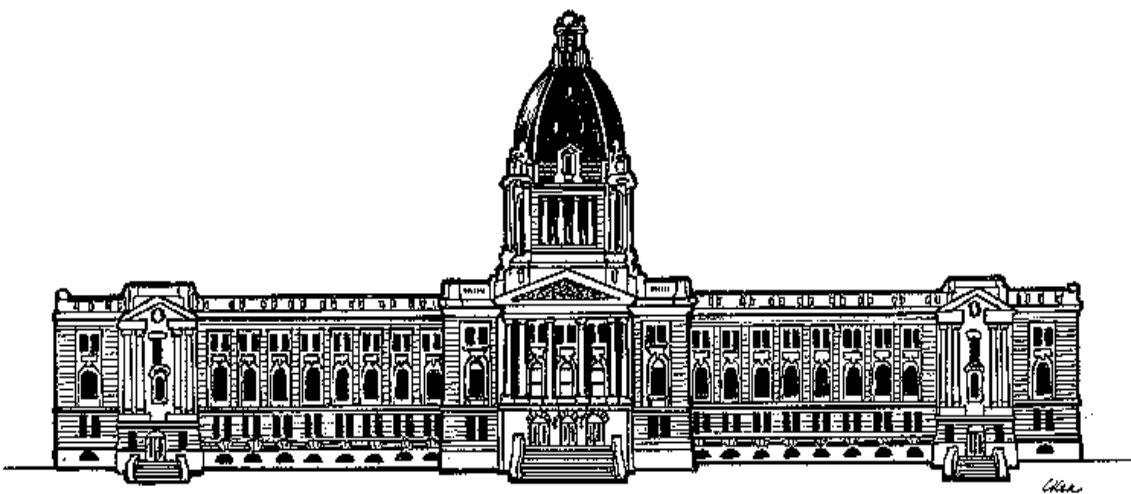




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 22 – November 23, 2005



Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON THE ECONOMY
2005**

Mr. Kevin Yates, Chair
Regina Dewdney

Mr. Randy Weekes, Deputy Chair
Biggar

Ms. Brenda Bakken Lackey
Weyburn-Big Muddy

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Eldon Lautermilch
Prince Albert Northcote

[The committee met at 15:00.]

The Deputy Chair: — Thank you very much. I'd like to bring the Standing Committee on the Economy to order. The first order of business is election of a Chair. I'd like to ask for nominations for a Chair.

Ms. Hamilton: — I would like to place the name of Kevin Yates before the committee as Chair.

The Deputy Chair: — Are there any other nominations?

Mr. Brkich: — I nominate Randy Weekes.

Mr. Weekes: — I'll decline.

The Deputy Chair: — No other nominations. Then we will need a motion. Doreen, if you would like to make the motion.

Ms. Hamilton: — Do we need a seconder? No. Moved by myself:

That Kevin Yates be elected to preside as Chair of the Standing Committee on the Economy.

The Deputy Chair: — I'd like to read the motion.

That Kevin Yates be elected to preside as Chair of the Standing Committee on the Economy.

All in favour? Opposed? We have a new Chair in Mr. Kevin Yates.

**General Revenue Fund
Supplementary Estimates — November
Rural Development
Vote 43**

Subvotes (RD01), (RD03), and (RD04)

The Chair: — Well thank you very much to everyone for your support. The second order of business today is the consideration of the estimates for the Department of Rural Development. And we have with us today the Minister Responsible for Rural Development, the Hon. Clay Serby. Clay, could you introduce your officials please.

Hon. Mr. Serby: — I can. Thank you, Mr. Chair. I have with me this afternoon, seated directly beside me is the deputy minister, Dr. Louise Greenberg. Sitting to the right, my right, is Ms. Debbie Harrison. Debbie is the director of program development and support.

Seated directly behind Deb is Mr. Al Syhlonyk, who is the executive director of policy and planning. Directly behind me is Ms. Andrea Terry Munro, who is the senior manager, financial services. And beside her is Mr. John Keeler, who is the director of investment programs. Those are my staff, Mr. Chair.

The Chair: — Thank you very much, Mr. Minister. We are dealing with the issue of vote 43, Rural Development.

Mr. Brkich: — Thank you, Mr. Chairman. We welcome the minister today and his officials. We have a few questions on the supplementary estimates.

On dealing with what has come forward with the money, I see that it has been allocated extra money for your department. Is any of it going towards the recent developments, or has been, of detecting fraud in your department? Have you implemented any controls? Is that dealing with that, any controls? And if there are, can you give me your written, I guess I'm looking for the written rules of . . . to protect your department from fraud.

Hon. Mr. Serby: — The specific response to the question would be that we do not have anyone that's directly attaching themselves to that function that you've described, in our department. We have a process within our department that we follow. We have of course, as I described earlier, the staffing personnel that manage the financial affairs for the department.

We also are contracting our financial services through the Department of Agriculture and Food so that we don't need to duplicate those services. We already have, we think, a fairly significant process here to do the management and audit of our financial affairs, which is the public accounts, of course, the comptroller, who you all have access to in this very process here.

We make substantive dollars, I think you would agree, available to a number of third party groups across the province, the REDAs [regional economic development authority]. And they would have their finances audited through private sector auditors in the province. And so we think that in the system today, in the process today, we have a fairly significant reporting, accounting, monitoring process in place.

We very much trust the people who work in our system, both at the departmental level and those who work in the field, and we have not had incident over the years of any money that hasn't been able to be accounted for in the system. And we have a very good working relationship with the local boards that are responsible for delivery of community programs at the local level through the REDAs. And so in a long-winded way, the reality is that we don't have anybody specifically doing that work today but we think that the system really does account well for the management and expenditure of the dollars.

Mr. Brkich: — Thank you, Mr. Minister. So I understand that I guess from your statement that you have no knowledge of any actual or suspected fraud in your department, then?

Hon. Mr. Serby: — None. Mr. Chair, to the member, absolutely no knowledge because we don't believe that that exists within our department, to be perfectly honest with you. As I say, we believe that we have a public service, not only in my department but across government, that is committed to making sure that the rights of individual people are well protected. That in fact people who work in the public service ensure that or take an oath of office and so it's built on the notion that people who work within the public service are trusted to do their job and that the systems that are in place today would uncover when and where there is a discrepancy to that. So I'm not personally, in the work that I do in my

department or for the public service for that matter, hold out a suspicion that people don't do their work in an appropriate way.

Mr. Brkich: — Thank you, Mr. Minister, for that answer. Are you going to step up the monitoring? Do you have anything, plans in the future to monitor fraud or illegal activity in your department? Or do you feel that what you've laid out before are adequate to safeguard, for safeguards of the monies you handle and handle out to different organizations and agencies?

Hon. Mr. Serby: — The answer is that we're not intending to increase the processes within the department that I'm responsible for. As I've already indicated, my sense is that we have a very, very sound working team of men and women today who are responsible for the financial affairs of our department. They're dedicated public servants. They take an oath of office to work on behalf of the people of the province and they would manage the affairs.

And I say this sincerely and as a long-time public servant in this province as well. I have no issue or concern in my department and I would say that probably in a broader way of people who work in the public service. These are dedicated men and women who dedicate a career to making a difference for Saskatchewan people.

And I would trust that the affairs of my department and the people whom they serve in communities of which we have responsibilities for are well served. And I have no intention in my department to increase any surveillance or to add any additional, at this point, mechanisms to suggest that there is some kind of inappropriate behaviour that's going on within the work of that department. I have no intention of doing that.

Mr. Brkich: — Thank you, Mr. Minister. I wasn't inferring that . . . I didn't want you to get the message that we . . . I know that the public service does a very good job and you have very good people in the department but as it happened in other departments, all it takes is one person.

And when you're dealing with public money, there should always be the trust of the public. So when we ask these questions it's in the interest of the public to make sure that the money that is being used is very well safeguarded. Because in the past there has been an odd, in different departments over the years — and it's rare, but it does happen — where there is, somebody has fraud in a department.

So these questions have been raised to me from my constituents. You know, they see that. That's a story they'll see in the paper and so they'll always want to make sure that the money, tax money they give, is being well used and going to the people that it should at that.

That's I guess more of a comment than a question. So on the next, I will get to my next question with that, Mr. Minister.

I guess we'll start with the 200,000 for executive management. Can you give me a breakdown of exactly that \$200,000 there.

Hon. Mr. Serby: — Mr. Chair, I would ask if my deputy minister might respond to these questions around the financial piece.

Ms. Greenberg: — The \$200,000 in subvote (RD01) deals with salary shortfalls. There wasn't enough salary provided in the deputy minister's office to pay salary for three individuals. That includes myself, there's an executive assistant, and also my secretary. We also required funds . . . we were short on travelling in province using CVA [Central Vehicle Agency]; and the minister's office as he has a role both as Deputy Premier and as Minister Responsible for Rural Development. When we established the office we didn't allocate enough funds to cover both his office and my office.

Mr. Brkich: — That's my next question. You have salaries go to three people. When there was a shortfall, from the beginning was it because you hired somebody extra or did you increase their salaries through the year or just miscalculation of what the salaries would be by the end of the year?

Ms. Greenberg: — When we set up the office — when I set up my office — it was just myself and a support person, and we realized that there was too much work for me to physically do, and I seconded an individual from Saskatchewan Agriculture and Food for two years to help me. There is no assistant deputy ministers in Rural Development and so I needed some assistance in handling a variety of tasks. And so we didn't account for that when the department was created.

Mr. Brkich: — So basically the 200,000 was for travel and wages from what I understand exactly?

Ms. Greenberg: — Yes. It also actually includes other mundane things such as paying for photocopier costs and just some general office infrastructure and also some paper supplies. Those weren't accounted for when we set the budget up initially for the minister and deputy minister's office.

Mr. Brkich: — Thank you. Talking about office supply, where exactly is your office and is it owned or leased? And if leased, can you provide me any of the details on it?

Ms. Greenberg: — The minister's office of course is in the Legislative Building. My office is in the Walter Scott Building, and SPMC [Saskatchewan Property Management Corporation] owns the Walter Scott Building. And so we lease our space from Saskatchewan Property Management.

Mr. Brkich: — Thank you. Did you take a long-term lease or just a yearly lease?

Ms. Greenberg: — The space is there. The lease is . . . You get billed on a yearly basis. So we don't have a lease such as a five-year lease since SPMC owns the property.

Mr. Brkich: — The reason I asked that particular question because the other office of Rural Revitalization didn't last all that long so I was just wondering how long they were going to keep this one around, at that end of it. So just trying to find some information out there.

Hon. Mr. Serby: — Well maybe, Mr. Chair, I might answer that question. I intend to be the Minister of Rural Development for a long, long time and so this office will be open for a long time.

Mr. Brkich: — That's nice to hear at that end of it. I guess that will depend on what actually happens in rural Saskatchewan at the development end of it.

I guess leading to the next, central services, I would like to move to that line. If you could give me a breakdown of that cost and why that was needed.

Ms. Greenberg: — The cost of central services of 366,000, that covers off several things. We have a memorandum of understanding with the Department of Agriculture to deliver services including human resources, financial, and communication. And when we were setting up the department we underestimated how much a service agreement would cost. So we were short by \$65,000 on that.

Second when we set up the department we weren't aware of what our IT [information technology] costs would be. And as you would know, this Legislative Building now is also being served by the department of ITO [Information Technology Office] and there's a cost per person for operating a workstation. And we underestimated what our cost would be for operating each of the workstations. And this includes licensing of software; it includes getting your computer replaced once every three years; it includes having support from the support staff that work for the Information Technology Office or ITO.

We also needed to have some costs covered for listing in blue pages. And when you provide your phone numbers, addresses, whatnot in blue pages there's a cost to that of \$5,000 to cover across the province. And so those are the costs that cover the 366,000.

We also have costs of 265,000 in our accommodation services. And that includes paying for records management, postage, and inter-office mail charges. We also have in there costs . . . We have to do some renovations to the Walter Scott Building. We still have Rural Development staff located downtown on 11th Street and we want to have everybody housed under the same roof. So we have to do a little bit of renovation in the Walter Scott Building and hopefully these staff will be moving in in the next three months to the Walter Scott.

Mr. Brkich: — Thank you. So do you still have some staff downtown? At which office there on 11th Street?

Ms. Greenberg: — They're in the Bank of Montreal Building.

Mr. Brkich: — Is that just a yearly lease there too?

Ms. Greenberg: — Industry and Resources actually occupy that space, And staff that formerly worked in the Department of Industry and Resources are the ones that are moved that are now part of Rural Development. They're still in the same office space that they occupied when they were in Industry and Resources, and we haven't been able to move them because of some of the space constraints in the Walter Scott.

Mr. Brkich: — Thank you. The 2005 budget estimates, the department listed as having 40 full-time equivalents. Has that changed with this supplementary budget?

Ms. Greenberg: — There's actually 41. Did you say 41?

Mr. Brkich: — No, I said 40.

Ms. Greenberg: — It's actually 41 full-time equivalents. There was one individual that did not get transferred over when the budget was set and we've moved that person from Industry and Resources over to RD [Rural Development]. So we still stand at 41 FTEs [full-time equivalent].

Mr. Brkich: — And how much of that is communication staff out of the 41?

Ms. Greenberg: — We don't have any communication staff of the 41. Because we have a service agreement with Ag and Food, we thought it would be most efficient to use Ag and Food to provide service in terms of communication to us. So we don't have any communication staff.

Mr. Brkich: — Thank you. Moving to the next line, accommodation services. Was that all used for renovation, the 265,000?

Ms. Greenberg: — No. Part of it is used for renovation and part of it is used to cover off our records, postage, and inter-office mail charges. Our renovations will cost us in the neighbourhood a little bit less than 200,000. That's an estimate.

Mr. Brkich: — Yes. Them renovations, they were with the office in the Walter Scott Building?

Ms. Greenberg: — What we're doing is actually having to . . . Staff that work for Agriculture and Food are moving out of space and we are moving staff in, so we are using SPM [Saskatchewan Property Management] to do our renovations. And that was a charge that they estimated for us to take down some walls, put up walls, and . . . I'll leave it at that.

Mr. Brkich: — It's always nice, you know, to make office space. But I can remember the Rural Revitalization office coming in and combinations . . . same thing, take part of their budget — lasted two years and basically accomplished next to nothing out there in rural Saskatchewan.

New department all of a sudden, new office space, new letterhead, walls taken down again, moved around. You'd think you could have just moved right into their office that they had or some of the accommodations.

When I raise that, that annoys a lot of constituents. I get that a lot when they'll see some of this stuff that comes out. And it's surprising. Some people will watch some of these committee meetings. And they will say, you know like, seems this government spends more on office space and up here in Regina, or accommodations and changing things and letterhead rather than just trying to get a program out in rural Saskatchewan or something out there up and running. So when I make these . . . I mean this isn't just coming from me. That's coming from constituents or from letters or comments that I will get of people watching it.

But I guess that's more of a comment than a question to you, but that is how I feel at that end of it. But I will give you a question. What was the total cost for setting up this new department — staff, both political, bureaucrat; letterhead, etc.,

office space, leases, and any other costs associated so far right from start-up until this point right now?

Ms. Greenberg: — The cost would be the cost that we've estimated both when we set our '05-06 budget and in our supplemental estimates.

Mr. Brkich: — Okay, which is a million and a half in supplementary estimates. Is that what you're telling me?

Ms. Greenberg: — The additions to supplementary estimates. But all these staff that formed Rural Development, their salaries were being paid for within Industry and Resources and within Ag and Food. It's the same 41 people. We moved money from Ag and Food and Industry and Resources when we first created the department.

Mr. Brkich: — So then hopefully their budget, when I check it, should go down then.

Hon. Mr. Serby: — Well their budgets on staffing will go down because those staff have moved from the Department of Industry and Resources and have moved to Rural Development. So you'll see that when you examine and review the Industry and Resources public accounts when you end up reviewing them.

But I would say to the member, through the Chair, that obviously you've had concern about the work of the Rural Development people before and we didn't hear any of that. Because the people who today work in Rural Development used to work in Industry and Resources. It's the same folk.

And for you to make the comment — I think somewhat candidly — that rural people don't see the value of the work of Rural Development folks, is an interesting one. Because when you take a look at the kind of work that's happening in the rural REDAs of which to some degree was done through Industry and Resources — the very same people — the kind of activity that's been generated through the Saskatchewan Small Business Loans Association, which are huge, huge, I am troubled when I hear you say that rural Saskatchewan people don't see what's been happening.

Because you should be a champion of that kind of work that's been happening out in rural Saskatchewan. You should be a champion of that. And rather than making the comment that you don't hear and see what's happening, you should be telling Saskatchewan people in your ridings about the work that some of these people have been doing over the years in rural Saskatchewan.

Mr. Brkich: — Have you been out in rural Saskatchewan? Do you want to come with me to the towns and see the comments that are out there? Every town . . .

The Chair: — Make all the comments to the Chair.

Mr. Brkich: — Mr. Chair, has the minister been out in rural Saskatchewan and talked to the people out there? Because I'll take him around to the towns, and we can see what's happening there as the towns are shrinking and especially the farming community — the agriculture end of it — suffering right now.

And yes, those are comments I've been getting, that what is happening to help rural development at that end of it?

I haven't seen any rural development in my constituency at all. I've seen some business come in but not any help through the Rural Development end. It's just them basically starting a business on their own.

Hon. Mr. Serby: — I'm not sure if this is the time when we get into the debate, but I'd be happy to get into the debate on my rural activities. And if you're interested in seeing my itinerary of how I've travelled rural Saskatchewan and for sure don't need a lesson from the members opposite about what's happening in rural Saskatchewan because I live and breathe this stuff as well as you do; in fact, in some cases, more than some of you do on your side of the House.

And so I know exactly what some of the pressures are in rural Saskatchewan today at the agricultural community. And also know, which would be nice from time to time to have you talk about the success stories in your communities because the 26 REDAs that I'm involved with today across the province are involved in over 111 projects in 2005 and '06. There might not be any in your riding, or there actually may be some in your riding that you're not aware of.

We've provided funding to each of the REDAs in the province today. It's \$60 million base. And I have met with every one of the REDAs in the province individually, personally, which I bet some of you on your side of the House from rural Saskatchewan don't know who sits on some of those REDAs as board members, because they've told me about how much involvement they've had from some of their MLAs [Member of the Legislative Assembly] in the province. So hardly, hardly do I need a lesson about what's happening in rural Saskatchewan or my activities in contacting rural Saskatchewan people.

The government funding to 179 projects, 179 projects which actually have come to fruition in the period of about 10 years in the 26 REDAs, have leveraged over \$4 million in this province, or accessed \$4 million from this administration, and on their own have leveraged nearly \$40 million in projects in the province, of which most don't have any understanding of that. And I don't say that in a derogatory fashion to you, sir, but many of the colleagues on my side of the House don't understand that either about the valuable work today that these REDAs are doing across the province.

Why? Because nobody has talked much about it. And that's why today in Saskatchewan we have a separate department. That's why we've attached the Rural Development file to that of the Deputy Premier because we are going to spend a lot of time working with rural communities in Saskatchewan, with the REDAs, which are men and women of whom you should get to know on a better basis, who are making a difference in a way in which most people don't have an appreciation of.

And so I'm proud of the work that this department is doing. And I can tell you that rural Saskatchewan will look even stronger than it does today as we move forward.

Mr. Brkich: — Nice, Mr. Chair, but I've heard that repeatedly from Rural Revitalization over the last number of years that

I've been here and all I've seen in my constituency is loss of population and loss of jobs so far. So when that turns around, when we start getting more jobs in my constituency, more population, then maybe I will trumpet what you're saying.

I know the REDAs are doing good jobs and I know I've been with them. But their hands are tied with some of the stuff. All they can do basically, they'll come and do business plans for the people. We're talking, I'm talking about your department, not about the REDAs. REDAs were around here long before your department ever thought of up and running the Rural Development or even the Rural Revitalization office. I'm talking about your department. What have you done?

I'm just looking . . . There was a slight increase of \$150,000 for regional development. This is the smallest expenditure in these estimates. So you've spent more money renovating offices and doing letterhead than you have doing sending out money for regional development. That's what I've seen so far in this budget.

The Chair: — Thank you. Mr. Serby.

Hon. Mr. Serby: — I'll just make a very short comment. If the members opposite are interested in seeing the kinds of work that the rural development offices have done in the past number of years, I'd be happy to provide them.

The Chair: — Thank you. I recognize the member for Weyburn-Big Muddy.

Ms. Bakken Lackey: — I have a question about a project for rural Saskatchewan that was announced on October 6, 2003 at Qu'Appelle for a processing plant. And at that time, Minister Serby, you were the minister of Agriculture and are noted in this news article. That time the government committed to constructing a road into this plant and also that construction would start that fall of 2003 and be completed over 18 months.

I would like you to please update us on to where this facility is at today and what has transpired since October 3, 2003 in this regard.

Hon. Mr. Serby: — Member, through the Chair, the member is accurate that personally and members of my department, staff of my department and others, were very much engaged with proponents from Ireland and a small working group of people from the region of Qu'Appelle, plus a physician from the Unity area. The work of that integrated group was to try and build a very sophisticated processing plant in the Qu'Appelle area.

And the government had committed to do a number of things — to assist with the building of a roadway and an interchange to allow the kind of truck traffic that they suggested would be necessary. There was need for the utilities of the Crowns, of which commitments were made to assist with insurance that the appropriate utilities would be available to the project.

The unfortunate piece about this development is that, as I understand it from the proponents who I met with in Saskatchewan on two occasions, is that the primary proponent that was funding the project died. And as a result of that, is that this project has not gone forward. I have not had a recent

conversation with anyone about the project because my sense is that where we left it, is that they would be getting back to us regarding any future additional work that needed to be done to move this project ahead. My sense is that, to date, it's on hold.

Ms. Bakken Lackey: — Thank you, Mr. Minister. Just one further question, and I'm sure you're anticipating what it's going to be.

There has been for some time now ongoing discussion about the Souris Valley building in the city of Weyburn of which you were involved in a meeting with myself and the mayor from Weyburn and the member from REDA for Weyburn — in I believe it was April of last spring — where the concern about the use of Souris Valley was raised. And this is an ongoing issue.

I have been in touch with Dylan Clarke, the head of REDA for Weyburn, on an ongoing basis, and the latest information I have is that there is nothing concrete happening in this regard.

And I would like to know, is it the commitment of your department to actively become involved in finding a buyer? And I'm not talking about a use. The last correspondence that we had from the government on this indicated that the government couldn't find a use. I'm quoting: "The government could not find a use that would support the kind of investment that would be required to bring the facility up to current standards."

And it is my position as well as the position of the mayor and of REDA, that that should not be the concern of the government. The concern of the government should be if someone wants to buy this facility, making it available for sale. And I'd like a commitment from you today, if you're prepared to do so, that you are going to be prepared to go forward on this and to actually sell this facility if there should be a buyer come forward.

Hon. Mr. Serby: — I appreciate the question from the member's chair. It would be fair to say that when I alluded earlier to the fact that there are a number of REDAs in the province who don't know who their member is, this is one REDA that does in the province — who has a good appreciation of who their member is, who has worked very closely with their REDA and their city on a project that's very important to them. And I might say a project that might have been or may be important to the province as well.

This file, as was instructed at the time that we met collectively — the members of the REDA, the mayor, and the member from Weyburn — was to have the Saskatchewan Property Management people actively pursue a couple of outstanding interests on this project. Extensive work has been done on this to try to pursue those interests by the Department of Property Management. We have just recently, and I have a copy of a letter that went to the mayor of Weyburn, His Worship, Mayor Schlosser, and to the REDA executive director . . . [inaudible interjection] . . . Yes, to him, outlining the work that has been done to date.

It would be fair to say that there remains not a great deal of interest to secure a very, very large property like the one that

you have in your city in the old Souris Valley site. And it would also be fair to say that the province of Saskatchewan does not have an interest — and we've been clear about this — does not have an interest to refurbish, to retrofit the facility for another use. That's been the position I think of the Department of Property Management for some months now.

And the reality is that the city of Weyburn is not prepared to assume the property because we're prepared, I'm sure, to sell it to them. Not I'm sure — we're prepared to sell it to them. They have no interest in acquiring on their own either because there will be, if it's not used some time in the future, a need to do something with it. And that liability they don't want to inherit either. I shouldn't say either, they don't want to inherit. The province already has that liability; the people of the province already have that liability.

It is an unfortunate circumstance that you have a major, major infrastructure piece of property like that that we have not been able to — and I say that sincerely — not been able to find a proponent that might assume it.

The Chair: — Thank you very much, Mr. Minister. At this time I would like to thank you and your officials on behalf of the committee for coming before the Economy Committee today and answering the questions of members. And at this time then, Mr. Minister, we would excuse and your officials and move on to the next item on the agenda.

The next item before the committee . . . Pardon me, Mr. Minister. Do you want to make a few words?

Hon. Mr. Serby: — I just want to thank my officials and thank the committee for their thoughtful questions and to you, Mr. Chair, for keeping the meeting in order.

The Chair: — Thank you very much, Mr. Minister.

The next item of business before the committee will be the consideration of estimates for the Department of Industry and Resources and we will just allow a few minutes for those officials to come in and get settled in before the committee.

**General Revenue Fund
Supplementary Estimates — November
Industry and Resources
Vote 23**

Subvotes (IR04) and (IR15)

The Chair: — We now have before the committee consideration of the estimates for the Department of Industry and Resources. Mr. Minister, could you introduce yourself and your officials.

Hon. Mr. Cline: — Thank you . . . have a problem with my microphone. I believe the microphone is on now, Mr. Chair.

The Chair: — Thank you very much, Mr. Minister. Would you proceed introducing your officials this afternoon.

Hon. Mr. Cline: — Thank you, Mr. Chair, and good afternoon to you and members of the committee. I'm very pleased to be

here in front of the Standing Committee on the Economy and to introduce my officials from the Department of Industry and Resources.

To my right is Mr. Bruce Wilson, who is the deputy minister of Industry and Resources, and sitting to my left is Glen Veikle, the associate deputy minister of resource and economic policy. Also with us are Debbie Wilkie, assistant deputy minister of industry development, Hal Sanders, executive director of corporate and financial services, and Dion McGrath, manager of agri-value.

Today in the supplementary estimates we have before you our department's component of Saskatchewan's Energy Share program. As you know, our government introduced the program earlier this month as a means to help Saskatchewan residents manage high oil and gas prices.

These high prices bring a lot of revenue to the public treasury but they are a financial burden heating our homes and businesses. And while the surplus we receive allows the government to dedicate funds toward education capital, debt reduction, and other priority social and economic programs, it also allows us to provide assistance to help shield consumers from high oil and gas costs over this winter. And through the Energy Share program we're capping the SaskEnergy rate of increase at an average of 10 per cent for residential, farm, and business customers.

Recognizing that SaskEnergy customers are not the only ones impacted by high fuel costs, the government has also announced a one-time heating subsidy of \$200 for principal residences and businesses that use fuel oil and propane as their primary heating source. This one-time subsidy will be available as of January 2006 and will be provided to those who apply through the Department of Industry and Resources, and that's how we come into the supplementary estimates.

We estimate approximately 10,000 households are eligible to apply for this subsidy. It will cost an estimated \$2.2 million, including administration, and will be paid from the General Revenue Fund. This component of the program is what we are discussing today in our review of the supplementary estimates of our department and I look forward to a productive and relevant discussion in that regard. Thank you.

The Chair: — Thank you, Mr. Minister. Are there any questions for the minister? Yes, I recognize the member from Weyburn-Big Muddy.

Ms. Bakken Lackey: — Thank you, Mr. Chair. I guess the first question, Mr. Minister, is regarding the home heating Energy Share program. And why is it coming out of Industry and Resources? What is the rationale for the \$2 million that are coming out of it?

Hon. Mr. Cline: — It was simply, Mr. Chair, in answer to the member from Weyburn, a matter as we were advised, that there were only two places within existing legislation that money could be channelled through a department and then paid out in this way. And we had the legislative authority to do so.

It wasn't because we were the sort of natural place for that to

be. It was because our department had the legislative authority to receive money in this way, to take the applications, and to pay the money out. And so we undertook responsibility to do that for that reason. It's not something that we necessarily saw as the natural role of our department but we're pleased to assist government in helping consumers in this way.

Ms. Bakken Lackey: — Thank you, Mr. Minister. And it's indicated in the estimates that \$175,000 will be allocated to salaries. Are you hiring new staff or is this going to the staff that's already employed by the department?

Hon. Mr. Cline: — We will be hiring new staff on a temporary basis to do this for the most part. Because as I'm sure the members can understand, Mr. Chair, this is a one-time program probably with about 10,000 applications and so we want to deal with it in a timely fashion. And we'll get some people in temporarily to do the work that's necessary to ensure that people get the rebate to which they're entitled.

Ms. Bakken Lackey: — Thank you, Mr. Minister. And how many part-time staff and what length of time do you plan to have them employed?

Hon. Mr. Cline: — Mr. Chair, we anticipate approximately half a dozen part-time staff for approximately three months, but those are both approximations. But it gives you a pretty good idea of the scope.

Ms. Bakken Lackey: — Thank you, Mr. Minister. I'd like to ask a question about another issue while we have this opportunity. And it's regarding Cameco McArthur River mine site. Myself and some of my colleagues had an opportunity to tour the mine site last fall and at that time it was brought to our attention that they have a cap on the amount of pounds that they are able to produce under their licence, and this is a federal licence.

The question was asked by myself of some of the officials if the province had taken any steps to advocate on their behalf to have the licence, the amount of pounds that they could produce under their licence increased so that they could be open year-round.

The indication was that there had not been any lobbying on behalf of Cameco or COGEMA in this regard. Could you comment on that? And please indicate why the province would not be interested or have taken any steps in advocating on their behalf, when in fact there's a benefit to the people directly employed at this site as well as to the whole province because of the extra royalties that would be realized.

The Chair: — We'd like to remind the member that the question is not within the estimates before the committee, but we will allow the minister to answer.

Hon. Mr. Cline: — Well thank you, Mr. Chair, and to the committee, through you, I'm very pleased to answer the question. I also have been to the McArthur River mine more than once.

And I would like the committee members to know that I speak to the uranium industry on a frequent basis. In fact I had conversations with representatives of both uranium companies

over the weekend, and this is almost a weekly occurrence for me.

And there is probably no one in the province of Saskatchewan that speaks more often publicly and privately in support of developing the uranium mining sector, always in accordance with proper environmental laws and rules and occupational health and safety.

In answer to the question, which is regarding, would we support increased production for McArthur River, I believe the first part of my answer would suggest the second part of my answer which is, of course we would.

I have never been asked, to my recollection, by any member of the industry to take any particular steps in this regard. I've certainly been asked to assist them and advocate on many subjects and have done so where possible and if asked by the companies to do so — certainly the Government of Saskatchewan would lend its assistance.

And I would assume if this was a serious problem that needed our attention, that this would indeed be brought to the attention by the companies with whom, as I say, we meet with on a very regular basis.

So having said that I certainly will ask my officials to communicate with Cameco and COGEMA to see if indeed there's something that they'd like us to do. And we'd be more than willing to co-operate with them. And so we will certainly ascertain the correct facts, Mr. Chair, and take the appropriate action.

Ms. Bakken Lackey: — Thank you, Mr. Minister, I appreciate that. And I'm surprised that this has not been brought to your attention because it certainly was a major issue that was discussed with us at that time.

I would like to . . . If we're sticking strictly to the estimates, Mr. Chair, I would just like to ask a couple of questions on the number of wells that have been drilled in the province. And I have some information that was sent over to me from someone on the government side — I'm not sure who — last week indicating the number of vertical and horizontal wells drilled in the province. And I'd like a comment from the minister in the reasoning behind the fact that we've only increased 14 wells in the province in a . . . year over year in a year when the price of oil is higher than it's ever been before. And to what can the minister attribute the lack of activity in the oil industry in light of this fact?

Hon. Mr. Cline: — Well first of all I'd like to point out that while I don't have all the numbers in front of me I did see the number of wells drilled as of November 4 . . . [inaudible interjection] . . . Yes. And it is higher than it was last year, which I'd like to point out contradicts certain statements made by certain members in the legislature to the effect that the amount of drilling was down.

And I want to assure this committee, and I know all members will be very pleased to note, Mr. Chair, that the amount of drilling in Saskatchewan overall is indeed up. And I know the member from Weyburn will be very pleased that a great deal of

that activity is in the area that she represents in the legislature.

In answer to the question why would the drilling not be up even more than it is, I've been advised by my deputy minister, who has 34 years of experience working with the oil and gas sector, that a large part of the reason is in fact that we have had, as everyone knows, a fairly wet summer and spring which the industry will tell you precludes in some cases a certain volume of drilling.

But I think it's noteworthy as well that the number of licences issued in 2005 is, according to the information I have in front of me, 3,482 compared to 3,116 last year, which would be approximately a 10 per cent increase in the number of licences issued. I'm aware as well that to the end of October there were 1,585 wells drilled, oil wells drilled, up more than 10 per cent from last year; while the number of gas wells is down 10 per cent with 1,524 drilled compared to 1,692 last year.

But I think it's noteworthy also that the number of rigs operating in Saskatchewan is up over last year. Unfortunately I don't have those numbers in front of me, although I believe it does indicate in the bottom, left-hand corner of the piece of paper that the member from Weyburn has in front of her how many rigs are active in Saskatchewan compared to last year. So certainly the member could indicate those numbers to the committee and assist me in that regard.

The mineral rights sales, that is expressions of interest by industry to acquiring land to drill in Saskatchewan, this year has attracted \$114 million, and compared to last year, \$63.4 million. So that's a considerable increase.

And all of these figures, with the exception of the decrease for gas wells, but in terms of the overall number of wells drilled, the mineral rights sold by the province, the licences issued, and the number of rigs active in this province indicate that activity is significantly up, Mr. Chair.

And I certainly welcome the opportunity to set the record straight and point that out to the committee, and I know the committee's happy to hear that. And I certainly am quite prepared to defend the record of our government and the activity going on in our province in the oil patch in answer to this question or any and all other questions that your committee may have. And I thank you for the opportunity to do so.

Ms. Bakken Lackey: — Thank you, Mr. Minister. They are up 14 all totalled. That is oil, gas, other, and dry combined is an increase of 14. And we're always happy to have an increase. But certainly I think the minister and his officials would have to agree that in light of the dollar value of a barrel of oil over the last several months, that that certainly is not a very good record. And there is serious concerns in the oil industry about investing in Saskatchewan. And one of their major issues is the corporate capital tax.

And I wonder if the minister would like to comment on if his department, his ministry is lobbying on behalf of not only the oil and gas industry but all investors in Saskatchewan to have the corporate capital tax either decreased or eliminated to further investment in our province.

Hon. Mr. Cline: — Well, Mr. Chair, I'd be happy to speak to the issue of the corporate capital tax in a moment. But before I do, I wish to respond to some of the statements that the member from Weyburn just made because she suggests in her question that there should be a great deal more activity because of the number of rigs.

I want the member from Weyburn and the committee to know, Mr. Chair, that there's a very high demand for drilling rigs across North America which has resulted in a shortage of those rigs, you know, all over the place really and has delayed the drilling of many wells in many places. Notwithstanding that, notwithstanding that shortage, as I've said, we've managed to get more rigs active in our province, and we've managed to drill more wells.

Contrary to the image that the member from Weyburn wishes, for reasons unknown to me, to put out, the oil and gas sector in Saskatchewan is functioning well and it's very healthy and it's benefiting the people of this province. It's why the Minister of Finance or in large part why the Minister of Finance recently could say that there were large returns to the people of Saskatchewan because we have a healthy sector. And I will challenge the member from Weyburn or any other member or any member of the public that wants to suggest otherwise for political or other reasons.

And I also want to set on the public record in response to the statements of that member, Mr. Chair, that the oil and gas industry does not like to invest in Saskatchewan, that nothing could be further from the truth.

I could produce many statements from oil and gas companies, Mr. Chair, that say that they are very happy to be operating in the province of Saskatchewan. They like dealing with our government and the officials of our Department of Industry and Resources. I have been told on numerous occasions by members of the Small Exporters and Producers Association of Canada in particular, that they prefer doing business in Saskatchewan over Alberta because they find less red tape.

Now those are the facts, Mr. Chair. And I could back those up with many statements from many people that actually are working in the oil and gas sector. Our government has worked very hard to establish a relationship with the oil and gas sector that will lead to development. And while we do not claim to be perfect, I will challenge anyone that says it's difficult for the oil and gas sector to do business in Saskatchewan, Mr. Chair, when point number one, they are doing business in a bigger way in Saskatchewan. And, Mr. Chair, we hear comments from Alberta companies all the time that they're moving their business from Alberta to Saskatchewan because sometimes they prefer the regulatory environment.

Those are the facts, Mr. Chair. It's working very well and the only people that want to dispute that in public are people that feel it's to their political advantage.

Ms. Bakken Lackey: — Thank you, Mr. Minister. I would have to agree with you in that your officials do an excellent job. I too have been told that and I would like to put that on the record, that they do appreciate your officials and the service they receive from your officials.

I have just one more question and then I'll turn it over to the member from Thunder Creek. It was with interest and certainly a well-deserved member's statement from the Premier about the CO₂ project in the Weyburn oil field. But I would note that part of the whole story around this is that the United States government is very pleased because of the technology of being able to use CO₂ to enhance further oil development as well as to reduce emissions of CO₂.

I'm wondering if the minister could comment on the reason why in Saskatchewan we would not be utilizing CO₂ that is emitted into our atmosphere and utilizing that instead of looking outside of our province, or using the CO₂ emissions that we have in addition to what we are already importing. There are opportunities for us to have a win-win situation here, the same as the United States is looking at, and I'd like to know why the government is not moving on this issue.

Hon. Mr. Cline: — Well I'd like to correct the statement that the government is not moving on this issue, Mr. Chair, because nothing could be further from the truth. It is the Government of Saskatchewan, in co-operation . . . and I'd like to acknowledge the Government of Canada, the University of Regina, the US [United States] Department of Energy, the private sector, and the Saskatchewan Research Council which set up the Petroleum Technology Research Centre and also the international test centre for the storage of carbon dioxide. And SaskPower Corporation is involved there as well.

My point being that we have had, as a major priority of our government, to lead efforts to do research into carbon dioxide sequestration and storage in the oil patch. And in fact Saskatchewan has become, as a result of that, probably the world leader in this regard with two very large projects at Weyburn and Midale.

Now the member correctly asks why are we not seeing the use of Saskatchewan CO₂, and I'll get to that in a moment. But if there's any impression that the Government of Saskatchewan is not active on this file I want to correct that because we indeed, along with our partners which I've mentioned, are attracting international attention as the world leaders — I'm going to underscore that — the world leaders in this field. And that has required government leadership and the leadership of the other organizations that I've mentioned.

Now in terms of the question specifically, the carbon dioxide is being injected by EnCana Corporation at Weyburn and Apache Corporation at Midale with so far some great success as people know. And that carbon dioxide comes from Beulah, North Dakota.

And why doesn't it come from Saskatchewan? Well the reason is that there's no commercial producer of CO₂ that has been willing or able to sell that to those companies. And we on the other hand know that we do produce carbon dioxide through SaskPower of course, the coal generating power plants, and so that is why we're involved with the international test centre to figure out how we could recapture that CO₂ and put it in the ground.

But the short answer is, the technical ability to do that really is not there yet and we're trying to get it there. And when it is

there, that's what we hope to do. I do believe that it will take millions or tens of millions of dollars of research by engineers, geophysicists, geologists, and others to, you know, really perfect that and so that work will be ongoing, I'm sure.

But we would want to do that and we certainly would encourage any producer of CO₂, other than SaskPower, who wants to sell it to the oil patch to do so. But again the private sector and the market will make these decisions. I mean EnCana and Apache have found that right now the best source, most economical and feasible for them for CO₂ is indeed Beulah, North Dakota so that's what we've done.

And of course government doesn't interfere with those kinds of decisions. Those are business decisions and I know that the members of the committee on both sides will agree that the private sector should make those decisions without government interference. But we certainly are encouraging the production of CO₂ in Saskatchewan, or recapture, as we move forward to put more CO₂ into the ground.

And as I say we should be very, very proud —and every member of the legislature should be very, very proud and I'm sure every member would be — of the world leadership that Saskatchewan is providing in this regard, and the international attention we have when somebody like the US Secretary of Energy points to Saskatchewan as the place where the world should be looking to enhance oil recovery.

Ms. Bakken Lackey: — Thank you, Mr. Minister. I just would like to comment on that and then I'll turn it over to the member from Thunder Creek. I never at any time insinuated that the Government of Saskatchewan, and as well as many others, are not involved in the development of CO₂ and the technology.

My question was, why is it not . . . the CO₂ that is emitted in Saskatchewan not being utilized. And I thank the minister for his answer to that question.

The Chair: — Thank you. I'll recognize the member for Thunder Creek.

Mr. Stewart: — Thank you, Mr. Chair. Nice to have this chat with you again, Mr. Minister, and thanks to your officials for coming to help us out today as well.

I have a few questions regarding economic development. First of all I wonder if you could in a couple of minutes, could you outline your opinion of how the Saskatchewan economy is performing at this point?

Hon. Mr. Cline: — Well I think, Mr. Chair, to the member, the Saskatchewan economy is performing well. I would say that like everyone else we all would like it to be even better, but we have to put things in perspective. There are many positives.

If you take the last two years, two complete calendar years, 2003 and 2004, according to the latest figures from Statistics Canada our economy grew by 7.4 per cent for the two years. The highest growth in Canada in that two-year period was Alberta which grew by 7.5 per cent, so it was just slightly more than Saskatchewan. So the point is the economy of Saskatchewan is growing very well.

We read in the newspaper today — there was an article in the business pages — that the exports in Saskatchewan this year are increasing by 11 per cent. Next year it's projected 6 per cent. The average for Canada, it said in the article, was 1 per cent — 1 per cent. And we grew at 11 per cent.

If you look at most of the indicators, whether you're talking about manufacturing, export growth, capital investment which is twice the national average, and I could go on, the figures are very positive.

Now in anticipation of the member's next question, or what may be his next question, I would say that one negative that we've seen in September and October was that the number of jobs, the number of people working in the province was lower than in the September and October the year before.

And I will acknowledge therefore that in those two months, the job growth was not great. However I would add that in the 17 months before that, the jobs went up each and every month before the last two months and the average number of people working this year compared to 2004 is up by 5,300, so if you take the whole year.

But there is no question, no question, and no credible person can say that we do not have good economic growth in Saskatchewan, because we do. And indeed I was at a talk yesterday morning by an economist from the Bank of Canada who confirmed what I am saying. And every other objective, independent outfit has said the same thing, that we do have much better than average economic growth in Saskatchewan.

The Chair: — Thank you very much, Mr. Minister. Mr. Stewart.

Mr. Stewart: — Thank you very much, Mr. Chair, and Mr. Minister. I see as well . . . I'm looking at the Saskatchewan chartered accountants paper — invest in Saskatchewan, this page is entitled — and it showed new patents per million population. And it shows, it compares Canada as a whole. Saskatchewan, Manitoba, BC [British Columbia], Alberta, and Ontario, all of Western Canada, in other words, plus the province of Ontario and the nation as a whole. And I see that our patents per million population are fairly high. It suggests that Saskatchewan . . . We're not as high as Alberta, Ontario, but we're higher than BC, Manitoba, or the country as a whole and that's satisfactory.

So it suggests that Saskatchewan people still have the enterprising spirit and initiative that they've always had in the past. And so that and what you said, Mr. Minister, begs the question — and it does relate to full-time employment. Full-time jobs certainly dropped over the last year, and I wonder if, Mr. Minister, if the minister would have the breakdown of the categories that those jobs fall into that were lost.

Hon. Mr. Cline: — Yes. I should say to the member, Mr. Chair, that there is a complete breakdown by Statistics Canada, where these numbers come from, of all of the major job categories and then sometimes the subcategories within those. And we can give the member the list — I don't have it right in front of me — but from Statistics Canada about each

occupation and how many they estimate there were in October '05 versus October '04. And that information is public information that Stats Canada puts out and it's probably on their website, but we can also provide that to the member and I'll send it over when I have that.

I do want to say in answer to the assertion that our job numbers are down this year, our job numbers on average are up this year by 5,300. But they were not up in September and October over the previous September and October, but on average for the rest of the year, the job numbers have been up.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, although we see that there's an increase in the number of people working jobs with hours between 15 and 29 hours worked per week, based on these numbers it would appear that the job increases we saw in the spring and summer may have been based on jobs created in the retail sector. Would that be an accurate assumption?

Hon. Mr. Cline: — I can tell you this. Based on some information I have here which is an analysis prepared in our department, for the year up to October '05, as I said, employment was up by 5,300. And now part of that is wholesale and retail trade where the job numbers were up by 2,600. But I hasten to add they were up also in agriculture by 300; manufacturing by 2,000; construction by 2,300; transportation, warehousing, and utilities by 1,700; and public administration by 1,500.

Now you will see that that adds up to more than 5,300. But against that we had decreases in finance, insurance, real estate, and leasing of 1,200; in the services sector 2,800, which I suspect is largely the hospitality industry; and in resource industries by 1,000, which is a bit surprising.

But to answer the question specifically, it says wholesale and retail trade 2,600 so I'm guessing that part of the increase in jobs certainly would have to be people in the retail sector. And we also know that . . . I heard the economist from the Bank of Canada say yesterday, and there was commentary by Doug Elliott in the media the last few days, that the retail sales growth in Saskatchewan is up quite high compared to the rest of the country so we know that there's more jobs in wholesale and retail trades. I think the member's assumption that there are more jobs in retail must surely be correct.

Mr. Stewart: — Thank you, Mr. Minister. One of the most concerning statistics is the decreasing number of people in the 20 to 44 age group who are employed in the province. These people are in their prime earning years and they're not finding employment or paying taxes in this province. This group makes up a large number of those who are leaving our province for Manitoba or Alberta or British Columbia or other places. Does your government have a plan to deal with this? It seems in spite of your rosy picture of the economy that educated, employable young people are leaving this province still.

Hon. Mr. Cline: — Well, Mr. Chair, as I said earlier we have good economic growth in the province but we're not quite where we want to be. And in answer to the member's question, yes we certainly have a plan. It's the Saskatchewan Action Plan for the Economy and it is created in consultation with

Saskatchewan people to address the very kind of issue the member's addressing; that we feel that although the economy is creating more jobs and opportunities for young people — and people between 20 and 44 who are relatively young — we want to do more. So we have set out a plan with 81 specific steps which we believe will help us deal with the kind of problem the member is raising.

We've already completely changed our income tax system to make our taxes more competitive for people but we're also taking . . . And we've taken steps in oil and gas to make our royalties more competitive. Mining, to make mining better in Saskatchewan. And I might add that our share of mining exploration in Canada has gone up from something quite low in 2002 — maybe, you know, 1 or 2 per cent — to probably about 10 per cent of total investments going on today in Canada. And we have an exploration boom going on.

But in addition to those steps in personal income tax, oil and gas, and mining, which are helping to build the economy, there are many more things that we can do. And we've set them out in the action plan. And so yes, we do have a plan. It's been released to the public. And we intend to implement our Action Plan for the Economy to try to address these issues.

The Chair: — Thank you very much. Thank you very much, Mr. Minister. At this time I would like to thank you and your officials for coming before the committee today. And thank you for answering the questions of the committee. And, Mr. Minister, we will at this time move on to the next set of estimates.

Hon. Mr. Cline: — Mr. Chair and members of the committee, I'd like to thank the officials for their assistance here today. And I'd like to thank all of the members of the committee for allowing me to get out some of this information about what's happening in our economy. Thank you.

The Chair: — Thank you once again, Mr. Minister. The next item before the committee will be consideration of the estimates for the Department of Agriculture and Food. And we'll just allow for a few minutes for the minister and his officials to come forward and prepare themselves for the committee.

**General Revenue Fund
Supplementary Estimates — November
Agriculture and Food
Vote 1**

Subvotes (AG08) and (AG03)

The Chair: — Thank you very much, members, for your consideration. At this time I'd ask the Minister of Agriculture and Food to introduce himself and his officials to the committee.

Hon. Mr. Wartman: — Thank you very much, Chair. I would like to introduce myself. I'm Mark Wartman, Minister of Agriculture and Food, and Member of the Legislative Assembly for Regina Qu'Appelle Valley.

I'm very happy to also introduce officials who are here with us today: Doug Matthies, to my right, who is our deputy minister;

Hal Cushon, to my left, who is assistant deputy minister for programs and services division, Saskatchewan Agriculture and Food. And behind me on my right is Jack Zepp, who is the acting assistant deputy minister for industry and development division. And behind me on my left is Rick Burton, who is the director of the policy branch. And directly behind me is Lee Giroux, who is the manager of the grant and rebate programs for the financial programs branch.

The Chair: — Thank you very much, Mr. Minister. We have before us the estimates for your department, Mr. Minister, vote 1, and I'll open the floor for questions. I recognize the member from Melville-Saltcoats.

Mr. Bjornerud: — Thank you, Mr. Chair, and welcome to your officials, Mr. Minister. In the supplementary estimates on page 9, I believe it is, under Ag and Food, there'll be an investment of \$400,000 on land. Could you elaborate on what that expenditure is for?

Hon. Mr. Wartman: — We will want to seek confirmation of this information but it is the estimate of our officials that this has to do with capital improvements, capital improvements on land where leases end. But we will confirm that and get that information for the member.

Mr. Bjornerud: — Okay, Mr. Minister. You will be getting that information to us on if that is improvements and what they are? Okay.

Mr. Minister, we have the CAIS [Canadian agricultural income stabilization] review committee and I think it's timely right now because I believe Alberta, in dealing with CAIS and Alberta feeling that CAIS is not adequate for their farmers at this time . . . Can you give us some idea of what we're asking for for changes, our review committee, some of the changes that they're asking for that would improve the program for Saskatchewan?

Hon. Mr. Wartman: — Yes I can. The first one, and I think the member will probably be aware of this, the first one that we worked on was the initiative around the deposits for CAIS and that it has been agreed that those will be at a rate of point four five per cent of the reference margins. And we're told on average that would make a fee of somewhere in the neighbourhood of 450, \$465 for producers. You can do the math, but if your average is around \$100,000 reference margin, that would be it. So that was the first item that we had on our agenda.

Ongoing certainly has been the discussion around affordability, where Saskatchewan put forward a program seeking equity, recognizing that in this province we're paying somewhere around 10 times the provincial per capita average for the programming. As a result of ongoing discussions and a lot of work with the other ministers across the province, and a recognition that with the proposals put forward that it would not . . . If changes that we had put forward were implemented it would probably never impact another province as fully as it would impact Saskatchewan.

There's now unanimous support for a proposal that was put together by the ministers. A lot of work went into this by

Alberta, and that is when margins have more than a 50 per cent drop below reference margin, that we would consider that a disaster and the federal government would be fully responsible for drops of more than 50 per cent below the reference margin.

As well, I'll just check the notes here. Inventory valuation. There's certainly been a lot of concern around methods of inventory valuation. We have had a study done by IBM [International Business Machines Corporation] to look at the issues of how we are evaluating inventory. I think particularly producers have been concerned where they've got inventory and there's a price drop and that's not accounted for in the current structure. So IBM was doing the study on this.

They put forward some recommendations but I know the CAIS review committee is also looking further at whether or not those recommendations would actually meet the need. And so we're trying to find a way of making sure that inventory valuation is done in a way which will really meet the needs when farmers are impacted by those drops in prices.

One of the other aspects as well is where you have continual decline in price and falling reference margins, which certainly in grains and oilseeds over a number of years becomes a clear issue.

I think I'll ask the deputy minister. There's one other one that our officials have been working on, and that is around negative margins. So if you would address that, Doug.

Mr. Matthies: — Mr. Chair, just one brief note there. In terms of increasing the accessibility of the CAIS program, there was a change that was announced to be effective for the 2005 year to give greater access to producers who have negative margins, and so that will give them better coverage and protection under the program. That was announced in July.

Mr. Bjornerud: — Then in light of that change that we're asking for there, will there be any speed-up then, because a lot of the calls that I've had and I believe other members have had is that the minute there's a negative margin you seem to get your application put on the back of the pile. And will that maybe help deal with that? Because that's one of the complaints that we get with the program, amongst many others, that for some reason when you call in or they phone us and we call in, oh, it's a negative margin so it's thrown at the back of the pile. And we have so many complaints on this program, that being one of them. Do you think that will, possibly if that change comes about, will help?

Mr. Matthies: — Mr. Chair, just to respond. I think the processing of the negative margin claims is likely to be much improved in the 2004 year. The provinces all made significant representations to the federal government in terms of timeliness of processing and a lot of the negative margin work was certainly put on the later side because of the complexity of doing it. But I think the arguments have been advanced and the response that we get at an officials level is that programs are in place that last year had to be built so they think that there should be better turnaround time now.

Hon. Mr. Wartman: — If I might, Mr. Chair, we did get confirmation on the earlier question. And just in detail, when a

Crown lease expires the Crown does purchase the capital improvements that lessee has put in place and while the land was being leased. And when it is re-leased or if it is sold, those improvements are accounted for in the package.

The Chair: — Thank you very much, Mr. Minister. I'll now recognize the member from Humboldt.

Ms. Harpauer: — Thank you, Mr. Chair. I want to follow up on the former member's questions on changes that Saskatchewan is proposing in the CAIS review committee. And there was mention of inventory valuations and that definitely is a problem within the calculations. Another concern that's coming forward and a lot of work is being done, is recognizing actual prices of what grain was actually sold for rather than a predetermined futures price. And I have had indication that would be helpful to the producers if they could actually use their actual figures of what they sold their grain for, and it also would be more advantageous to their marketing skills or give them more incentive to market wisely. Is that something that Saskatchewan is proposing as a change?

Hon. Mr. Wartman: — Basically what we are asking of our CAIS review committee is that they will look at all aspects of the valuation and certainly the issue of the valuation of commodities that are sold. The price that they're sold for is one of the issues that we have asked them to consider and I know they're actively engaged in that.

Ms. Harpauer: — Another problem that has arisen in the last two years of CAIS is structural adjustments. And it seems as if the calculation in the CAIS program — which changed from the first year now to the second year — the structural adjustments weren't a true picture of what happened on the farm site. So is there any discussion on how to make the calculations for structural adjustment more realistic?

Hon. Mr. Wartman: — I think there has been a clear recognition from the beginning that there needs to be improvements in the structural adjustment component of the program. We've pushed for that right from the beginning and certainly we've had calls and people raising issues around that and we're pressing for it. And basically that's all we can say at this point is we're pressing for it, some accurate adjustments around structural change.

Ms. Harpauer: — When we as a province, you know, ask for these things, are we proposing how it should be or are we just asking for them to find someone that's going to do the appropriate adjustments, that's going to make the program work a little better or at least show a truer picture? Are we giving actual suggestions as to how it needs to be changed in the calculations or are we just bringing the complaint forward?

Hon. Mr. Wartman: — Clearly on each of the fronts that we've been talking about, we have put forward our proposals. We're doing so in a federal-provincial context because that's where the decisions would be made. But we have certainly been trying to, I think in most of the program that we're working on, we're trying to see, okay what is the impact on Saskatchewan? How do we get the best national program in place? And what will that do? And so when we're putting forward our thoughts in the federal-provincial discussions it really is to try and make

sure that we get the best overall programming with a clear awareness of what the impacts on Saskatchewan will be.

We also, I think in doing that — you'll probably know this — but we have really tried to build extensive consultation networks amongst producers in the farming community. We used the farm support review committee extensively to provide advice to help develop solutions that will work very well for Saskatchewan.

Ms. Harpauer: — Who does Saskatchewan actually have on the review committee? There's someone from your department, I know. I don't know who that is. And who from the province as a whole do we have on that panel?

Hon. Mr. Wartman: — For our provincial component of the Saskatchewan committee, or the Saskatchewan component of the overall committee we have Rick Burton, who is our director; we have . . .

Mr. Sanders: — Jim Robbins.

Hon. Mr. Wartman: — Jim Robbins. Thank you, Hal. Jim Robbins as well. And also the federal appointees from Saskatchewan are Mervyn Arcand, Neal Hardy, and Marvin Shauf.

Ms. Harpauer: — Okay. Okay, returning to something else that you said that you were asking for for changes was equity, and certainly we support that due to the amount of arable land that we have in Saskatchewan. I don't feel though the federal government has even slightly shown any flexibility from changing from the 60/40 formula.

Is there a compromise position that we could propose such as in the three tiers of the CAIS program? Would they consider the disaster, the highest level of disaster an 80/20, the following tier 70/30, and then, you know, a more common shortfall of 60/40? Has that ever been proposed? Have you ever talked to other provinces of that type of compromise as at least a stepping stone in the right direction of making it more equitable? Or has it been 60/40 firm from the federal government, 100 per cent federal funding firm from the province with no meeting in the middle?

Hon. Mr. Wartman: — In terms of our discussions, certainly when the provincial ministers have discussed this we've looked at a range of possibilities. And you're right in saying that there's been very little willingness of the federal government to move on these. I have to be very clear that there has been a willingness to discuss and certainly our federal minister has heard clearly what the provincial ministers have been saying on these fronts.

The current position that we put forward which I indicated earlier is based on a lot of the analysis that Alberta did when we were working on trying to get some form of an equity program put in and it's really calling for, it's calling for a disaster component and our proposal is that it be 100 per cent federally funded.

There is unanimity amongst all the provincial ministers on that front but certainly in any of these discussions, what you're

looking for is something that will work effectively, that is reasonable. And so I think there's always a level of openness to discussion.

But the unanimous position at this point, of the provincial ministers, is that given all the rest of the program, that it's only right that the federal government would take on this portion.

I can say that for Saskatchewan last year, if we'd have had the disaster component in place, I think it's in the neighbourhood of \$56 million would have been covered by the federal government. Which of course, as you know, our budget would have given us some significant leeway as well, in terms of how we might apply and put funding into building a more stable agricultural economy.

Ms. Harpauer: — How often has the review committee met and when are they supposed to give a, you know, a report that will initiate the first significant changes?

Hon. Mr. Wartman: — The review committee has had three face-to-face meetings and probably has recorded three conference calls as well. They don't issue a report as such, but they do put forward recommendations. And they've had a lot of, of course, a lot of back and forth in terms of the inventory valuation, the discussions around how they can make that effective.

Ms. Harpauer: — Okay. The money that producers would have received this past 12 months for the various cattle or livestock programs that have been offered due to the BSE [bovine spongiform encephalopathy] issue, the money that producers have received for those programs, is that considered income for the CAIS program?

Hon. Mr. Wartman: — Yes it is.

Ms. Harpauer: — So in essence the money that producers lost through the cattle or other livestock will be clawed back in what they're entitled to from CAIS?

Hon. Mr. Wartman: — Just to clarify on your previous question. And I'm sorry, I missed the last one because I was trying to overhear what the officials were saying. But it's in the claim year that it's accounted for. It's not part of the reference margin, but it's accounted for in the claim year.

Ms. Harpauer: — What would happen if you had two equal producers who both access the livestock program and one was in CAIS and one wasn't?

Mr. Cushon: — The income from the BSE programs is included in calculating the margin of each of those farmers in the claim year. And if one triggered a payment, they would get that payment; if the other didn't trigger a payment, there would be no payment from CAIS.

Now if a producer just didn't belong to CAIS, chose not to belong, of course then they don't do anything with CAIS — they won't even do a calculation. And then what happens is the following year when a farmer is calculating their reference margin and they go back to that previous year, they include all the income but they don't include any government payments in

that.

So I guess the way to look at it is, you can't increase your reference margin by including any government payments. The program is designed to have a reference margin calculated on your market income.

The Chair: — Thank you, Mr. Minister. I'd like to recognize the member for Melville-Saltcoats.

Mr. Bjornerud: — Mr. Minister, then that leads into a call I've already had today. Because I think there's farmers out there caught in exactly what the member for Humboldt was talking about and are concerned with the money that the feds announced today, the program . . . and not concerned that it's coming, very appreciative of that. But there could be farmers caught depending on how this is going to be paid out. And maybe that should be my first question. Do you have any idea what they're thinking of how they're going to pay this out or when and so on?

Hon. Mr. Wartman: — As far as we know — and they were very clear that they would be sending us details in the weeks ahead — but as far as we know, it's on eligible net sales for grains and oilseeds. And that's the only information that we have — eligible net sales for grains and oilseeds producers.

Mr. Bjornerud: — I guess the concern that I've had passed to me today — and it really fits in with what the member for Humboldt was talking about — is say we have two producers. Depending on how it's paid out — but we know with the large volume of grain out there, there's piles all over the place and very poor quality — one neighbour could qualify for a payout in this year, another one may not qualify, and if this money . . . Say on average both farmers receive \$10,000 or \$15,000 in this 250 million that the federal government is coming out with, but the one farmer qualifies for a CAIS payout and the other one doesn't. But this money shows would affect whether one would get it or the other.

Are you following what I'm saying here? That the farmer that doesn't maybe need it as bad will not be affected by the payout. The farmer that would be in a qualifying position but because of say \$15,000 payout from the federal government wouldn't qualify — in a way he's losing. And I'm not trying to say that we don't want this money. You know as well as I do how badly we need it.

I guess the concern out there is that if it was really tight between two producers out there, and the one could get it but he wasn't going to qualify for a CAIS payment anyway so it wouldn't matter, that was fine. But another one in almost the same predicament, but because he got 15, 20, \$25,000 payout, took him away from a CAIS payout, he actually is losing compared to the other guy. And I just wondered if we could keep that in the back of our minds if we have any input into what they're talking about.

Mr. Matthies: — Just a comment that I might provide. Obviously in the calculations the individual's own revenue and expenses will greatly influence what's going to happen. I would just sort of offer the observation that where we have seen the past payments like the FIP[farm income program] program for

example, we don't see that it's sort of a one-to-one offset and just make sure that that's sort of understood.

And I'm going by memory here, but I believe that, you know, in that 20 per cent, if I could use that as an average type of generalization, that maybe 20 per cent might be, to use the word clawed back, or it might reduce a CAIS payment to that effect. But it tends not to be one to one. Now that obviously varies by individual circumstance but sort of a basket I might put that out there, just offering some assurance that, you know, support on one hand isn't necessarily going to be offset through another mechanism.

Mr. Bjornerud: — I understand what you're saying and I agree with that. But I guess the one way that we would be sure that it wouldn't affect it, if that money was not shown against your income for CAIS, if you follow what I'm saying. And I know that may not be possible with Revenue Canada and everything else. But it would be one way of not kind of jiggling who gets paid and who doesn't, and kind of taking what we're doing here for the good of the farmer and kind of removing it because one takes away from the other.

Hon. Mr. Wartman: — There really was not an option provided. The federal government were very clear that it would be counted as income.

The Chair: — Thank you. At this time I'd like to recognize the member from Moosomin.

Mr. Toth: — Thank you, Mr. Chair. Mr. Minister, a moment ago you talked about eligible net sales. A year ago producers in Saskatchewan had probably one of the best crops coming till frost hit, and there's still a lot of grain sitting in the bins. When you talk about eligible net sales, is that included or just what you were able to market?

Hon. Mr. Wartman: — It'll be based on, from '98 on, a five-year average. Is it an Olympic, Doug, or just straight-up average?

Mr. Matthies: — Straight average.

Hon. Mr. Wartman: — Straight average over the five-year period. So whether that will be, how that will be accounted for . . . Have you got a sense of that?

Mr. Matthies: — That shouldn't matter.

Hon. Mr. Wartman: — It shouldn't really impact, okay. So you're basing it on a five-year average of eligible net sales.

That's the other piece that Hal points out, that if you're a new farmer, if you don't have that five-year average, a base will be constructed. They'll look at the area and what's common etc., to construct your base.

Mr. Toth: — Thank you, Mr. Minister. A lot of producers are going to be pleased to hear that because I know a lot of producers with . . . This fall was a difficult time trying to find storage because you still couldn't move last year's commodity. And then net sales. When you hear the term net sales, you're saying, well man I never had a chance to move much next year,

so I guess I'm on the outside looking in again. And as my colleagues have mentioned and you probably have been aware of it, there are producers in some very difficult, difficult situations. I had one gentleman yesterday who said he's never had, he's never had it so tough on the farm. So that's good to hear.

Mr. Minister, you also make . . . There's a comment in here about crop insurance and a reduction in crop insurance premiums. And it's combined with the 159 million more going into Agriculture in these supplementary estimates. And I'm wondering exactly what you're meaning by the reduction in crop insurance premiums. Are you basically saying that producers this year have reached the point where they had no value left in their crop insurance and have decided not to carry it, or what's the rationale in that comment?

Mr. Matthies: — Certainly there was some savings, if I can say that, in terms of what our actual spend on crop insurance versus the budget was. I would not characterize it the way you did perhaps, that what we did see though is the average coverage level drop slightly. And I don't remember exactly, but it is approximately about 70 per cent of the acres were insured in the province last year. This year we're around 69 per cent. So there was a slight decrease in terms of the number of acres that were insured. And so when we see that, then we get some reduction in the cost of the program.

The other part of the savings, if you will, was we budgeted a slightly larger amount for interest costs on the deficit than we are actually incurring. So there is sort of a twofold savings partly due to the interest and partly due to premiums.

Mr. Toth: — So the amount of money that we're talking of here in the additional funds, well your interest costs have gone down and you've had slight reduction in the amount of premiums. Are you also saying you have to add more to the fund because of the amount of claims that have come in this year?

Mr. Matthies: — . . . the question correctly, no. Every year we establish a budget for what we expect will be the premium cost but the amount of the ultimate premium depends on what crop mix producers seed — what crops they're seeding, how many acres, what level of coverage they buy, all sorts of different variations like that. And so at the end of the day we were high I guess on our estimate, if you will, of what the cost of the premium would be. A lot of that is driven by things like crop mix, could be coverage level. And like I said, in this case what we saw is a slight decrease in the average proportion of acres that were insured versus where they were in the prior year.

Mr. Toth: — And in regards to the crop insurance program, I do have one question here that may not necessarily be totally directed to the funding here under the statutory expenditures. But a question arises as to the disagreement that may be between a producer and what the Crop Insurance field management would decide is the grade quality on the grain. And yet when you go to say three different companies and nobody wants to give you anywhere close to that grade, what avenue is followed to deal with that?

Mr. Matthies: — Mr. Chair, just in response to that. The first

thing that we do is as it relates to grade, Crop Insurance does do the grading. If there is a dispute in terms of whether it should be a 3 or feed or whatever, if the product has not yet been sold then Crop Insurance will resample. And what they have done in the past is submitted samples to the Canadian Grain Commission to do the grading just to sort of get an independent view of it.

The other mechanism that is available to a producer if there is a dispute on the claim is there is an appeal process where they can file an appeal. And we have an independent body of producers that reviews the claim to make sure it was handled in an appropriate fashion.

Mr. Toth: — Thank you. I have one other. It's a question just a little different. It's off of crop insurance. But in regards to the additional funding that's come to agriculture, and this may even not necessarily be right in this budget, but I know a question came to your office, Mr. Minister, in regards to custom operators and the difference between tractor-operated equipment like manure-handling equipment or bale handling and trucks handling equipment. And I'm wondering, Mr. Minister, what your department has done regards to that question and the . . . It's actually has to do with regards to the use of coloured diesel versus clear diesel and whether your office has looked at this and what steps you've taken.

Hon. Mr. Wartman: — We certainly have been in discussion with the bale haulers and manure spreaders as well and really looking at what the impacts are. And we've also referred this to Finance, whose jurisdiction it is around the fuels, and referred it with a desire for consideration. And this will be in the budget considerations as we move forward.

The Chair: — Thank you. I would like to recognize the member for Melville-Saltcoats.

Mr. Bjornerud: — Thank you, Mr. Chair. Just to follow up on what my colleague from Moosomin was talking about, the clear diesel and that. I had a call from a gentleman that's involved in the short-line rail up by Aylsham and Nipawin up in that area and, as you're well aware I'm sure, that they're just getting in the process of getting the machinery and that in place and getting going.

One of their big concerns is the cost that they're going to be forced to stick with clear diesel and pay the extra cost of course and wondering if there was any way . . . They've contacted some departments of government. I'm not sure if yours was one of them. Probably Highways but . . . yes, transportation.

I'm just wondering though if maybe we could do something to help them get off the ground. Because I believe with the costs right now they're really worried that before they even get out of the chute, they're going to really be in trouble there. And I was wondering, Mr. Minister, if maybe you could talk to your colleagues too about it and discuss this issue. Because I guess to this point they haven't had any satisfaction and our concern is becoming greater all the time for them up there.

Hon. Mr. Wartman: — I'll take note of that.

Mr. Bjornerud: — One thing that caught my eye here a while ago and why I'm bringing it up when we're talking about

funding for CAIS is because I think down the road it will affect crop insurance payouts, CAIS payouts. And you may be very well aware of this, is genome research and maybe you would just . . . something that twinkled my eye, but they've talked about . . . One of the things I thought was really interesting. They've talked about developing a wheat now that can take two, three, four degrees of frost which we all know last year could have saved millions upon millions of dollars for crop insurance program and CAIS program down the road, but would have added a lot more to the farmers' pockets too.

And my question being I guess, and knowing that the federal government puts dollars in and I read they go out and lobby the private sector to put dollars in for their research. But it just sounds to me like it was a really good research project and very beneficial to agriculture in Saskatchewan.

And my question would be, do we put money into a program like that or would we consider putting money into a program like that?

Mr. Matthies: — Mr. Chair, on the genomics file I would say that there are some files, some projects where the province has contributed to the research. The particular one that you're making reference to, the winter wheat, we actually provided a letter of support to Genome Canada when they were reviewing the applications, but the province did not, or the Department of Agriculture did not put any funding forward on that one.

Our research expenditure has focused on what we've described as sort of applied research, closer to commercialization. The understanding that we have at this point is this is what's considered more basic research because it's farther back in the chain before it can be realized in the field. It may have, for example, a 10-year time horizon before farmers would be able to see that in the field. So we certainly encourage that the work would be done but within our own ADF [Agriculture Development Fund] funding applications. Last year we did not review it.

Now we are aware that there are further discussions going on. We have been in some discussion with the Department of Learning even, in terms of where there may be an avenue through them where some dollars may be applied, and I would say at that point those discussions are still ongoing.

Mr. Bjornerud: — Thank you.

Hon. Mr. Wartman: — I might add to that, that you may want to ask Learning and Industry and Resources in terms of some of the flow-through dollars from federal government matching grants that they make for the research that's further back as well.

Mr. Bjornerud: — I'm glad to hear that. And don't get me wrong, I'm certainly no expert on that but it had caught my eye. And I thought that somewhere down the road, as I think we're all concerned about how we keep our costs down for the crop insurance payouts and the CAIS payouts and things like that, it had a lot of merit to it. And it seemed like there are a number of other areas that they're into and they want to promote and I think it's beneficial to all of us. So that's where that question come from.

The \$159 million I believe is the additional dollars that we're talking about into the CAIS program to fully fund it this year. How do we come up with a number? Like how do you know if it's a 2004 year, what the province's share will be?

Hon. Mr. Wartman: — From the beginning we have taken our estimates from the federal government. I mean we do have input and discussions with them, but they do provide us with estimates. I think you'll probably recall, and other members will recall, how all over the map those were in the '03 year. And we seem to be getting tighter and tighter in terms of the estimates and I think they're getting a little closer in terms of their ability — we hope.

But basically it's from the numbers that they provide us and so based on that estimate we think if they're . . . Well whether they're close or not, we are committed to fully funding for these two program years. And I think from our perspective, and I expect most people, that the fact that we were able to announce '05 well ahead of the '06 budget is much appreciated by many people.

Mr. Bjornerud: — So what happens now, if for an example this year where we've put in 99 million and 159 million to fully fund it and that money is not all used — say there's \$50 million sitting there — does that money carry over then? Does that cover the . . . go into the next year? How does that work?

Hon. Mr. Wartman: — My initial response is I only wish. No it lapses. It goes to the general . . . back to the General Revenue Fund for redistribution.

Mr. Bjornerud: — Okay. It never leaves then really. It goes right back into our general revenue funds.

Hon. Mr. Wartman: — And on the other hand if it's more than what we're estimating, it has to be drawn from the GRF [General Revenue Fund] as well.

Mr. Bjornerud: — Good, that's what I was asking. Mr. Minister, we've had a number of calls. I think the member for Weyburn and I've had some, possibly the member from Moosomin, especially along the American border, but I think it's affecting all the farmers in Saskatchewan that grow peas, is that the Americans have really been flooding the pea market up here. And I know a number of my producers, and I'm sure they're all the same too, that number one, they've drove the market, the price down. So it's a terrible price right now compared to what it even was last year but in many cases can't move their peas. And we all know that the shortage of cash out there right now that we need these specialty crops like peas to help bring money in like last year. I know a number of my producers sold peas right away because it was a decent price.

Have we done anything as far as the Saskatchewan government in conjunction maybe with the federal government or to the federal government to say what is going on here, because this is really hurting our farmers here in Saskatchewan.

Hon. Mr. Wartman: — We've certainly been in discussions with the pulse growers, with the board, and they do not want to take any action at this point. You know, there was consideration of anti-dumping and trying to take some action. At this point

they're not recommending that we or they press that action. But certainly it is a huge concern.

I mean, you'll know the impact when the US included pulse crops in their farm Bill and overall that has had a negative effect. The fact that they are now marketing and also using what is a very, I think an almost over-used transportation system. Here certainly the rails are . . . the railroads are not providing too many cars and not providing them in a too timely manner. And it's impacting a lot of people to have that additional commodity being brought into Canada and moved through our system, and I think it's been costly.

Mr. Bjornerud: — I agree that the subsidies down there when they include it, especially crop share, are just going to kill us up here and they've already started to show. Every farmer we've got here has diversified and gone into other crops that we never used to grow and done things like this.

And when the American farmer is subsidized to the tune he is down there and then when they can start dumping it over here . . . I mean I'm a proponent of free trade and everything else. But it just seems to me when the Americans are at an advantage down there, everything's great. And when they're not at the advantage, whoops the border seems to want to close real quick. And nobody knows that better than I think both levels of government. But it's certainly unfair to our farmers up here.

Hon. Mr. Wartman: — Yes, that's accurate. And certainly in our discussions around trade injury with the federal government it's a recognition of how heavily the US farm Bill can impact our producers here and can impact commodity prices. And so we have certainly pressed on that front for support on trade injury. And we're appreciative of the funding that is flowing to producers — the funding that came in the spring and the funding that is currently going to be flowing.

The other area that we're trying to deal with this is through the WTO [World Trade Organization]. And we've been working with again a variety of producer groups to put together the most effective, strongest Saskatchewan position that we can so that we don't have a lot of disparate opinions when we go to the negotiations. And it is our hope that we will see some changes that will strengthen our position in the world markets.

Mr. Bjornerud: — This is a different subject here but it all ties back to the programs that we have up here or will in one way or another. But ADM [Archer Daniels Midland] announced a US biodiesel facility in, I believe it was in North Dakota. Did we have any discussions up here with that company that possibly that plant would have been positioned up here or constructed up here?

Hon. Mr. Wartman: — We're not really clear whether discussions happened with the particular company but we know that there were discussions with companies that we're considering. And there was little opportunity for us to compete against the US federal treasury on this front and they were providing some pretty lucrative incentives to help develop the industry in the States there. And we are still waiting for the task force on biodiesel to report. Certainly there's been some good developmental work here and we've been in discussion with a number of the groups that are wanting to move forward with

biodiesel development.

And so we're . . . There are a couple of fronts where I think it's very important as we try and move ahead that we get some level of co-operation and support from our federal government. We're really disadvantaged when we're trying as a province to fight against the US federal treasury.

Mr. Bjornerud: — Forgive me if I missed it, but did I understand you right that you did not have consultation with ADM, or there was consultation and then they still went to North Dakota?

Hon. Mr. Wartman: — To the best of our knowledge there were no consultations with ADM, and just so you'll appreciate that Industry and Resources was dealing with biodiesel up until just recently when I inherited the file.

Mr. Bjornerud: — Thank you.

The Chair: — I'll now recognize the Deputy Chair, the member for Redberry Lake . . . the member from Biggar.

Mr. Weekes: — Thank you, Mr. Chair. To the minister, some more questions on CAIS. I've had a number of complaints and members have had a number of complaints about the operations of the office in Winnipeg. And they revolve around . . . We have contacts that actually work in the CAIS office and the general comment is they don't have the people with the expertise in agriculture — actually no expertise in agriculture — dealing with these files and don't understand the basic things about agriculture.

The other main concern is applications. You spoke on concerns around the negative margin and those applications are left . . . the other ones as the minister has said in question period last spring, that the larger and more complicated applications are left to the end. Could you comment on those areas and have you talked to the federal minister and department about those particular items?

Hon. Mr. Wartman: — Yes, thank you for the question. In fact we have had some ongoing discussion and also correspondence around this. We've certainly had a number of calls as well through my office — I believe the department has as well — people very concerned about the lack of consistency and knowledge in the staff in the CAIS office.

And this raises grave concerns for us on a number of fronts because it has to do with the timeliness of payment when people are in significant need. It also raises concerns in terms of the accuracy of the processing. And so hearing what the concerns were, hearing what some of the comments and the interactions were with staff in the processing really led us to — in our discussions with the federal government — to call for more consistency in staffing, for a concerted effort to train that staff. And it is our hope that we will see those issues addressed.

We think that just in terms of the administration it would make more sense — rather than laying people off — to do training. We think that it would be more efficient in terms of the overall running of the program, and in fact probably would be less costly to do that than it would be to just pull them in seasonally

and pull in whoever you can get who meets some level of qualification. So we are asking . . . We have corresponded with the federal government asking for some changes around this to try and make the processing more efficient.

We've also had significant discussions with the federal government at the federal-provincial-territorial ministers' meetings around the timeliness of processing and really pushed to try and get some more speed into the process.

You had a couple of other questions in addition to the one around staffing. And I'm sorry I didn't make a note . . .

Mr. Weekes: — Yes. Well you spoke about negative margins but the other items that delay applications are just the size of the operations and/or more complicated. More complicated, I think I would describe that as any company or individual has a year-end that is not December 31 seems to just put those files on the back burner.

Hon. Mr. Wartman: — Yes those are all issues as — and I will check with the officials here — but as I recall those are all issues that we're asking to be addressed by consistency in training in the staffing. I think you've got people who are able to and consistently able to deal with the more complex files. We want them to be handling them. But let me just check with the officials and see if there's other indications.

Mr. Cushon: — Mr. Chairman, the other thing we're trying to do in the CAIS program is to simplify the forms. And next year the farmers will have an option of just filling in a supplemental form on their income tax form. So if they've got their base data in and they're calculating the reference margin then you can fill out your normal income tax form and then provide the supplemental information.

We're hoping for a substantial number of farmers that just means it automatically gets, you know, verified and processed and payments claimed and then the CAIS administration will be able to devote more of their energies to the ones that don't fit that type of process. And in this way we'll get claims processed on a very timely basis and put the resources where we want them to be to address any problem areas.

Mr. Weekes: — Thank you. Another example, and I'll just bring it up. It's almost bizarre, but I've been told by our sources in the CAIS offices . . . The question is, if you want to delay an application, what's the best way of doing it? And that would be for a farmer or a representative of an individual to phone into the CAIS office and ask how their application's going. And I understand the process is, if there's a phone call, that means the file's pulled out and it's put on another pile where someone has to write a letter in response to the inquiry; and that puts it at the bottom of the process.

If you want to comment on that, I would just suggest that's something else you could talk to the federal minister about — another problem area that seems to be there in the bureaucracy.

Hon. Mr. Wartman: — That clearly is an administrative issue and we have asked for them to try and develop administrative processes that will give us the greatest efficiency and the greatest effectiveness in making sure the forms are processed

and the funds put out.

Mr. Weekes: — Another issue is interim payments from CAIS. I understand that in 2003 there were some interim payments made and then bills were sent out because there were mix-ups or inaccurate . . . not inaccurate applications but that there were payments that shouldn't have been made according to CAIS office. And in 2004, they pretty well deny all interim applications because of their inconsistency in the application process. Could you make a comment on that? Has that come up in your discussions?

Hon. Mr. Wartman: — I think not only where the program is federally administered, but also I know that Alberta certainly ran into some issues around overpayments. But where a producer believes that they are eligible, they've done their estimates and they fill out the forms asking for an interim payment, they are eligible for that interim payment. If they have overestimated in terms of what they're calling for, then the overpayment will have to be recovered and as I understand there are a couple of methods for recovery. It could be through subsequent payment or they could ask for them to put together a timely payout, repayment package.

Mr. Weekes: — But I think that's the result of those problems show that there's a lot less interim application payments being made.

Hon. Mr. Wartman: — I think it is accurate that the numbers are lower. And I don't doubt for a minute that the issues around overpayments and the struggles to try and repay those have created a lot of caution as people have put their applications or thought about putting applications together for an interim payment.

Mr. Weekes: — Has your government considered looking after the Saskatchewan files on its own like Alberta does, as far as administration?

Hon. Mr. Wartman: — A couple of things. First in, you know, we did discuss the potential of doing it Saskatchewan only. We believed that the federal administration would be effective. I think you may recall from some of the discussion in the House last year that certainly in terms of timeliness, we were tied into the federal program. We were further ahead in terms of payouts than what the Alberta administration was for a good portion of the year despite the size of or the volume of payments that we have in and claims that we had in Saskatchewan.

The intention as we move forward with CAIS is that it will be done, I guess in parallel with income tax where it makes most sense to be federally administered. And so with those directions in mind and certainly I know that's where the federal government sees it going. And so I think that having federal administration does make sense. I think it's also important to note, and I don't know if this has been noted, that we do have federal government offices in Saskatchewan and those offices are also handling some of the CAIS forms here.

Mr. Weekes: — Thank you. Further questions on CAIS. What was the average payout to Saskatchewan farmers under the 2003 CAIS program?

Hon. Mr. Wartman: — Of the claims that were paid, the average was around \$20,000.

Mr. Weekes: — Thank you. And what was the total payout to Saskatchewan farmers for 2003?

Hon. Mr. Wartman: — For 2003, 465 million is what we're projecting the final payout figure will be. There are still some in appeal and not completed.

Mr. Weekes: — What was the total . . . Sorry. What was the average gross margin on an application basis for 2003?

Hon. Mr. Wartman: — We don't have 2003, but for 2004 it was 54,000-plus.

Mr. Weekes: — What is the average payment per application for 2004?

Hon. Mr. Wartman: — There are only some of them processed to date and it's just over 15,000 for 2004.

Mr. Weekes: — What is the projected total payment for the 2004 program year?

Hon. Mr. Wartman: — Projected payment is 403.2 million.

Mr. Weekes: — Mr. Chair, to the minister, going to the 2002 CFIP [Canadian farm income program] program. The government, your government paid out 88 per cent of what producers were entitled to. Are there any plans to going back and making up that shortfall?

Hon. Mr. Wartman: — We had, coming into the CFIP program, committed to a certain dollar amount. And that dollar amount was fully paid out and there is no intention of going back and redoing any payments there.

Mr. Weekes: — Thank you. On another topic, the vet college at the University of Saskatchewan, I'll just make a general comment. I personally know one of the world leaders in feedlot vet medicine left for Alberta to take up a position there in a private sector. The Alberta government is setting up a vet college for large animal studies, I believe.

What is the status of our vet college and is there any negotiations with the other provinces as far as more funding for our vet college? And how does the Alberta plan to set up their own vet college affect ours in Saskatchewan?

Mr. Matthies: — Mr. Chair, just if I could just offer some comments on that. The vet college is not directly the responsibility of Sask Ag and Food but we do have obviously lots of contacts there.

I spoke with Dr. Chuck Rhodes, the dean of the college, several times this fall and last year as Alberta was rolling out their announcement. Certainly there was some concern in terms of what would be the impact but the four Western provinces have continued to commit to the same number of spaces, is my understanding, in terms of providing students to the college. And the vet college is currently going through a facility expansion right now. They have already started construction to

expand the college and to give it some necessary upgrades.

So we see a fairly good or a strong future for the facility and for the need. We certainly have had good discussions that as the province builds its livestock industry we know that part of those tools means we have to have the people in place to give the care to the animals. And we think that is positive.

I believe the individual that you have referred to that has gone to Alberta is the individual that is now the second new dean of the Alberta college that has not yet been built. The original dean that they hired for that college stepped back from the appointment, if you will. And so this individual, if it's the same one that I'm thinking of, is now their second dean even though they have not yet even got their facility constructed. So those are the comments that we can offer you.

Mr. Weekes: — Thank you. I'd certainly agree with the deputy minister of the importance of the vet college and the need to have it continue for the betterment of our industry in Saskatchewan.

On just a different area. But again the breeder and feeder loan guarantee program is again very important to the feeding and livestock industry in Saskatchewan. I just have two or three questions concerning the guarantee.

Could you give us a number of defaults in payments that the government would have had to pick up concerning the loan guarantee in the last, well let's just go back three years, the previous three years?

Hon. Mr. Wartman: — Since the inception in '84, more than 1.44 billion has been put out in guaranteed loans with guaranteed payments. Of that, about 4 million or less than point three per cent of the total guaranteed loans have been in default.

Mr. Weekes: — Thank you. Also concerning the breeder and feeder, there's a new, relatively new aspect to the breeder and feeder association program and it's a feedlot part of the loan guarantee. Has there been any uptake on that program at all to this date?

Hon. Mr. Wartman: — Since that's not tied directly into supplementaries, we don't have the level of detail here. But it is my understanding that there has been at least limited uptake on that. And we will provide you with that information.

Mr. Weekes: — Well thank you very much, Minister, and to your officials. That's all the questions we'll have for today and we'll take this up again next week.

The Chair: — Thank you very much. I'd like at this time to thank the minister and his officials for coming before the committee today and answering the questions of the members. And we very much appreciated you being here today.

Hon. Mr. Wartman: — Thank you, Mr. Chair, and members, for your questions and interest. And I want to thank the officials from the Department of Agriculture and Food for their hard work and for their commitment to this industry and for the answers today. Thank you very much.

The Chair: — At this time I would entertain a motion to adjourn. Thank you. I recognize the member from Moose Jaw North.

Mr. Hagel: — Mr. Chair, I move the committee do now adjourn.

The Chair: — All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Thank you. The committee stands adjourned.

[The committee adjourned at 17:30.]