job was to do it, but it wasn't a big staff requirement.

Now the other . . . So really when you factor that out, on a real basis I think the reduction to the department's budget, I guess . . . Okay. I actually might, it might be a good idea to ask the deputy minister to give you some of these figures, if I may, Mr. Chair. I think the deputy minister could provide some information in this regard as well.

**The Chair:** — Mr. Spannier.

**Mr. Spannier:** — Sure. Thank you, Mr. Chair. In terms of the explanation with regards to why the budget went down yet salaries didn't, as the minister indicated initially, what we did was looked for internal savings within, right across the department. Okay. For example, there was no employees actually lost their positions.

But as I go through it I'll just explain some of the changes, and I think they're evident in the estimates. But for example in administration, our administration costs are down \$177,000 just by doing things more efficiently. Some of the other changes in our investment programs, we've already talked about it, down about 4.7 million, but in some cases the majority of that was the ethanol rebate program, 2.5 million. The remainder, some of them were in some funds where we never even spent the money last year.

Some of the other areas of mineral revenue — petroleum, natural gas exploration, resource policy, and industry development — the majority of those again are down because of internal efficiencies. Our marketing budget has been cut back \$428,000 again; when you're spending money on the marketing end of it, there's not really people associated with it.

However the biggest change in the department, as you can see, is transferring out the SOCO dollars. That was 7.2 million. So overall, yes the department's budget is down 18.7 million, but a large majority are, you know, some big cost items: the ethanol rebate program, 2.5 million; as well as SOCO, 7.2 million.

So summing up, I can't emphasize enough that a lot of these are internal to the department. They do not affect our program delivery nor do they adversely impact on our clients out there. I hope that helps you.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. Minister, earlier this year there was, I noticed some . . . an article in the Saskatoon paper where the . . . it discussed the funding of the Saskatchewan Synchrotron Institute. And the article indicated that in fact that funding may be in jeopardy or at the very least changed. I wonder if you could give us an update as to what is happening on that file.

**Hon. Mr. Cline:** — Yes. I think if I may, I'm aware that Mr. Spannier has been involved in some meetings with respect to that quite recently and I might ask that he comment on that as well.

**The Chair:** — Mr. Spannier.

**Mr. Spannier:** — Okay. Thank you, Mr. Chair. Initially when the Saskatchewan Synchrotron Institute was set up, it was set up for three years and the funding was provided from the province as well as the federal government through Western Economic Diversification. When they . . . And that was sort of transitional funding. The majority of the funding was directed at training scientists to go down and use other facilities and so on. So, you know, the view was that once the synchrotron was up and running, which will happen later on this spring or whatever, that funding wouldn't be needed.

Okay. Having said that, as you are aware the federal government recently announced a couple of weeks ago that they were providing about \$19 million towards the synchrotron. That covers off of, call it 19 of the \$22 million shortfall that was there in operating costs.

The federal government, Western Economic Diversification, of that 19 million, 3 million was from Western Economic Diversification. We're also considering providing 3 million under our side of the Western Economic Partnership Agreement. Contingent upon that, sort of call it, 6 million will be a commitment from the Canadian Light Source that they will continue on with some of those training functions.

So while the Saskatchewan Synchrotron Institute per se, the model may disappear, the key functions will continue on and we've had a commitment from the Canadian Light Source that they will in fact continue on.

**Mr. Hart:** — Thank you, Mr. Spannier, for that explanation. I guess I should pose my next question to the minister.

And perhaps I'll preface my remarks by relating to you an experience I had in my constituency earlier this year where I was asked to attend the awards banquet of a regional science fair made up of students from a section of this province from, right from kindergarten to grade 12.

And so I thought perhaps that would be a good place to get a feel for, you know, the number of people in this province that are aware, first of all, that we have a synchrotron that will become operational in this province and, you know, also an understanding of what a synchrotron is and some of the opportunities that are there.

So when I asked the question as to where will Canada's new . . . or where is Canada's new synchrotron located, there was one hand came up and it was a young individual who told me after that it was just a lucky guess. They said it's in Saskatchewan but they had no idea it was in Saskatoon. And frankly the only individual in the room, of some 200 people there, was a physics teacher from one of the schools that had actually taken her grade 11 class to the synchrotron for a tour. And she was aware of, you know, the potential and the . . . of this scientific installation that we have in our province.

And that told me, Minister, that perhaps you haven't been doing as good a job as you could have. And I would encourage you in the future to look at this area. It's my understanding that this, the Canadian synchrotron, is one of the few synchrotrons in the world which will have at least a portion of its beam line time devoted to industry eventually. I think that'd probably phase in.

And I think we need to get that message out to our young scientists, to our business people, to our government officials. And I have been critical of your government's efforts in the past and I think there is some justification. And I would ask you . . . I mean your official, Mr. Spannier, explained that your funding will go towards helping look after some of the deficit in the operational costs of the synchrotron.

And that's, you know, I mean we certainly need to do that. But I think we need to take that extra step and develop programs

that will build on innovation, because I think we have a huge opportunity in this province and we have to act, I think, now or else we are simply going to be the technicians that turn on the lights and fire up the synchrotron and the real benefits will, many of them will escape us.

**Hon. Mr. Cline:** — Well I agree, Mr. Chair, with the point that Mr. Hart is making that we need to ensure that we make full use of the synchrotron and do as many activities around it as we can in Saskatchewan.

And the other point he makes, I also agree with. That is, he is saying that we're not doing a good enough job getting the message out about what we have to offer in Saskatchewan. And I think that's true. I take responsibility for that, and in a sense I think we all have to, in the sense that when we have that country's largest scientific project in 30 years at least being built in Saskatoon, and our young people don't know about it, then that means we're not doing the job we should be doing to get that message out because that's something that they would be excited about. And they can see that they could have careers in science in Saskatchewan.

And really in many ways, I mean, the research capacity we have here has been growing quite considerably at the U of S (University of Saskatchewan) and the U of R (University of Regina), and the universities have improved their rankings among their Canadian counterparts.

But — and it isn't just in the area of the synchrotron — but I'd go further and say, you know we . . . The young people, we're not necessarily getting the message out that we have opportunities in oil and gas and how that sector is growing here, that half of the province is covered by forest, a lot of people don't even know that. And they don't know that there are thousands and thousands of people harvesting trees and making finished wood products.

They don't know about the great things that are happening in mining, and how Saskatchewan is the world leader in potash and uranium, and we're trying to develop diamond mining and gold and base metals, precious metals.

And my point is — and then you could go into the manufacturing sector that's growing in the province as well — and my point is, I agree with the member; we do have to get the message out about all the positive things that are happening and the opportunities that are there so that we turn the attitude around and keep more of our young people home in Saskatchewan and pursuing careers here because there are opportunities there.

And part of what we're trying to do, and it's been somewhat controversial, but the Our Future is Wide Open campaign tried to take this message to the province, but also to the world, that we have these things to offer in Saskatchewan that a lot of people haven't known about. And so we do need to be aware that we have a job to do to convince ourselves, our people, our young people about the opportunities here, but also to convince the outside world. And we need to do a better job than we've done in the past.

And one of the commitments that I would make as Minister of

Industry and Resources is to continue to try to get that message out in partnership with a lot of people in the community, our business community that travels around. We have an ambassadors program of Saskatchewan, people that go around travelling, when they're travelling on business, to spread the message out about what Saskatchewan has to offer. And so we're going to continue to work on that. And in fact we have Opportunities Week coming up — I think it's next week — where we're going to talk about just this subject, how we get the Saskatchewan story out to people to try to increase the level of investment and the opportunities we have here.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Well, Minister, I listened carefully to your reply and there's many things I could agree with you and . . . but however, there's a couple of your statements that I think I may have to take you to task on.

And one, when you referred to your election campaign program of Our Future is Wide Open, I understand your government spent in excess of \$13 million on that program in the last fiscal year. And I'm wondering if perhaps — perhaps my figures aren't exactly right and perhaps it was more than 13 million — but I'm wondering if some of those dollars wouldn't have been more wisely spent targeting some of those dollars to our education system or K to 12 (kindergarten to grade 12) system in particular, whereby information could have been given to the students through the schools about the synchrotron and some of the other opportunities that you talked about.

And I know some schools that have difficulty in funding school trips, particularly, you know, any distance. Because the synchrotron is located in Saskatoon, schools from the southwestern and southeastern part of the province, because of lack of funds, may not be able to take their future scientists to see this synchrotron.

And so I wonder if you would agree that perhaps in the future a more, a more judicious use of taxpayers' dollars that would perhaps bear more long-lasting results would be a better way to go.

**Hon. Mr. Cline:** — I'd like to state for the record first of all, Mr. Chair, that Mr. Hart said his figures may be wrong in terms of spending and he indicated that he felt the government had spent \$13 million in the last year on the Future is Wide Open campaign. The correct figure for the last fiscal year would be \$2.9 million. So it's not . . . (inaudible interjection) . . . Including the Crowns.

To be specific, in the last fiscal year, total amount spent on Our Future is Wide Open was \$1.8 million by the Department of Industry and Resources, \$1.1 million by the Crown Investments Corporation, for a total of \$2.9 million. So I mean . . . I just want to say that when somebody makes a statement that we spent 13 million, the correct figure is 2.9 million. But I then want to say that we then did . . . That was spent by the way in not just on advertising but there was a large component of advertising in there. The advertising was in the province and outside the province both.

And some people say, well why would you advertise within the

province about your own province. The answer is because we know that there are many people that don't have a positive attitude toward the province and the opportunities here. And part of what we also know is to build an economy and to sell yourself to others, you have to have a positive attitude about yourself in order to sell yourself. And we need everyone to have a positive attitude about the opportunities in the province before we can sell those to others.

But in terms of accountability, we did research to see whether the advertising within the province . . . And I might add, by the way, most of the advertising in the future is going to be outside the province to try to attract outside investment, which every jurisdiction does and, I mean, you definitely have to do to be in the game of trying to attract investment to your province.

But of young people between the ages of 18 to 24 who were surveyed, 47 per cent as a result of this campaign said that they learned something new about the province. And 11 per cent said the ads positively affected their attitude toward the province — 11 per cent of everybody. Actually for young people it was 27 per cent had a more positive attitude toward the province.

And I think that's going in the right direction at least, that we're getting the word out about some of the opportunities. And I do think that we have to ensure that young people do have a good image about the province because it's our province. It belongs to all of us; it belongs to them.

And we need them to have a positive image about the province and the opportunities here in order to want to build a future here, and that's what we were trying to do. And do we do it perfectly in every way? I'm sure we don't. But to make the effort I think is a commendable thing to do. So that's what we've been trying to do.

And in terms of the member's suggestion that we should attempt to get positive messaging into the schools and so on and work with the partners in education, I would say that's something that we should very seriously consider. I would ask the officials to consider whether there's some way that we can, you know, get into the schools with programming. It may be electronically; it may be through, you know, the Web sites. But that's a very good suggestion and something that we need to seriously consider.

**The Chair:** — Yes, Mr. Merriman.

**Mr. Merriman:** — Thank you very much, Mr. Chairman. Mr. Minister, where is this accounted for, the 1.8? Is that in your advertising for the upcoming year, the dollars expended for Future is Wide Open?

**Hon. Mr. Cline:** — Yes. I should point out that \$1.8 million was spent last year. But we anticipate that our department will spend \$1.4 million this year on the Our Future is Wide Open campaign.

And in terms of the question of where that appears in the budget, that \$1.4 million, I'll just ask one of the officials to point that out. Okay. It is page 91 of the Estimates book. Under industry development (IR03), there's an item, marketing and corporate affairs. And the item is actually \$3 million, 3.03 to be

exact. And within that \$3 million, there would be \$1.4 million that we anticipate we'll be spending on the Future is Wide Open campaign.

**Mr. Merriman:** — Is that the total amount to be expended for the budget year that we're having for the total government or is that just for your department?

**Hon. Mr. Cline:** — That's the total amount. What we had decided to do for this fiscal year and leading up to 2005 was to take the amount that had been spent by the Crown corporations as part of the Our Future is Wide Open campaign and to spend that in a different way; namely, in relation to the centenary coming up in 2005.

Because I'm sure everybody can appreciate, with the 100th anniversary of the province coming up in 2005, we realized that we need to have certain marketing activities that promote the centennial. I mean, I can't describe to you exactly the form those would take. And Mr. Hagel who is the, I believe, Legislative Secretary in charge of the centenary will be making announcements about what they're going to do.

But the idea was to, in order to promote the province . . . And part of what we did before in the Our Future is Wide Open was to promote the province within Saskatchewan. But as I said, now we're going to focus on external for Our Future is Wide Open. But we felt the internal focus of marketing should be on the centennial, doing those things we need to do to accomplish what people would expect us to do to celebrate the 100th birthday of the province. And instead of the Crown corporation money being contributed to the Our Future is Wide Open campaign, that money will be going to centennial promotion.

**Mr. Merriman:** — Thank you. Based on the fact that the program has now been two years, and I didn't have the amounts for the first year, but last year and this year we're looking at expenditures of 3.2 million for Industry and Resources to promote the province, can you point to an example of an investment that was made in Saskatchewan due to anything specifically related to the Future is Wide Open campaign?

**Hon. Mr. Cline:** — . . . ask the deputy to comment in a moment, but what I would say is, Mr. Merriman, Mr. Chair to Mr. Merriman, is that we know that, we know that the economy is largely driven by attitude, and we also know that investment will be largely driven by awareness of opportunities.

And when we did a polling of business executives across the country — now I don't have these figures right in front of me — but it was something like 40-some per cent of them remembered seeing some information about Saskatchewan as a result of the campaign. And of those, I believe it was about half of those said that they would be more likely to invest in Saskatchewan as a result of, you know, having seen what they saw in the campaign.

And so I mean it's very difficult in the sense that somebody who came along and invested in the forestry sector, the oil and gas sector, the mining sector, or some other sector, I'm not sure anybody would ever say, I invested simply because of the campaign. But would it have been a factor, a contributing factor — I think it probably would have been.

And generally speaking, all of these marketing efforts . . . And bear in mind that Saskatchewan is not the only province to engage in marketing. You'll see ads today, if not today this week probably, from the province of British Columbia promoting British Columbia; Newfoundland and Labrador has a major campaign; New Brunswick has done it in the past. And basically jurisdictions realize that they have to, they have to market themselves in order to be attractive to investors. And that's what we're trying to do.

And believe me, we're not ahead of the pack, we're behind the pack. We spend less than most jurisdictions do, and I think in the past maybe we've missed some opportunities because of that. So I might . . . I'll ask the deputy or Ms. Wilkie to comment. I don't know if we can be more specific about specific investments that would have come about, but we believe that it's part of a package that leads to increased investment.

**The Chair:** — Mr. Spannier.

**Mr. Spannier:** — As the minister indicated, I don't think . . . I couldn't give you an example of, as the minister indicated, of a project or an investment that as a result of our advertising . . . However, I would like to give you some other examples.

The advertising that we did in *The Globe* and the *National* was well received. Last fall we went and met with a forest company called Tembec in Montreal, the minister and I, and it just so happened that our forestry advertisement was in *The Globe* and the *National* at that time. And they actually brought it to the meeting and were very impressed with it.

A couple of other things. The minister has also indicated that we're not the only province that does aggressive advertising and marketing and so on. For example, Ontario was running ads in the *Economist* that probably cost about \$250,000 an ad. Alberta is aggressively marketing in all business magazines and so on. So I think that the budget that we have allocated for marketing the province, if you compare it against some other provinces, I think it wouldn't even rank up there.

But I'll ask . . . I'll also ask Debbie Wilkie who is in charge of our marketing branch to maybe provide some more comments too.

**The Chair:** — Ms. Wilkie.

**Ms. Wilkie:** — We don't have specifics as to investment, but what we have been tracking is inquiries about doing business in the province as a result of the campaign. And on the Web site we have had 526 inquiries from individuals, most of those relating to doing business or to moving back to Saskatchewan. Our calls to the toll-free line, 642 calls. Of those, 451 were from people outside of the province calling about opportunities in Saskatchewan to move here or to put new businesses here.

We have had numerous e-mails from business people from outside of Saskatchewan telling us that the campaign has certainly brought their attention. So although we know of some potential investments as a result of the campaign due to the fact that there are negotiations and discussions going on, you know, we really can't talk about what those specifically are. But what



we are seeing certainly is a huge difference in the number of business people that have expressed interest compared to previous years.

**Mr. Merriman:** — Well certainly those are impressive numbers. I would at some time appreciate if I could get a response back of how many of those we closed and how many actually came here of the 1,160 that you mentioned. It doesn't have to be right now, but at some point in time I'd appreciate that.

And I've been told by my colleagues that I'm to adjourn or I'm going to get whacked, so . . .

**The Chair:** — Thank you. There has been a motion to adjourn. Is the committee ready to adjourn for the day? All those agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay, the committee is adjourned. I want to, before the officials leave — and the minister — on behalf of the committee, thank you for your attendance today and I'm sure we'll see you again. Thank you.

The committee adjourned at 16:52.



