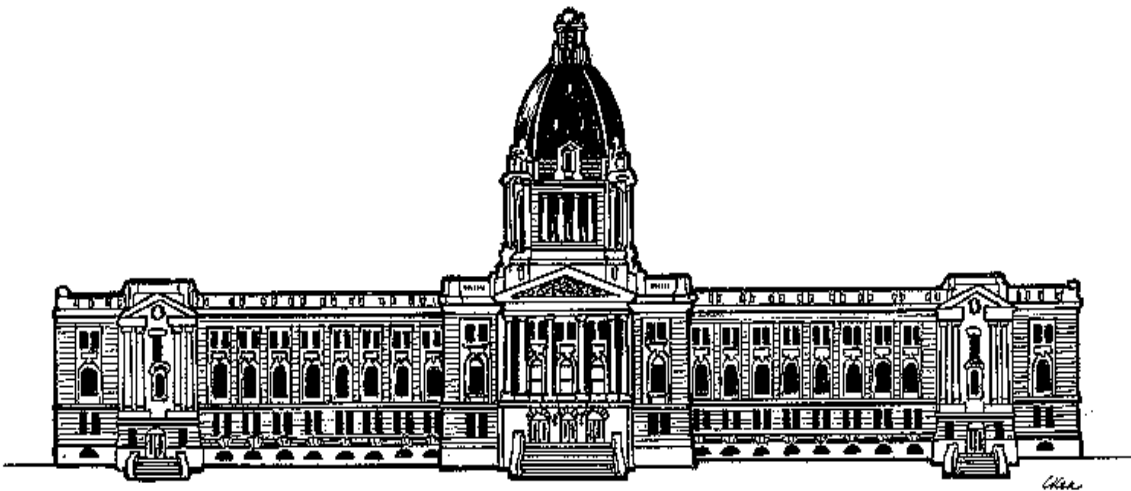




# **STANDING COMMITTEE ON THE ECONOMY**

**Hansard Verbatim Report**

**No. 18 – May 4, 2005**



**Legislative Assembly of Saskatchewan**

**Twenty-fifth Legislature**

**STANDING COMMITTEE ON THE ECONOMY  
2005**

Mr. Eldon Lautermilch, Chair  
Prince Albert Northcote

Mr. Randy Weekes, Deputy Chair  
Biggar

Ms. Brenda Bakken  
Weyburn-Big Muddy

Ms. Doreen Hamilton  
Regina Wascana Plains

Hon. Deb Higgins  
Moose Jaw Wakamow

Mr. Delbert Kirsch  
Batoche

Mr. Kevin Yates  
Regina Dewdney

[The committee met at 15:00.]

**The Chair:** — Good afternoon. We are about to resume committee deliberations, and this afternoon on our agenda we have the Department of Environment. But before we do the Department of Environment, we'll be calling the Department of Finance. Those estimates are found on page 60 of your Estimates book.

**General Revenue Fund  
Finance  
Vote 18**

**Subvote (FI01)**

**The Chair:** — And so welcome to all the officials and the minister. Minister, would you like to reintroduce your officials for the committee.

**Hon. Mr. Van Mulligen:** — Thank you very much, Mr. Chairman. Seated beside me on my left is Ron Styles, the deputy minister of Finance. Seated beside him is Kirk McGregor, the assistant deputy minister for taxation and intergovernmental affairs. On my right is Glen Veikle, who is the assistant deputy minister of the treasury board branch. Seated behind me are Brian Smith, the executive director of the Public Employees' Benefits Agency, and also Kathy Strutt, who is the general manager of the Saskatchewan Pension Plan.

Seated behind the bar are Joanne Brockman, the executive director of economic and fiscal policy; Dennis Polowyk, the assistant deputy minister treasury and debt management division; and Bill Van Sickle, the executive director of the corporate services division.

Mr. Chairman, if I might, just before we adjourned last time the member for Regina Dewdney raised questions with respect to the government credit ratings. The credit ratings have changed significantly over the years. The credit ratings today by Moody's is for a Aa3, Standard & Poor's is AA minus, and DBRS [Dominion Bond Rating Service Ltd.] is now an A to a . . . an A plus from DBRS.

The credit ratings have changed dramatically over the course of the last 10 years. There have been in the neighbourhood of 12 credit rating upgrades. Saskatchewan's credit rating position, in a manner of speaking, peaked in the very early 1980s when Saskatchewan enjoyed AA credit ratings across the board by all of the credit rating agencies in existence at that time.

Then credit ratings began to fall throughout the course of the '80s. This fall or . . . fall I suppose is the correct word. And the credit ratings bottomed out in about 1995, shortly after the Saskatchewan government's debt peaked in the early 1990's. At that time the credit ratings in 1995 were a BBB from the Standard & Poor's and a BBB from Dominion Bond Rating Service. The Moody's had us at an A3, one step removed from a B category. But since that time, as I've indicated, in the course of the last 10 years, credit ratings have improved again. We're not quite at the stage we were at in the early 1980s, but with continued good work and good fortune, I'm sure that we will. Thank you.

**The Chair:** — Thank you, Minister. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Thank you, Mr. Minister, and your officials for coming this afternoon. I appreciate it. Last time we were in estimates, we got into a bit of a spirited debate, and I look forward to an engaging conversation as well today.

The member from Regina Dewdney talked about some organizations and their view of the Saskatchewan economy. And I have in front of me the *Fraser Forum* "Budget Performance Index" for 2005. And just to give some background, it says:

A principal endeavour of The Fraser Institute has been to provide Canadians with the tools and information necessary to hold their governments to account. To that end, the Institute has developed a number of products including *Tax Freedom Day*, [which I'm sure we're all familiar with] and the *Tax Facts* book series, as well as the Budget Performance Index. All of these . . . [indexes] help Canadians judge government performance in taxing, spending, and managing financial resources.

The Budget Performance Index . . . measures the performance of the federal and provincial governments based on 20 indicators of taxation . . .

Now in their most recent report, Saskatchewan has actually deteriorated the most, dropping three spots in the rankings from fourth place last year to seventh place this year. The report goes on to talk, you know, specifically about:

Saskatchewan and British Columbia were the only jurisdictions to change their sales tax rates over the last 5 years. Saskatchewan increased its provincial sales tax . . . from 6.0 . . . to 7.0 percent . . . [and] British Columbia increased its rate to 7.5 . . . from 7.0 percent in 2002, only to decrease it back to 7.0 percent in 2004.

Could the minister just give me his comments as far as the Fraser Institute report goes?

**Hon. Mr. Van Mulligen:** — Well I would say that when it comes to the Fraser Institute, it's always very important to look at the methodology they employ to arrive at certain conclusions.

The Fraser Institute, I'm pleased to say, is not an organization that the various financial institutions would look to for advice when it comes to making investment decisions about Saskatchewan bonds, or the bonds or financial instruments of any other jurisdictions because the methodology they employ is more of a political analysis, not unlike political parties, Mr. Chairman, unlike the credit rating agencies that do a very substantial economic and fiscal analysis to arrive at their conclusions about Saskatchewan's financial position.

But in terms of the specific report, I'll turn it over to my deputy and ask him to deal with the details of it.

**Mr. Styles:** — One of the challenges, as the minister has already alluded to, with respect to the Fraser Institute's report is

methodology and getting a clear understanding of the methodology that they've used to build up the rankings. To this point in time, we haven't had that kind of clear explanation from them. So our ability to evaluate, I guess, the results of that are, we simply don't have that ability until we have, again, a clear methodology that can be looked at.

The one aspect that, I guess, I would note or I would point to is that you need to look at the actions of government in terms of its fiscal situation over a longer period of time. Fraser tends to look at it in one-year increments.

The province of Saskatchewan has a fairly volatile revenue stream. It does move up and does move down in a fairly significant way if you look at it over time. End year volatility is quite significant as last year pointed out. If you go back the last three years, it's been the same each year as well.

So again, it's much more of a short-term look at things. We need to look at a longer period of time, you know. A period of anywhere from five to ten years probably gives you a better sense of where a jurisdiction is going from a fiscal perspective.

**Mr. Cheveldayoff:** — Thank you very much, Deputy. I appreciate your answer, and I appreciate that you're aware of the performance index and that we're all hoping that the situation improves for next year. This year, they gave Saskatchewan a grade of 45.8 which was actually a failing grade, and certainly in light of the increased revenues coming to the province we hope that indeed Saskatchewan does better next year on the performance index.

Wanted to get into the topic of the business tax review that will soon be having their hearings, I believe, starting in Yorkton on May 10. And I want to quote from a document from the Saskatoon Chamber of Commerce. I understand the minister recently gave an address to the Saskatoon Chamber of Commerce. It's the chamber of commerce of the largest city in Saskatchewan, and they have some insight, some good ideas, and some comments that I think are important for us to look at.

First of all, with regards to the business tax review, and this is written by Jack Brodsky who is the president of the Saskatoon Chamber. He says:

We applaud the consideration that is being given to the tax reform by the formation of . . . [the] independent Business Tax Revenue Commission, headed up by the very competent Mr. Jack Vicq. I am not sure why we need another commission to study what needs to be done. Our lack of competitiveness in business taxes and royalties is well known. All we need is some leadership to make it happen. Why have resource royalties and property taxes not been included in their terms of reference? We can only hope that Mr. Vicq's recommendations will not be treated in the same way at Mr. Boughen's were.

Could the minister please comment on Mr. Brodsky's comments?

**Hon. Mr. Van Mulligen:** — I missed Mr. Brodsky at the luncheon that I was at; I don't think that he was able to attend, but nevertheless, I'm pleased to respond to his comments.

Might I say first with respect to resource revenues, royalties, that we take the position that these should be treated independently of the taxation system. And we have and will continue to make adjustments to royalties in a way that we think will stimulate activity in the resource sector.

I would point out that in 2002 we made changes to oil and gas off-budget, that is oil and gas royalties off-budget as a means of stimulating activity in that sector. We recently announced changes in royalties with respect to the potash industry. It is our belief that these changes will help, assist, encourage the potash industry to expand operations here in Saskatchewan. These were decisions that were arrived at off-budget, so these are . . . the whole question of royalties is something that we treat independently from the budget.

With respect to property taxes, I would think that there'll be a lot of mayors in Saskatchewan that would be concerned if the Government of Saskatchewan were to look at what is the primary source of revenue for municipalities, and for that matter I guess, school boards as well. But that they would be concerned that the province would undertake to study their source of revenue in the context of other revenues.

I'll also point out that property taxes are not just a business tax. They're also a residential tax, if you like, and therefore we've excluded them from consideration by the business tax review committee.

Also we're concerned that if the property tax were included, that it would add complexity to the mandate of the business tax review and might have the effect of delaying their report. We very much want a report by the end of November so that we can incorporate their suggestions into our budget cycle. And thus, the decision to not include property taxes.

The comment with respect to implementation, I would simply point out that when we undertook a review of personal income taxes in Saskatchewan, there was a report that was provided with recommendations from the personal income tax review committee to the government. The government then considered those recommendations. But the government's final actions differed somewhat from the recommendations that the personal income tax review committee put forward. We did not agree with all of the recommendations that they put forward.

And for example, one of the recommendations of the personal income tax review committee was that in order to create additional fiscal flexibility for the government, that the government should impose a sales tax on restaurant meals. Well the government disagreed with that and did not want to do that. And therefore, the final actions that the government took were somewhat different than the recommendations of the personal income tax review committee.

And so it is with the business tax review committee. You know, we hope . . . And part of their mandate is also to look at government's fiscal capacity and sustainability in crafting any recommendations they might have for us. At the end of the day, it's the government and not a business tax review committee that is responsible and we are called upon by you to defend our decisions. And so, we want to take the time to ensure that what we do implement and do put into our budgets is something that

we can also support and live with.

But I'm optimistic that there'll be a fair degree of agreement between the government and the business tax review committee when their final report and recommendations do come out.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair, and thank you, Mr. Minister, for that answer. Can you tell me, the panel members, when you first consulted with them about the business tax review, did you ask them for their input on what they thought should be studied? Did they have specific recommendations regarding property tax and resource royalties and the like?

**Hon. Mr. Van Mulligen:** — There were discussions with the committee members as to the mandate of the committee, what it is that we are looking at. And they were, as I understand it, comfortable with the proposed mandate of the committee.

**Mr. Cheveldayoff:** — Okay. Did they have any specific recommendations though for you?

**Hon. Mr. Van Mulligen:** — The specific issue that the members raise was that they be able to look not just at the levels of taxation but also the mix of taxation, business taxation in Saskatchewan.

**Mr. Cheveldayoff:** — Okay. Thank you, Mr. Minister. That leads into my next question whether the business tax review will result in a tax decrease or a tax increase or just a mix of taxation. Do you have any thoughts in that area where you think things will be going?

**Hon. Mr. Van Mulligen:** — Well I think at this point I'm going to let the committee do their work. We've charged them with this responsibility. I have a great deal of confidence in these three individuals given the work that they've done in Saskatchewan and continue to do. I have a great deal of confidence in their analysis and their report and their recommendations.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister, Mr. Chair. We have seen the impact of new growth tax cuts or tax incentives, and they've recently been announced for the potash industry. And it's something that we on this side of the House have been talking about for some time. Certainly my leader, Mr. Wall, has been very clear in his articulation of support for new-growth tax cuts. Will the review consider the impact of these incentives, and what they will . . . the impact that they will have on the industries?

**Hon. Mr. Van Mulligen:** — Again not directly looking at the question of royalties, but they will be looking at other corporate taxes obviously and business taxes as they affect the potash industry and other resource industries. So although they're not specifically charged with the responsibility of looking at royalties, I would be surprised if in their analysis they did not run up against the government's royalty regime.

**Mr. Cheveldayoff:** — So it'd be fair to say that we may see an expansion of these types of tax incentives as a result of the business tax review?

**Hon. Mr. Van Mulligen:** — I think it's fair to say that, as our experience shows in Saskatchewan that we're always interested in looking for ways to encourage job creation, economic growth in Saskatchewan. And that's a position that we've taken since we first formed government in 1991. And I think, I believe even that very first budget, the budget of 1992-93, contained a measure with respect to small-business tax rates notwithstanding other parts of the budget that were — and subsequent budgets — that were very difficult in their application.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. I want to refer to a document that you provided me with — and I guess I'll begin by thanking you for providing it on April 15 — updated information regarding Saskatchewan's revenue sources. It's a document that's very helpful to the opposition, and it's critical for us to do our job. According to the document that you did provide, the resource surcharge imposed on resource corporations is 3.6 per cent of sales. The province estimated it will collect \$197.5 million from the resource surcharge in 2005.

Will the minister explain how the resource surcharge is applied and calculated?

**Hon. Mr. Van Mulligen:** — I think I'm going to turn that over to my officials to deal with the details of that one.

**Mr. McGregor:** — Thanks, Minister. The manner in which the surcharge is calculated is, first it's calculated at 3.6 per cent of the value of resource sales. And it's applied to oil, gas, potash, and uranium and coal. Then the company is able to deduct from that amount the value of what's termed the basic capital tax. And the basic capital tax is the line that you see that's paid by general corporations. And so that amount's paid first by a corporation, and then the residual amount of the 3.6 is paid as the surcharge.

**Mr. Cheveldayoff:** — Okay. The provincial government has increased taxes on income trust involved in the oil and gas industry by expanding the resource surcharge to cover income trust. How much new revenue will the province collect in '05-06 and '06-07 as a result of this tax increase?

**Mr. McGregor:** — The government has booked \$20 million as the incremental revenue for 2005-06.

**Mr. Cheveldayoff:** — And for '06-07?

**Mr. McGregor:** — '06-07, we're expecting it to grow, given that the 2005-06 year is transitional. We expect it to be in the order of 30 to \$40 million.

**Hon. Mr. Van Mulligen:** — Mr. Chairman, if I might, I would not characterize it as a tax increase. There's no change in tax rates. What we are doing is ensuring that our tax laws are applied equitably to resource corporations, but there's no change in tax rates, and therefore it should not be characterized as a tax increase.

There is a concern that some corporations who had been paying our resource surcharge, through reorganization in a legal way, have been able to avoid paying the resource surcharge even while other corporations continue to pay the resource surcharge.

We want to ensure that there's a level playing field for all the companies that are involved in oil and gas in Saskatchewan and so that taxes are applied fairly and equitably.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister, and to his official as well. Last week I had the opportunity to go to the oil show that was held here in Regina. And oil company officials have indicated that the resource surcharge is a major impediment to new investment in the industry in Saskatchewan.

Why would the province decide to expand the resource surcharge instead of reducing it, given the oil and gas industry contributes \$1.1 billion in revenue to the government last year, and will likely contribute another billion dollars revenue this year? Why this way of doing things instead of, you know, reducing them down to a common denominator? I understand the fairness issue, but if you could expand upon that, I would appreciate it.

**Hon. Mr. Van Mulligen:** — Well again that's . . . We're quite prepared to look at the question of business taxes and how they impact industry and business in Saskatchewan to see how changes might be made that will encourage economic growth and job creation in Saskatchewan. But we don't feel that the appropriate way to do that is to simply take a position that the economic rent that should be due to the people of Saskatchewan and that some corporations who, because of a legal reorganization, are able to avoid paying, that that's the appropriate way in which to go about reducing taxation or changing taxation.

When we do that, we want to do that in a way that looks at all of the various businesses that we have in Saskatchewan, what are the changes either in the tax mix and/or tax levels that might best achieve our goals of economic growth and job creation.

**Mr. Cheveldayoff:** — Thank you for that answer. I guess it's fair to say it's quite a contentious issue. And again I'm wondering why the province decided to exclude resource revenue surcharge from the mandate of the independent business tax review committee when it's clearly an important part of our economy. It's an important part of the corporate tax structure in Saskatchewan. And in fact it raises more money for the province than the corporate capital tax does.

**Hon. Mr. Van Mulligen:** — Again, Mr. Chairman, we should make a distinction here between a specific application of the corporation capital tax — that is to say, the resource surcharge — and royalties. Royalties will not be considered by the business tax review committee. But certainly the corporation capital tax and this specific application of the corporation capital tax — that is to say, the resource surcharge — would certainly be part of their consideration.

**Mr. Cheveldayoff:** — Okay. You know, thank you for that information, Mr. Minister. I wasn't aware of that and I didn't . . . And through my readings, I didn't realize that. But that's certainly a positive, for sure.

I'd like to turn to the small-business tax rates in the province. We talk about the small-business tax rate, certainly the small-business rate itself and then the rate for those above certain thresholds. I just remind the minister and the committee

back to a promise that was made by the Premier on October 17, 2003. And the Premier, in response to the Canadian Federation of Independent Business, said:

During our next term, our New Democratic government will be raising the qualifying income for small-business taxes to \$400,000.

That's the threshold that's in place right now. Now the levels of taxation in that 3 to \$400,000 range, if you compare provinces, right now in Saskatchewan, over \$300,000, it's 17 per cent. In Alberta, it's 3 per cent. So in effect, Saskatchewan taxes at that rate are six times what they are in Alberta. In Manitoba, they recently reviewed their rates and dropped their rate from 5 per cent to 4 per cent. So in effect, Saskatchewan businesses pay four times the taxes that they do at this threshold than Manitoba does. So I'm very concerned about that.

And I anticipate the minister will come back and say, well we're going to wait for the business tax review. But this was a promise made by your leader and your government prior to the last election. We have the resources available to implement the policy like that. I forget exactly how much that would cost, but it was a couple of million dollars, I believe, and I stand to be corrected on that. But why wouldn't you move quickly and implement this promise in light of the discrepancies with other provinces?

**Hon. Mr. Van Mulligen:** — Mr. Chairman, I remember well all of the promises — not all the promises but many of the promises — made by the members opposite when they were involved in the last election campaign. They made it clear, as we did, that when one makes commitments that one wants to put into place, that as a government you then have a term of office of four years to fulfill your commitment.

We made that commitment. We are committed to increasing the small-business threshold. But at this point we want to wait and see what it is that the business tax review committee has to say in this matter. We may be confronted with an interesting dilemma if they suggest, well, that's not the way to go. Then we'll certainly have an interesting dilemma as a government as to what to do.

But again I would point out too, as with the personal income tax review committee, that, you know, the committee may have recommendations. But for other reasons we may not want to implement all of their recommendations for good reasons, I think, as in that case it was with the PST [provincial sales tax] on restaurant meals.

So we shall see what they recommend. Perhaps they will recommend, as you are articulating, that the threshold should be increased for the reasons that you've mentioned of competitiveness with other jurisdictions, but we're prepared to wait and see at this point.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. And I wanted to be fair to the minister and to the Premier's comments. That's why I quoted directly from it, and he did say that it would be done over the term.

I guess my concern is when I look at the differences between

certainly the Prairie provinces here . . . and we've also seen it in New Brunswick, that they've decided to decrease the small-business tax rate to 1 per cent. So, you know, we're very much out of line here. And I guess in putting myself in the minister's shoes, if the promise was made, we have the resources to do it this year. Yes, it would be moving ahead of the business tax review, but I would certainly hope that, you know, the intent is — no matter what the business tax review commission says — that the minister will follow through on their promises.

A question now to the minister, has the minister looked at other avenues to reduce the tax burden on small-business owners, such as removing the PST from inputs or indexing the small-business exemption to inflation?

**Hon. Mr. Van Mulligen:** — Again those would be issues that the business tax review committee will need to address. I know the issue of the PST on capital inputs for businesses is a high priority item for at least some businesses that are affected by that. They point to other jurisdictions and how other jurisdictions deal with the question of provincial sales tax, or provincial sales taxes on inputs. Although we do have a credit that can come into effect once a business starts paying corporate income tax, they feel that economic growth would be encouraged if we were to provide an exemption at the point of investment. But again, that's an issue that the business tax review committee will have to deal with.

**Mr. Cheveldayoff:** — Well thank you, Mr. Minister, for that answer. And I guess, you know, that's part of the concern that we have around the business tax review, and the concerns that were articulated by Mr. Brodsky, is that we have so many avenues that we need to move on. The small business rate, tax rate for those over \$400,000 in Saskatchewan is 17 per cent, and that's the highest in the country. And I know the business tax review committee will be wondering, you know, what do we move on first, where do we get the biggest impact. But when we look at the small business tax rate, the threshold hasn't been changed. We have some of the highest tax rates in the country in that threshold; we have the highest tax rate in the country over \$400,000. You know, certainly there is a lot of work to do in this area.

And as a representative for the opposition and Finance critic, I will be making a presentation to the business tax review committee in Yorkton on May 10. And I look forward to being able to put our view and our input before that committee, and look forward to working with the minister to address these concerns of Saskatchewan business people. We're all trying to make Saskatchewan more competitive and a friendlier place to do business.

Mr. Minister, I would like to turn to the topic of equalization. Recently the Prime Minister was in Regina, as recently as last Friday. He announced a national daycare program in Saskatchewan. Did the Premier and the Finance minister use the opportunity to push for a new equalization deal for Saskatchewan?

**Hon. Mr. Van Mulligen:** — Mr. Chairman, what I can say is what the Premier has been saying, is that there are discussions between officials of the Government of Saskatchewan and

officials of the Government of Canada, and these discussions are being held at a very high level. Progress is being made and we shall wait and see what the results of those discussions are.

I might add too, Mr. Chairman, that just in follow-up to the last issue raised by the member, we should not leave the impression that all business tax rates in Saskatchewan put us in an uncompetitive position. The government acted 10 years ago to substantially change the taxation regime for manufacturing and processing. Whereas the corporate income tax rate generally for corporations is in the area of 17 per cent, for businesses that are involved in manufacturing and processing, it's 10 per cent. Since that time in 1995, Saskatchewan's increase in manufacturing and processing has been much greater than the national average, and we attribute that in part to a taxation regime put in place to encourage manufacturing and processing.

Also with respect to why we would study, take the time to analyze the business tax regime, and to call upon a business tax review committee to assist us as opposed to simply acting, I think the member himself recognized that there are so many avenues — in his words — that we could be addressing. And I think that then suggests that we are wise to have a committee of people who understand the nature of business taxation — corporate taxation, the impact that various taxes might have on corporate behaviour, investment intentions, business decisions — to ask them for their analysis and also for the results of their hearings, including the member opposite, before we reach any conclusions as to what the next stage should be with respect to business taxation in Saskatchewan.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. And I think I heard you say that, you know, reducing these taxes could actually be a benefit to the province as a whole, and I think we would agree on that point.

Getting back to equalization. The meeting that took place last Friday, there was a meeting prior to that where the Premier met the Prime Minister at the airport. And I understand that meeting was to discuss the next meeting. And was the meeting that took place last Friday that next meeting, or is there actually another meeting taking place? So far we've had two meetings and haven't really heard much of the concrete results, but certainly would like to know, is there another meeting on the agenda for more substantive discussions?

**Hon. Mr. Van Mulligen:** — I think it's fair to say that the Premier and the Prime Minister did meet, as the member indicated, some time ago at the airport. They agreed at that time that there were substantive issues facing Saskatchewan and Canada that needed to be discussed by officials at a very high level. That was confirmed when they met here last week, when certainly the Premier — and I think the Prime Minister — indicated there was progress being made in those discussions.

We look forward to those discussions continuing to make substantial progress and hopefully be in a position to communicate what those discussions have resulted in for the betterment of the people of Saskatchewan and of Canada.

**Mr. Cheveldayoff:** — Well we're all certainly hopeful in that regard. The minister has indicated and the Premier has indicated that his officials have been in contact with the federal officials

on an ongoing basis. Can the minister just allude . . . Is that a daily conversation? Is it an ongoing thing? Is it a once a week type of back and forth that's taking place?

**Hon. Mr. Van Mulligen:** — I would just simply characterize it as substantial discussions and exchanges of information and proposals and positions at a very high level.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. The Western Premiers' Conference will be taking place in Lloydminster here later this week, and I understand the Premier is on his way to it. And could the minister outline some of the things that the Premier will be talking about as far as it relates to the Department of Finance and equalization.

**Hon. Mr. Van Mulligen:** — I'm not sure that there will be a great deal of discussion on the question of equalization as such at the conference, or will there be?

**Mr. Styles:** — Yes, there is not.

**Hon. Mr. Van Mulligen:** — There is no . . . In part I think we have to recognize the premier of British Columbia will not be able to attend the meeting because of a provincial election that's taking place in British Columbia. Premier Klein has indicated, because of health reasons, that he will not attending that particular conference.

We could certainly get into a discussion on equalization with the province of Manitoba, although I rather suspect that it would not be a fruitful discussion in terms . . . if the objective was to arrive at some common ground other than that all provinces have agreed. And we've taken the position that when it comes to equalization, that we take the position that you should be a so-called 10-province standard for determining eligibility under Canada's equalization program.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. Just recalling the media that I read this morning, I think the Premier said that equalization would be one of his priorities. The crystal meth issue, certainly agriculture, and I think he did indicate that he wanted to put that on to the agenda.

**Hon. Mr. Van Mulligen:** — Again I'm not aware that it's a specific agenda item but I haven't reviewed the news report either in any detail or the agenda for that meeting. And as duty calls me here, I will not be able to attend that meeting although I wish I were. But we'll carry on here. Thank you.

**Mr. Cheveldayoff:** — All the minister needed to do is to ask me to attend with him and I'm sure both of us could have been there.

**Hon. Mr. Van Mulligen:** — Well maybe we'll get that invitation one of these days, Mr. Chairman.

**Mr. Cheveldayoff:** — Meanwhile, back to the business of the legislature. Has the minister had any discussions with the federal Minister of Finance, the member from Regina Wascana, about the new equalization deal in the last couple of weeks?

**Hon. Mr. Van Mulligen:** — No. But I can advise that the federal Minister of Finance certainly would be a party to, aware

of the discussions that are taking place between officials from the federal government, including his Department of Finance, and officials from the Government of Saskatchewan, including officials from the Department of Finance here.

**Mr. Cheveldayoff:** — Mr. Minister, have you had any discussions with your colleagues across the country recently, other ministers of Finance?

**Hon. Mr. Van Mulligen:** — I have not had any discussions with other ministers other than to leave messages for the odd one to wish them well on their budget day. I've not had an opportunity.

I'm hopeful that as we begin to wrap up legislative sessions across the country that our minds will turn to, you know, our minds will turn to possible meetings of provincial Finance ministers and the federal Finance minister to deal with issues of concern not only to Saskatchewan, but common issues of concern. I think the last time we met we identified post-secondary education.

Again I just, with respect to the question of . . . I can't, I'm assuming that the federal Department of Finance might be involved in discussions between the Government of Canada. I'm assuming that. I know that officials from my department have been involved. So I can't say with certainty that federal Department of Finance people are involved. But I'm sure that Mr. Goodale, Minister Goodale will be knowledgeable about and have some involvement in those discussions.

**Mr. Cheveldayoff:** — Are your officials then involved with the other provinces in conversations lobbying for the Saskatchewan position behind the scenes? Because when the Premier asked this question, he indicates that the officials are sort of taking the lead on this, if you like.

**Hon. Mr. Van Mulligen:** — I think it's fair to say that officials, the Department of Finance in Saskatchewan are concentrated, focused on the very substantial discussions that are taking place between the Government of Saskatchewan and the Government of Canada on matters of mutual concern and interest, and that officials at the Department of Finance are also very much focused on preparing a Saskatchewan position to the federal panel on equalization that has been established by the federal government to review the equalization program, and that our officials are very much focused on that.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. And again on behalf of the official opposition, we certainly offer our support. And anything that we can do to support you in that cause, we will certainly undertake to do.

I wanted to turn to some specific questions. I'd like to return to the equalization issue at a future time and future estimates, but I have some particular questions I guess regarding projects and things that are of concern to individual members on our side of the House.

Mr. Minister, PrintWest Communications. PrintWest is a company based in Regina that is currently operating under court protection from creditors. Does the Government of Saskatchewan, through any department, agency, or Crown



corporation, hold any debt or equity investment or own any loan guarantees related to PrintWest or any corporate entity owned in whole or in part by PrintWest?

**Hon. Mr. Van Mulligen:** — I'm advised by the deputy that he's not aware of, and I'm certainly not aware of, any entities within the General Revenue Fund that would have any debt or equity exposure with respect to that particular company. But I can't speak for the Crown Investments Corporation or any of the specific Crowns as to what association, if any, they might have with PrintWest.

**Mr. Cheveldayoff:** — Okay. Thank you. We'll ask a similar question of the Crowns. Similar question, but is the Government of Saskatchewan, through any department, agency, or Crown, considering a financial assistance package for PrintWest that would involve equity investment, debt instruments, or loan guarantees? Indeed if you don't have any of these monetary instruments, is there consideration?

**Hon. Mr. Van Mulligen:** — We're not aware of any.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. Last week cabinet approved an increase in the borrowing limit for Investment Saskatchewan from \$10 million to \$85 million, and also authorized Investment Saskatchewan to borrow from financial institutions in addition to the province of Saskatchewan. Cabinet also approved the purchase by Investment Saskatchewan of \$52 million in debentures issued by Millar Western to the Ontario municipal employees' investment fund and Sun Life.

Of the \$10 million borrowing limit approved by cabinet for Investment Saskatchewan prior to last week, how much had Investment Saskatchewan used?

**Hon. Mr. Van Mulligen:** — I'll call on Mr. Polowyk to deal with the specific item.

**Mr. Polowyk:** — They have nothing outstanding with the province now, directly. The \$10 million portion of that is like a line of credit with the province that they borrow for operating needs. I can't speak for certain whether they have anything outstanding with institutions, and that would be again a question for Crown Corporations.

**Mr. Cheveldayoff:** — Yes, we'll certainly be following up in Crown Corporations, but this decision has impact on the Department of Finance and I just want to direct my questions in that regard.

Will Investment Saskatchewan borrow the funds required to purchase the Meadow Lake pulp mill's outstanding debentures from the province or from financial institutions outside of government? Have you been approached?

**Mr. Polowyk:** — From the province, yes, but they haven't borrowed yet from the province.

**Mr. Cheveldayoff:** — But that's where the borrowing will take place?

**Mr. Polowyk:** — Well we would anticipate, yes.

**Mr. Cheveldayoff:** — Have discussions started in that regard?

**Mr. Styles:** — If I can . . . They're still in the process of discussions with Millar Western and the other participants. Once they've completed that sort of discussions it would come back to us, okay, with what their final set of needs are. The OC [order in council] provides them with the capacity, okay, so it essentially gives them their, sort of, their negotiating framework. From there again they need to work things out with the rest of the participants in that arrangement.

**Mr. Cheveldayoff:** — Thank you, Mr. Deputy. I guess I'm just trying to figure out the numbers regarding this deal. Investment Saskatchewan has been approved to use up to \$54 million to purchase the Meadow Lake pulp mill's outstanding debentures, and yet cabinet increased Investment Saskatchewan's borrowing limit by \$75 million. They have a line of credit, \$10 million — hasn't been used. The increase is to \$85 million.

I guess a couple of questions. First of all, you know, why that number? Why there? And did the province . . . or let's just stop there.

**Mr. Styles:** — As I understand it, the original authority they had, okay, was for a line of credit.

**Mr. Polowyk:** — Including a line of credit.

**Mr. Styles:** — Including a line of credit for \$85 million, okay. This in effect replaces that in the context of the particular arrangements they're trying to put in place for the Meadow Lake pulp mill.

**Mr. Cheveldayoff:** — So there was a line of credit of credit in place up to \$85 million?

**Mr. Polowyk:** — Yes, yes.

**Mr. Cheveldayoff:** — \$85 million. Okay, that's information that will be helpful. Did the province include the new \$52 million of government debt in '05-06 in the budget documents or is it accounted for somewhere, or is there accounting that's necessary in this regard?

**Mr. Styles:** — At this point in time, it's authorization. So once the transaction was completed during the year, we would look at it in the context of what the new balances would be for the province. So it could be potentially one of a number of adjustments, okay, that might be made between now and year-end. But at this point in time, no borrowing has occurred.

**Mr. Cheveldayoff:** — Okay. And if indeed there is borrowing that occurs, it'll appear in the first quarter financial statement then?

**Mr. Styles:** — It would appear in one of our updates, absolutely.

**Mr. Cheveldayoff:** — Okay. Mr. Minister, could you update the committee on the money invested by the Government of Saskatchewan in Millar Western pulp mill at Meadow Lake as of today?

**Hon. Mr. Van Mulligen:** — I do not have access to the officials from the CIC [Crown Investments Corporation of Saskatchewan] that would be able to provide the details of those investments and therefore would encourage the member to ask these questions of CIC.

**Mr. Cheveldayoff:** — Certainly we'll take them up with CIC. It's just very timely today, and I wanted to ascertain what information I could receive from the Department of Finance.

I guess just a general question regarding Millar Western. Is the government entertaining or considering privatizing its share in Millar Western pulp mill in Meadow Lake? Have discussions taken place with Investment Saskatchewan, with the Department of Finance regarding possibilities in that regard?

**Hon. Mr. Van Mulligen:** — It's not an issue the Department of Finance would be involved in, Mr. Chair. But again, I would certainly encourage the member to put those questions to the appropriate officials from the CIC.

**Mr. Cheveldayoff:** — Thank you very much, Mr. Minister. We certainly will be pursuing that.

The Saskatchewan Pension Plan. The recent federal government budget increases the RRSP [Registered Retirement Savings Plan] contribution limit from \$18,000 to \$22,000 over the next five years. That's an increase in the contribution limit of approximately 22 per cent. The limit for individual contributions to the Saskatchewan Pension Plan, limit in 2005 is \$600. When was the last time the Saskatchewan Pension Plan limit was increased?

**Ms. Strutt:** — It's been \$600 since inception, so it's never been changed from \$600.

**Mr. Cheveldayoff:** — And inception was in . . .

**Ms. Strutt:** — '86.

**Mr. Cheveldayoff:** — 1986. My understanding is this has been a very popular plan since it was brought in in '86 and valued by a number of Saskatchewan residents. And my concern, I guess, is that the limit has been the same now for close to 20 years. Does the provincial government anticipate increasing that limit at any time in the future?

**Ms. Strutt:** — The limit is established in the federal Income Tax Act, and so it requires permission at that level. And that hasn't been forthcoming.

**Mr. Cheveldayoff:** — Has the department lobbied the federal government? Have any discussions taken place? Would you agree that it's time to review this contribution ceiling?

**Mr. Styles:** — The issue was raised a number of times in discussions between the department of . . . the federal and provincial department of Finance, and one formal request was made. But it was turned down.

**Mr. Cheveldayoff:** — Okay. Do you anticipate any future consultations or lobbying that'll take place to address this issue?

**Mr. Styles:** — I think that it's fair to say that it's an issue that we'll continue to revisit. The plan's been a very effective one. As you pointed out, it's widely used by a segment of the working population here in Saskatchewan. And to the extent that the federal government might be open to that kind of an idea or concept, we'd, you know, be interested in discussing it with them.

**Mr. Cheveldayoff:** — Thank you, Mr. Deputy. Just to go back to where we were here previously regarding the Meadow Lake pulp mill. I have just received some information. It's an order in council from October 3, 2003, indicating that the maximum sum that the company would be approved to borrow is \$10 million. I don't see any reference to the \$85 million that was referred to. Sorry for jumping around. I don't have the ability to have my officials right beside me here.

**Mr. Polowyk:** — The question was, is the 10 million in the 85? There's an order in council that was just passed that approves up to 85 million in borrowing.

**Mr. Cheveldayoff:** — Oh so it's a new order in council that was just passed.

**Mr. Polowyk:** — Yes.

**Mr. Cheveldayoff:** — Okay.

**Mr. Styles:** — If I can, just to correct it. When Investment Saskatchewan came over, we thought that the existing line of credit was 85 million, but we'll need to go back and have a look at the OCs, okay. Investment Saskatchewan only . . .

**Mr. Polowyk:** — We can answer that for sure.

**Mr. Styles:** — If you'd like, what we can do is trace the OCs and potentially write you on it.

**Mr. Cheveldayoff:** — Thank you. I'd appreciate written information clarifying that.

I see our time is running out here — maybe just one last question or series of questions. The Saskatchewan Development Fund Corporation and the Saskatchewan Development Fund, it's something that I wasn't aware of as critic. And when the annual report was released, I was somewhat surprised about it, and it's something that I've been trying to ascertain as much information as I could about it.

Could the minister or his officials take the time to explain the Saskatchewan Development Fund Corporation, its purpose, and how it serves the taxpayers of Saskatchewan?

**Hon. Mr. Van Mulligen:** — I stand to be corrected on this, Mr. Chair, but I believe that I am the Chair of the Saskatchewan Development Fund. And the member is nodding so obviously . . .

**Mr. Cheveldayoff:** — Yes, you are, and that was news to me. And I'm the critic I guess for that area too, so that was news to me as well.

**Hon. Mr. Van Mulligen:** — I would like to take this

opportunity, especially since we're so close to the end of the day, and for fear of not being able to impart in detail all of the activities of the Saskatchewan Development Fund, report back to the member between now and our next appearance and give him a full thrust of what it is that the Saskatchewan Development Fund is up to.

**Mr. Cheveldayoff:** — Well I'd like to thank the minister and his officials, Mr. Chair. Certainly I've asked a number of questions, and questions that have touched on various parts of the Finance portfolio. I appreciate the answers and I look forward to future estimates periods where we'll get into the information a little deeper and ask more questions. So I'd like to thank the minister and Mr. Chair.

**Hon. Mr. Van Mulligen:** — Thank you, Mr. Chair, and I want to thank the member opposite for his questions. And we've made note of some questions that we want to get back to the member on, and we undertake to do so. Thank you very much.

**The Chair:** — Thank you very much, Minister Van Mulligen. And that completes for today the Department of Finance estimates thus far. I would like to, on behalf of the committee, thank the officials for their attendance, and the minister.

This committee will recess for a few short minutes while we put in place a new round of officials and a new minister. And we will deliberate on the Department of Environment estimates.

**General Revenue Fund  
Environment  
Vote 26**

**Subvote (ER01)**

**The Chair:** — Thank you. We will continue the work of the committee. The Department of Environment estimates are found on page 50 of the Estimates book. And I would ask Minister Forbes to reintroduce his officials.

**Hon. Mr. Forbes:** — Thank you very much, Mr. Chair. It's good to be here today to talk about some issues important to Environment. With me today is my deputy minister, Lily Stonehouse, to my right. And as well, Dave Phillips, assistant deputy minister in charge of resource and environmental stewardship. At my far left is Al Willcocks, executive director of forest services. Behind me is Steve Roberts, executive director of fire management and forest protection; and Bob Ruggles, assistant deputy minister, planning and risk analysis. We also have Stuart Kramer, president of the Watershed Authority and Donna Johnson, director of finance and administration with us here today. And those are our officials and I'm ready to take any questions about our work. Thank you.

**The Chair:** — Thank you, Minister Forbes. Mr. Huyghebaert.

**Mr. Huyghebaert:** — Well welcome, Minister and officials. I have a few questions and one of my favourite topics is aircraft. And I noticed in the budget document, in the preamble of the budget document, it's investing 19.2 million in forest firefighting capital including the purchase of two Convair CV-580 A land-based air tankers. My question is kind of going, leading on from this. What is the total cost of this whole

program?

**Hon. Mr. Forbes:** — Okay. Well this is a very important initiative that Sask Environment's taken in our mandate. I'll be asking Steve Roberts in a minute to answer more fully the technical aspects of this. But it's a rejuvenation of our firefighting capabilities from air.

And it's . . . we were fortunate, after the due diligence, that we've got a very solid plan and the civil servants have done a good job of taking a look of how to best meet our needs. So I'll ask Steve to give you an update of the whole plan here.

**Mr. Roberts:** — Okay. The 10-year proposal, cabinet direction that we received was for a 10-year plan replacing all of our core aircraft fleet for fire suppression at an estimated, 10-year program, 160 to \$180 million.

Cabinet last year granted to the fire program a four-year instalment of dollars to begin commencement with the land-based portion of the program. The dollar value for that was \$42 million, to replace our aged tracker aircraft with the CV-580 retardant based tankers and the turbine bird dog aircraft that guide them into fires.

**Mr. Huyghebaert:** — So you're looking at \$180 million total commitment for 10 years and totally replacing the fleet of how many aircraft?

**Mr. Roberts:** — Total fleet, there are six large amphibious aircraft, six land base tanker aircraft, and six accompanied guide aircraft, a smaller type aircraft of two varieties.

**Mr. Huyghebaert:** — When will the first deliveries of the aircraft take place?

**Hon. Mr. Forbes:** — I'll ask Steve to correct me, but I believe the first two bird dogs come pretty quickly.

**Mr. Roberts:** — Correct. The first . . . We have already received a replacement guide aircraft, but the first two-turbine bird dog aircraft have been purchased, will be within . . . landing in the province within the next two weeks. The contract has commenced for the large tankers and the first two delivered tankers will be in March of this fiscal year.

**Mr. Huyghebaert:** — We have 19.2 million earmarked for this. What type of financing arrangements are being made for the aircraft? If I just heard you correct there's two, there's four — two bird dogs and two tankers — coming imminently and you said two more coming in this fiscal year. Is the 19.2 million going to cover the total cost of those four aircraft?

**Mr. Roberts:** — Yes, the bird dogs were actually purchased in last fiscal; they've just taken this long to get them outfitted and painted and meeting Transport Canada regulations for transfer. The \$19 million is strictly based for the two large land-based tankers that will arrive in March of this fiscal . . .

**Mr. Huyghebaert:** — Okay, and the balance of the funding of the \$180 million over the 10-year period, that's just coming . . . will be earmarked out of General Revenue Fund into the Department of Environment estimates on a yearly basis?

**Hon. Mr. Forbes:** — The 10-year plan . . . of course we approved the initial parts of the plan, but this is our long-term goals and so it will take direction from cabinet as we get more specific at the requests. And we have the general outline that Steve has outlaid. But, you know, the 10-year plan and how we finance it will come together as we go.

**Mr. Huyghebaert:** — I guess that's where I become a little bit confused. Like, what if cabinet authorizes you half an airplane? It's pretty hard to fly that to suppress forest fires. So that's why I'm kind of concerned if there's a commitment from cabinet and the government to fund, to ensure funding for the long-range plan that you've put forward or that your department has put forward for the replacement of these aircraft.

**Hon. Mr. Forbes:** — Well, cabinet has made a commitment to the replacement of the fleet. And that's clear and that's defined, and we're going forward with it. But as we get into the out years the plan will become more specific.

**Mr. Huyghebaert:** — Does the \$180 million of the out-year plans include life cycle costs?

**Hon. Mr. Forbes:** — Well, I'll ask Steve to give you more specifics. But of course the infrastructure, you know, the hangars, the fuel tanks, all of that type of thing is part of this plan. So, Steve, if you want to answer that.

**Mr. Roberts:** — Yes. We factored into the plan that the adjustments account for the full lifespan of the aircraft from fleet renewal. The expectation from . . . And the financing is based on the extension of the 25-year life plan cycle for the aircraft that we are procuring.

**Mr. Huyghebaert:** — And also in conjunction with that is the AMSE [Aircraft Maintenance Support Equipment] costs and test equipment costs included in the one eighty million?

**Hon. Mr. Forbes:** — AMSE, sorry?

**Mr. Huyghebaert:** — Aircraft Maintenance Support Equipment.

**Hon. Mr. Forbes:** — Oh okay.

**Mr. Roberts:** — Yes. We support the core fleet now, so the maintenance costs are relatively stable and part of the fixed budget for the fire services. So it's part of our fixed capital. There is no additional once we've procured the parts and maintenance for these aircraft. Our air operations are part of our base budget on an annual basis now.

**Mr. Huyghebaert:** — With the purchase of new aircraft though, there's obviously updates or else you wouldn't be updating or need new aircraft. So in conjunction with any new aircraft, there's new support equipment that's required — whether it's test equipment; new design equipment for maintenance support; be it test stands for engines; be it equipment to be able to take an engine out of an aircraft. Old ones, old equipment does not necessarily work.

And I'm wondering if that is included in the \$180 million because with the digitized equipment of aircraft these days, test

equipment can be extremely expensive and rather than see another 10, 20, or 30 or how many million dollars tagged on because it's something we forgot in the future, that's why I'm questioning whether it's included in 180 million about your costs.

**Mr. Roberts:** — Within the 180 million, it does include what we refer to as parts and tooling. Tooling is the equipment to do the repairs, and parts is having a standing inventory of new parts that relate to these new aircraft so that we continue to operate on an annual basis.

**Mr. Huyghebaert:** — Which again, which I'm coming back to the test equipment also.

**Mr. Roberts:** — Yes.

**Mr. Huyghebaert:** — When we look at \$180 million, and that's in capital costs — and I know I've asked these questions before — but how serious did the department look into the SEAT [single engine air tanker] program, where the outlay of capital dollars would have been zero and probably to do the same type of work and fire suppression, in fact, arguably and debatable whether it can be more effective than the land-based tankers, the heavies? And I know the SEAT program is in about five or six provinces now and it's extremely effective.

And I'm wondering . . . I know I've questioned before about looking at the program and it was kind of, say, yes we looked at it but it doesn't fit into our plan. But here is a case where we're looking at \$180 million of capital.

And the SEAT program, there's no capital outlay because it's done through industry for the capital costs, and they're paid on a firefighting basis. And I know the one in Manitoba is extremely successful, and it's by far less expensive than the government-owned firefighting fleet. And I'm wondering how seriously that the department looked at the SEAT program.

**Hon. Mr. Forbes:** — Well the key to what we're doing now, the fire fleet renewal, is essentially that. It's a renewal; it's replacing planes that needed to be replaced in our long-term goal.

We did take a look at SEAT, and we know that there's been a lot of discussion around that. And the member has been part of that discussion. I think in Saskatchewan . . . And I'll ask Steve to give a more fuller response to this too because it's one that has some technical aspects to it — the speed, the capacity, that type of thing — also in terms of our role, Environment's role, protecting the forests and the commercial timber in the North, the role that the municipalities and the responsibilities they have in terms of protecting . . . their role of protecting their land base as well.

So it's not an easy one. It would be one that, if our mandate was to increase or . . . then we would always take a look at how we can do things in a more efficient way. But again, our role is to protect the communities in the North, to protect the commercial timber in the North. Those are our primary goals. And so that's why we're renewing the planes in the plan that we have.

But I think Steve can talk about the unique features of

Saskatchewan. Why we're doing what we do here. Why is it they're doing what they're doing in Manitoba? Often we're compared to the forests in New Brunswick and Nova Scotia, or even Alberta or BC [British Columbia]. But, Steve, do you want to throw in your thoughts on this?

**Mr. Roberts:** — Okay. All jurisdictions in Canada — Manitoba, Alberta, BC, and ourselves — have a core fleet of large, airborne tankers, be it retardant tankers or amphibious aircraft. Manitoba and Alberta at this time are augmenting that fleet with SEAT aircraft. SEAT aircraft have worked well provided . . . for initial response to fires, especially small fires, but have to be backed up with a core fleet for full, effective fire suppression. That is the role they serve in Manitoba and Alberta, as augmentation to the core fleet. We would consider them should our role be expanded in the same capacity.

In our logistical situation where our forests are concentrated in the northern half of the province, we cannot respond and back up the SEAT aircraft with our large tankers in a timely manner, such as they can in Alberta along the Rockies, or in Manitoba where their forested fringe goes almost down to their southern border. So we have some logistical problems of using fleet as our core base for aviation support.

**Mr. Huyghebaert:** — Well the arguments that you put forward are exactly the reasons that I would put forward as why we should have a SEAT program. Because as you explained, if the primary is to look after the forests in the North, how about the prairie fires of the South? Do we just ignore those? And I'm not sure what your position is on that.

If our aircraft are solely to protect the North, look where your tankers are based right now — in P.A. [Prince Albert] and La Ronge as the two home bases. And we've got one of the biggest prairie fire threats in Western Canada in the Grasslands National Park because of the deplorable condition that that's been let to go into, which is another story for another day in the Department of Environment. Although it's federal, but there should be provincial assistance provided to that.

So are we just ignoring the southern-based fire hazards with our tanker-based aircraft? Because again, you mentioned logistics. Well getting logistics down into the South, where again your SEAT program has a very, very rapid response to it vis-à-vis the heavy tanker support.

And also and I'd like to comment, in Manitoba, that's not quite the way they look at it there because the SEAT program has been basically the primary and secondary support. When we went to visit the program . . . In fact I would submit that the tanker base is phasing out more so in Manitoba than spending \$180 million and increasing it, unless something's changed in the last couple of months or three months or whatever long since I've last talked to them.

**Hon. Mr. Forbes:** — Well I would say that for sure we do not ignore the south half. I mean even though our mandate is around the forests, we are there in emergency requests. We've worked with the RMs [rural municipality]. We've put SEAT in contact with the RMs. It is their primary responsibility. We do have a response to requests because of the, you know, especially the horrific season a couple of years ago in the South.

So we are not ignoring people in the South. That's for sure. But we have to make sure that our mandate . . . that we do look after our mandate here. It's very important.

I would say that I'd ask Steve to respond to this too. But we have some responsibility as a province within Canada to come to the . . . It's the MARS [Mutual Aid Resource Sharing] Agreement. That we have some responsibility to help out Manitoba, help out Alberta.

So I'm not sure when you speak about Manitoba phasing out the bombers how that fits into their commitment around MARS. I don't know if that's happening. But I do know that we take our responsibilities, our commitment — to Western Canada particularly — but right across Canada, we have a major responsibility to make sure that we can work with the other provinces.

But again I just want to reiterate that we work with the RMs. And we've been talking to them about how can we work best as a province and work with them in helping them meet their needs, but also knowing that we have tools that they may want to call on. It's very important that we're there to help them in emergencies, and how can it be affordable for them. And that's very important.

So if they were to take up the SEAT initiative, that would be an interesting idea. But fighting fires is expensive and so we take this very seriously.

But I'd ask Steve, if you want to comment on the MARS Agreement and what our responsibilities and the type of aircraft that we have to have to meet that.

**Mr. Roberts:** — Yes. There's an agreement, a Mutual Aid Resource Sharing Agreement across Canada. All jurisdictions who have firefighting resources participate. We exchange those on an annual basis upon request because our jurisdictions across Canada do not all experience high fire loads at a same time, same period. As a result, even on a national level, we meet annually and discuss our resources.

At this time, on our last discussion with Manitoba, they have said to us they appreciate our upgrading of the fleet and they intend as well, are looking at the upgrade and the maintenance of their fleet as it exists right now.

**Mr. Huyghebaert:** — Have they not considered the SEAT program as part of their contribution to MARS?

**Mr. Roberts:** — They have. Some of their SEAT aircraft would be available, as well as the ones from Alberta are available. So if we had an issue, we could also bring those aircraft in as well.

**Mr. Huyghebaert:** — So that covers . . . Like, that's the answer I guess, that they are part of the forest fire fighting capability of the province. The SEAT program is included in it.

So that would be . . . If we were to opt in to a SEAT program here, it would also be included in our inventory of firefighting equipment. So it's not like it's a we and they issue. It's part of the resources available to the province. So it doesn't really take

MARS and throw it out the window. It enhances it actually.

**Hon. Mr. Forbes:** — Well our primary goal is to make sure that we meet in what . . . Our initiative around a \$180 million, 10-year renewal — it's a renewal. And we don't have the mandate to expand what we do. And what we've got to do, we've got to do really well. And so this is the direction that we're going in right now.

And I don't think we've ever said that SEAT is not a good idea or that. It just doesn't fit what our goals are right now. And so I think that's important to recognize, that we've got to do what we do really well, and also what we do fits the MARS Agreement. And so that's really key.

**Mr. Huyghebaert:** — Well I'd like to thank the minister and staff for the answer to the question. I think the SEAT program is very good. And if it doesn't fit your model today, I'm not sure if your model is what needs to be updated or if it's the ideology where . . . that needs to be looked at. Because the SEAT program is more of a free enterprise program rather than a government-owned, controlled, and operated program. And I don't know if it's ideologically bound or if, in fact, it's something that's being looked at for the value of the province and a cost-effective way of suppressing fires in the province. So I'd like to thank you for your answers.

**The Chair:** — Mr. Heppner.

**Mr. Heppner:** — Thank you. I've got a number of questions, most of which come out of the new hunting guide for the year. Has there been any assessment of the clothing requirement for hunting? Like now basically you can't have a white cap, and you've got to have a complete set of coveralls in blaze orange, red, or white. Which is substantially, I think, out of step with most other provinces. And I'm wondering if you've given some thought to moving away from that.

**Hon. Mr. Forbes:** — First I'd like to thank the member for the questions. I always appreciate the questions around hunting. And I'm going to ask Dave to answer that question.

**Mr. Phillips:** — The answer would be, not recently. However it would be about 10 years ago, at the request of the Saskatchewan Wildlife Federation, we examined various types of camouflage, colour . . . camo orange, and presented two or three possible options for their preference. In a poll of the convention delegates, at that time the response was they preferred the existing convention. To my knowledge, we've not been recently requested to re-examine that, the normal approach. So typically the Wildlife Federation makes requests on behalf of the hunting public, and there's not been a recent resolution directed to us on that question.

**Mr. Heppner:** — Thank you first of all for indicating where you get your information from. And as a fairly strong supporter of that organization, I guess I'll have to lean on them a little bit.

I think there is a fair bit to be said for switching to, I think something like Manitoba does, where you just wear the blaze orange and then, you know, you have a hat that's not white. It basically has to be red as well. For the simple reason that when you have the white in there on a winter's day, and especially if

it happens to be cloudy and a little snowy, white ends up being more of a camouflage than it is of a safety item.

Personally I use white because it's a great camouflage and I think I can outshoot most other guys that are going to shoot at me, so I'm not that worried about it. But that's off the cuff. But I would like to see the blaze orange jacket and then just not have the white one in there, because the white one creates a few problems in some of those kinds of situations.

There was some talk this year of allowing Sunday hunting, and I'm not personally a great fan of Sunday hunting for . . . I don't really have a great reason for it, I guess, because I've grown up with half a century of six days of hunting. But I heard there was some discussion or some thought of that. Is the department looking at making some changes there or are we basically fairly set in staying on the Sunday hunting?

**Hon. Mr. Forbes:** — Well we meet with the Wildlife Federation and they have raised this, among other different ideas. It's one that would have to take some consultations and some careful thinking because people have grown up thinking that you don't hunt on Sundays. And there'd be some changes.

Some of the challenges though that we face is, how do we engage young people, get them out and changing lifestyles. But, you know, the federation has brought this up to us and so we said that we'd consider it, but at this point there would have to be a lot of work done before we move forward with that.

**Mr. Heppner:** — And I won't be one of the ones that's going to push you on that one.

The issue of tree stands . . . and I'm not going to go into a long discussion, what my point of view is, because I know I stand alone in some issues on this particular item. But the specific fact that tree stands have to be removed, and like I said, I'm not going to debate that particular issue . . . But I'm wondering where, and you've referred to the Wildlife Federation as sort of being a source where you receive some information from, where the push has come from to force people to take tree stands down in the fall, drag lumber back in, put them back up, tear them down, put them back up — where that initiative comes from. Like who's your lobby group on taking them down every year?

**Hon. Mr. Forbes:** — I'd ask Mr. Phillips to speak to it in a minute, but I think we . . . I want to say, especially around the hunting and the whole issue of wildlife management, we have a lot of people who speak to us about that issue. And the Outfitters Association is one, and of course different ecological groups that come and present their case. And it's one that I think has a lot of ramifications about whether you leave them up or take them down.

And I think that the direction we're going is the right one, you know. Well it's one that, I guess, directs us into the seasonal nature of hunting. It doesn't make it permanent, and that's the thing we want to do. But I'll get Dave to give a more direct answer to where that came from.

**Mr. Phillips:** — These proposals that lead to regulation changes, such as the removal of tree stands, normally are vetted

with the minister's wildlife advisory committee and it includes representation from Wildlife Federation, obviously, but the Outfitters Association, SARM [Saskatchewan Association of Rural Municipalities], other organizations.

My memory of the request for the removal of tree stands, that it was sourced from the Saskatchewan Wildlife Federation. I believe the root cause for the concern was the implied territory of such a permanent structure in the forest. That it is a temporary right to be occupying a particular site. It's not an entitlement over the long term. And I believe that was root of the request.

**Mr. Heppner:** — Okay. And I had that discussion with someone else earlier on in the day quite enthusiastically, so I won't get into that one right now.

There's been a substantial change in the hunting regulations for elk in Cypress Hills this year. It used to be, I believe, 50 or 100 tags on a yearly basis. It's been up substantially but it's antlerless only, and I'd like to find out what the rationale for that is. I've got two ideas; they could both be wrong, so I'd like to hear it from you.

**Mr. Phillips:** — One of the challenges with managing the elk population in Cypress Hills is its shared common landform with the province of Alberta, and there's also federal land, the Fort Walsh historic site. The elk are very mobile, and with hunting pressure quickly move to the sites where they experience the least disturbance. As a result, we're above the long-term population objectives for that population. Our long-term objective's about 700; we're close to 1,000 right now. And the objective is to try and arrest further increases in the population, try and manage it within the tolerance of the other, you know, the other users that share the landscape, notably people who graze in the area.

**Mr. Heppner:** — I had a feeling it would be that, or it might be tied in with disease control. How many years do you see this program having to be in effect — the antlers only — before you get the herd down to where you're comfortable with it again so it becomes a horn season as well.

**Mr. Phillips:** — Well we'll do an annual assessment. Typically we do a sex-age structure count of that population each year. It's jointly discussed with the province of Alberta. If effective, I'd speculate several years, two or three typically, would be the normal duration of a management treatment. But it does depend on how successful we are at having the elk at the locations where the hunters can access them at the right time. We're hopeful that this will increase the hunting success and reduce growth in the population.

**Mr. Heppner:** — As a person who's applied for that particular area for the last 30 years — not a half century this time — I realize how long you have to be, to be in there. And so I just . . . Part of my question was quite personal, in that I'd hate to be drawn this year and then find out next year we're back on antlered again. Then I'd probably rather just take a bit of a hiatus over it . . . [inaudible interjection] . . . You're right, as based on a hunt that's valuable and expensive. You can take that one where you wish.

The antelope herd. The season's back in, and I was drawn last year and had a rather interesting hunt. Are the numbers coming back the way you'd hoped they would?

**Mr. Phillips:** — Yes, indications are that the population continues to expand. We've had reports of antelope moving out into peripheral areas of their ranged area, east of Moose Jaw, for example. We typically don't know what the quotas will be until we do our fawn count in early July, but the indications that we have so far is the population is continuing to increase.

**Mr. Heppner:** — This one kind of relates back to my Cypress elk application forms. You have a 7, or is it . . . what, a 7 or \$11 application fee which, when you're drawn once every . . . I would think for Cypress elk it's about once every 10 years. If you can manage that, you're sort of in the ballpark. It means I pay an extra \$70 for that licence. I'd like to have that justified.

**Mr. Phillips:** — The most recent probability that I've seen of being drawn as an applicant for Cypress Hills is 1 in 13 years. So you're very close. The rationale for the application fee is where this is strict cost recovery for our administrative costs in running the big game draw.

**Mr. Heppner:** — Okay. As I said, the questions that I had basically just came out of the *Hunters' and Trappers' Guide*. I'd have to say for the most part I'm moderately happy with management systems and the draws. I mean sure it'd be nice if all of us could get drawn on our favourite place all the time. But I think we also know what that would do to the game members, so we have to live with that sort of thing.

So there's just a bit of a kudo, which I don't give very often, but we'll even that out at another time during question period.

**The Chair:** — Thank you very much. Mr. Kirsch.

**Mr. Kirsch:** — Thank you very much, Mr. Chairman. Mr. Minister, I've got a few questions. And I'd like to start with the burn policy, the letting it burn policy, for lack of a better name. How are we going to control one of these burns when it gets out of control?

**Hon. Mr. Forbes:** — Well this policy has been developed over a number of years, and I'll give you a more fully . . . Steve — sorry, Steve — to give a fuller description.

But I think it's one that's really important. And we don't refer to it as let it burn because we watch it. We monitor every fire. We want to make sure what's happening in this province, and we have a very professional department area that watches the activity. And it's very important that, you know, we look at all different aspects.

I'm very impressed with what happens in the fire protection branch in terms of, you know, the weather monitoring. They're on the job. And they make sure they know what's going on in this province. But they have a priority, a decision-making model that they work through. And it's one that's very scientific based, but also one that was based on a lot of consultation, asking people what was important. And we know for sure what's important is protecting communities, protecting people, protecting the commercial resources in the North, which is part

of the economic activities of the North.

So my hackles go up when it's not let it burn and it's not let it run. Because I know that's a simple way of putting it, but we don't let anything, just let it burn. We watch everything very carefully. But as part of the natural ecological process of our forests — and we've talked about this; I know you and I have talked about this — that when forests age, this is a natural process, that they do reach a natural age of when they start, the forests start to decline and they're prone to disease, insect infestation, that type of thing, and the best management is the natural management, which is a forest fire.

But we would protect — again, I always have to re-emphasize this — communities and commercial value in the North. It's just so, so important. And we stress that, that we would . . . we're ready to go. Our preparedness is of top-notch. So I'll just ask Steve to give a fuller thing if there's anything more I've missed.

**Mr. Roberts:** — I guess the easiest way to describe the policy is by example. If we take a fire occurrence that occurs in the observation zone and it's detected, we do a complete, what we call wildfire situation analysis, which is a strategic plan that looks at the issues and the values at risk, the economics, and the strategic decisions made around fighting the fire.

It also includes issues as at what point or at what critical venue or juncture would the department intervene because a value becomes threatened and the fire no longer is safe to perform its natural role on the environment and becomes an issue where our values-at-risk system engages. So it may be that at that point we intervene and we do indirect attack or suppression, maybe on the section of the fire that threatens a resource, but maybe not extinguish the rest of the fire and allow it to continue to do that process.

We do that through advanced computer growth models that take our seven-day weather forecasting mechanism, put it through a . . . [inaudible] . . . so we can see where the fire's going to go, where it's likely to be, based on fuel types. We can intervene, we can do various attributes from direct suppression to indirect to back-burning.

And if the resource has worked with us and we've done some mitigation efforts — in other words, removed fuel from around the community or the town or the cottage — they may actually be in a protection area now where they're not at threat, even if the fire is approaching their community or their structure, because we've helped them alleviate the threat by removing fuel sources. It was effectively applied multiple times last year. We had an average fire season, average number of fires, the average area burned in the North. And though we had lots of values that eventually became threatened, intervention occurred successfully to prevent value loss.

**Mr. Kirsch:** — Thank you, Mr. Minister. Mother nature, of course, she's not into your computer program and I've seen the effect of farmers lighting a stubble field in a controlled burn and mother nature intervene and things get out of hand.

Now when you're doing your controlled burn of a forest, I mean, the numbers are much larger than a farmer's stubble

field. And you're going to assure us that when a wildfire goes and you're controlling it that it all of a sudden isn't going to go tree-topping and run to towns and villages?

**Mr. Roberts:** — There's only certain communities and structures that we pre-identified in the observation zone. We know where these values are. We factor in and we . . . we factor in, including fire behaviour such that the invention may be three days prior to the fire getting within 10 kilometres, based on fire behaviour. It is not a last-minute reactive gesture. It's proactive in nature.

And at the same time we do that process for one fire, we're doing it for maybe 50 or 60 fires on the landscape, prioritizing and moving and allocating our limited resources to deal with the highest risk fires and the fires with the most potential at any given time on the landscape.

**Hon. Mr. Forbes:** — Mr. Chair? Oh, sorry, if I may just make an addition. I brought this document in and I was hoping that I would have enough to table with the committee, but they're still in Prince Albert. I have only two, but I do think it's important if the member would like to have this one copy. It does have a map; it's very informative.

And one of the things I would also say that we didn't say earlier in part of our opening, the first question, is we have a really proactive communication strategy around us as well so people understand what our strategy is. And part of that is also the communications, the advertising that goes along with that, because we really have targeted reducing the number of fire starts as well.

And so if I could ask the Page . . . And we'll get copies. They're still in Prince Albert. These are the only two that are actually in the city. And if you would give that to the member from Batoche.

**The Chair:** — Mr. Minister, if I could ask you to file with the Clerk's office copies of that document for all the committee members.

**Hon. Mr. Forbes:** — You will get one, yes.

**Mr. Kirsch:** — Thank you and thank you for the document. Now I'm wondering. You mention this 10 kilometres. Is that going to be the danger zone? Like if it crosses within 10 kilometres, or is there a . . . how do you determine this? Where's the danger line? Where's the area where you fight and . . .

**Mr. Roberts:** — Well depending on the value at risk, for instance, if it is a single cabin, for instance, versus a community, communities are afforded a certain level of high priority protection — 20-kilometre buffer for a community, whether it's within the full response zone or within the observation zone, automatically under our policy.

But there's also single-point values, which may be a cabin, it may be an outfitter's, and therefore the decisions are made based on fuel typing. It may be 10 kilometres away that we intervene. It may be 30 kilometres away that we choose to intervene — where it makes strategic decisional sense to



intervene and make a change in the fire potential to threaten those values. So it's an individual assessment based on science and the best modelling factors and years and years of experience by our fire staff.

**Mr. Kirsch:** — Thank you. Now a favourite line of mine is in 1905, the saw mill at Big River was the largest saw mill in the entire British Empire. And the forestry centre in P.A. says that Saskatchewan could rival BC in forestry. So I question the burn policy. When a forest reaches maturity at 80 years of age approximately, why don't we harvest it if we're going to become bigger players in the forestry game?

**Hon. Mr. Forbes:** — I'll ask our executive director, Al Willcocks, to give a go at that. But that's part of why we have a strategy here, a level of decision making, so we protect the commercial value in the forest. Because we know that there are many jobs, in fact there are about 8,000 jobs that are out there related to forestry. It's a huge thing for Saskatchewan and we want to make sure we protect those commercial values.

**Mr. Willcocks:** — Hello. There's, obviously we have, if you'll notice in your document there, there are areas that we call intense zones, I guess. And those are the areas where the allocations are, where the licences are. The companies have worked with us and determined where the high-risk areas are, the mature forests are, and where they consider their operations are going to go in their 20-year plans.

Those are the areas that will be protected. It's not an observation zone. We would have what I would call a pretty quick attack on a fire. So we do very much want to protect our commercial timber, and that's one of the priorities of the fire program.

**Mr. Kirsch:** — Thank you. Now I've also heard that in their plan, the agroforestry is going to become a big thing. And I'm wondering, will the government be using any grants or incentives to speed up this process to get people into agroforestry?

**Hon. Mr. Forbes:** — Again in a minute I'll ask Al to respond to that with more full details. But this is an exciting opportunity here, especially along the forest fringe area and some of the lands that were once forested. And this is an exciting thing, and the federal government — I think the program's 20/20 — has launched new initiatives around this. This is important as well for climate change. So there's a lot of exciting areas of potential related to this. So we're excited about this.

And so, Mr. Willcocks, your thoughts on this?

**Mr. Willcocks:** — Basically we're hoping private enterprise works on this. That OSB [oriented strand board] mill in Meadow Lake, the new one just constructed, is probably utilizing right now about 50 per cent of their fibre, which is mostly poplar, from, well agricultural lands, is something you people may know. I think that what the government is trying to do through its allocation policy, starting with that mill, is try to provide . . . say to the company, look, we want you to work with the farmers and buy your wood from farm lands. And by doing that we're hoping the farmers will consider that to be a crop. And they have started planting it, as the minister said,

under programs like 20/20.

And as you may know, the Saskatchewan Forest Centre, the organization, is the lead for agroforestry in the province. And they in co-operation with a number of other partners, including us, are providing technical expertise, workshops for farmers, as you know, probably for developing these crops that probably could be ready within about 20 years.

So there's a lot of opportunity. We're hoping though that the market develops the crop, as opposed to us putting money into it at this point in time.

**Mr. Kirsch:** — Could you elaborate on this 20/20 program?

**Mr. Willcocks:** — What it is, basically the federal government said, what do we want our forests to look like in the year 2020? It's not that long away. And what they were trying to do is, like in Saskatchewan you may know there's about 4 million acres of what once were boreal forest that are now marginal crop lands. You're probably aware of that. And you probably know where they are. And anyways, they're highlighting — and we have the most in the country — they're highlighting those kinds of lands and saying, let's see if we can reforest that. And they started with a pilot program last year. It's pretty small; it's only a few hundred thousand dollars working with the Saskatchewan Forest Centre, working with farmers. But it's a start, and we're hopeful that it will expand in time.

**Mr. Kirsch:** — Thank you, Mr. Minister. The agroforestry industry, now I've heard figures of \$3,000 an acre. Is that what I can go out and tell farmers?

**Mr. Willcocks:** — \$3,000 an acre for what, sir?

**Mr. Kirsch:** — For when they've grown a forest. That's the dollar value of what they can cash in on.

**Mr. Willcocks:** — Over a 20-year period that's potentially what the gross revenue of their crop . . . well actually the gross revenue of the crop could be quite a bit higher than that. It could be in the neighbourhood of 9 to \$12,000. The only problem is, is you've got to do the harvesting of the trees.

And I know there has been one study done showing, without any subsidies at all, there's a 13 per cent return on investment over a 20-year period. KPMG did a study. So there's some . . . I guess the biggest two roadblocks to developing this industry, sir, is the market. We need a market to sell the trees and I think some of these folks have been killing poplar for a lot of years. It's pretty hard to start planting. It's an attitude.

**Mr. Kirsch:** — Yes, I come from the country of which you speak. If the agroforestry's going to be there, how are these people going to . . . I mean, you plant the crop and you wait 20 years before you can start harvesting. Or is there going to be some program to help them get to that point?

**Mr. Willcocks:** — Well there's some innovative people in the forest centre that are thinking that they can get carbon credits for this land base. And you can get up to \$15, up to \$15 per tonne for carbon credits. And if you produce about 10 tonnes per year, you can get \$150. I guess that's the right math — \$150

per hectare per year. And under Kyoto, afforestation is considered a no-brainer. That's in.

So people are trying to put projects together that they're selling. Al-Pac [Alberta-Pacific Forest Industries Inc.] in Alberta is one, and there's other people working in our province as well that we're trying to put packages together that will get utilities like SaskPower, possibly like some of the oil companies, buying carbon credits and then working with a farmer for a 20-year plan, establishing the forest and then getting carbon credits and getting the value of the carbon credits to the farmer. And that will allow the establishment costs, which is probably around \$1,500 per hectare.

**Mr. Kirsch:** — Thank you very much. I've got one other question and it goes back to the, what I refer to as the let it burn policy. How is that . . . If we let forest burn, is that going to affect us with Kyoto because of polluting?

**Hon. Mr. Forbes:** — Well our wildlife management . . . wildfire management strategy — that's what we call it, wildfire management strategy — is . . . I mean the impacts are huge in terms of climate change. And I think, Bob, if you want to come forward we could talk a little bit about that. That's one that we have to take into account for sure.

I mean part of it is a natural, there's a natural element to it when you have fire and you have a bad season like we had a couple of years ago. But then last year was one of the best on record in terms of no fires. And so what the impact is is something we have to work through. But Bob will give us an idea of what that impacts in terms of climate change.

**Mr. Ruggles:** — The current understanding we have with the federal government, the forest fires and the emissions it creates are considered natural and therefore really aren't part of any commitment that the federal government has made regarding the Kyoto accord. So they're sort of outside the agreement. Where there is potential is for carbon sequestering in the forest itself — in an active, healthy, growing forest.

**The Chair:** — Mr. Hart. Oh, I'm sorry, Mr. Kirsch, are you . . .

**Mr. Kirsch:** — Thank you, Mr. Minister, that concludes my questions.

**Mr. Hart:** — Thank you, Mr. Chair. Minister, I would like to follow up on some of my colleague's questions, particularly with the 20/20 project in forestry and the role it plays in climate change and that whole area, and of course the economic aspect of it. And I guess just one question. The hour is late and . . . What commitment and what has the province of Saskatchewan got to this project, this 20/20 project?

**Hon. Mr. Forbes:** — I'll ask Al to answer in a minute. But I do want to say just for your information that the lead department on this is Agriculture, and they're watching. We just happen to be providing the technical advice. And Al's quite a . . . follows this very closely through the forest centre and that type of thing. But Agriculture is the one who's really working this through.

**Mr. Willcocks:** — I guess as I said before, sir, it's through our allocation policies forcing companies to not just . . . The 20/20

program was also to try to take a little bit of pressure off the Crown forests, the provincial forests, maybe make more parks. That was part of the thought that the feds had.

And what we've been doing in our department, what we have control over is the allocation of timber. So consequently what we did . . . The first model really was the Meadow Lake OSB. Now that's been pretty successful because we didn't allocate them the full amount or, in some cases, we used to allocate them 150 per cent of what they needed. So what that will do is actually stimulate the market, which will stimulate the farmers to plant and to grow trees.

We provide technical support for folks on trees. It's not a lot, but I think that's the secondary thing we do. I think our department is really the lead allocation agency, almost by indirect process. I think we created a successful business on the west side for farmers. Seem to be pretty happy there's some alternatives there for them.

**Mr. Hart:** — Thank you for that. So just to understand, Minister, your department, as from what Mr. Willcocks said, is providing the technical advice? You're not the driving department, as far as seeing this program getting off the ground? It's the Department of Agriculture that has been tasked with the responsibility to make things happen out in the country as far as agroforestry?

**Hon. Mr. Forbes:** — Yes, that's correct. So we provide the technical advice and as well the allocations to stimulate it, which is a big part of it as well, because they have to have a market in which to sell their wood. So we're ready to support that market, but Agriculture is the lead department as they connect with farmers in promoting this idea.

**Mr. Hart:** — Was the province of Saskatchewan represented in this national strategy? And if so, was it the department, Minister of Environment that was the Saskatchewan representative when this plan was brought together? I'm just trying to get a sense of who represented Saskatchewan at the national table and when that happened.

**Hon. Mr. Forbes:** — I understand the Environment minister was at the table at that. But maybe I'll ask Al to give a sense of what the history was.

**Mr. Willcocks:** — It was the Council of Canadian Forest Ministers which initiated the 20/20 project or the feds did through that particular table. And we were one of the, initially on the steering committee and we pushed it. And as I told you previously, it was a pilot project to start with. We're hoping that it's going to be a major project.

But I think the other thing you must realize too is I think there was other incentives rather than government funding for these programs. I think there is a market now. I think things are happening out on the farm, especially when you got this, the second largest mill in the world asking for trees from farmers today. I think that creates something happening.

**Mr. Hart:** — I guess one short question, with the indulgence of the Chair. Did the province of Saskatchewan make any commitments at the national table with regards to this whole . . .

with this program, as far as taking a lead role perhaps or setting some targets? I just, again, try to get a sense of, you know, where we were.

**Mr. Willcocks:** — We, like the other province, because it was a federal program, we were the cheerleader for the program. We really supported it at the time, and most of the other provinces didn't. Mr. Goodale, I believe, was the minister at the time, and I remember when, exactly when it happened. And we were very instrumental in getting this pilot program going because of our support around the national table, because I was there. And all I'm saying is that it's a pilot program. We were hoping for a larger program. And they tell us it might happen if this one's successful.

**The Chair:** — Thank you very much, members of the committee. And Minister Forbes, on behalf of the committee, I'd like to thank you and your staff for attending to today's deliberations. Agroforestry is a very, very interesting subject, Mr. Hart, and I think will have some legs for this province. And certainly I know the department's been working on this for a while. And so thank you very much, committee members, and Mr. Forbes, you and your officials.

**Hon. Mr. Forbes:** — If I could take a minute, I'd like to thank my officials, particularly those who came down from Prince Albert to this. And I appreciate the focus of the questions here because then we could get to the heart of the matter, and that was very good. Thank you.

**The Chair:** — Thank you. This committee now stands adjourned.

[The committee adjourned at 17:02.]