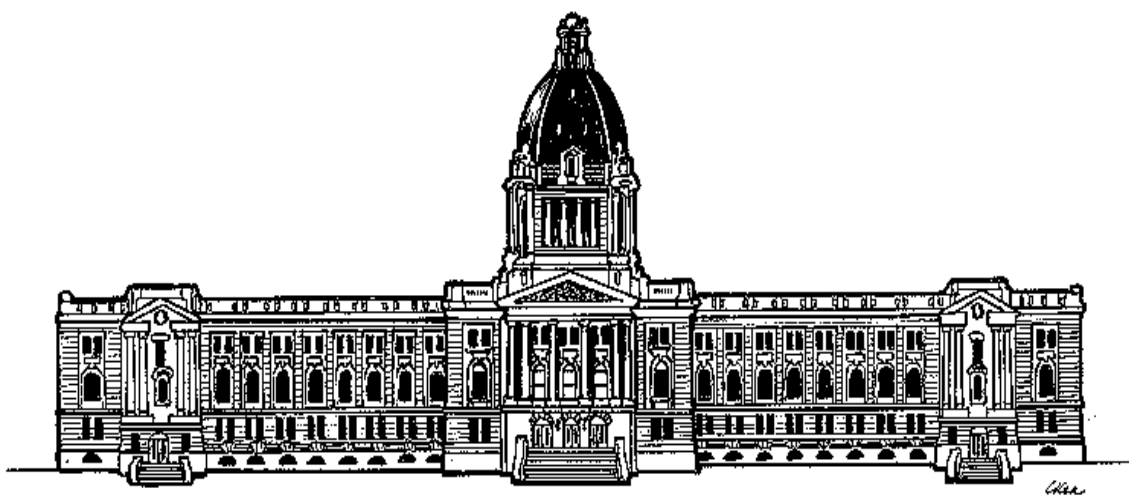




STANDING COMMITTEE ON THE ECONOMY

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Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON THE ECONOMY
2007**

Mr. Kevin Yates, Chair
Regina Dewdney

Mr. Randy Weekes, Deputy Chair
Biggar

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Eldon Lautermilch
Prince Albert Northcote

Mr. Lyle Stewart
Thunder Creek

[The committee met at 15:08.]

**Bill No. 5 — The Oil and Gas Conservation
Amendment Act, 2006**

Clause 1

The Chair: — Thank you very much, committee members. We'll now call the meeting to order. The first item of business before the Standing Committee on the Economy is An Act to amend the Oil & Gas Conservation Amendment Act, 2001. We have with us the minister responsible for the Bill, the Hon. Eric Cline, and some officials. Eric, would you like to introduce your officials please.

Hon. Mr. Cline: — Yes, thank you, Mr. Chair, and good afternoon to you and members of the committee. With me today, seated to my right is Trevor Dark who is the assistant deputy minister for petroleum and natural gas. To my left is Mr. Brian Mathieson, the director of petroleum development. Sitting behind him is Mr. Todd Han who is the assistant director of petroleum development. And to Mr. Han's left is Brad Wagner, the manager, licensing and environmental liability protection at petroleum development.

The Chair: — Are there any questions for the minister? Seeing none, then is clause 1 agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 8 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Oil and Gas Conservation Amendment Act, 2001 . Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Could I ask one of the members to move that we report the Bill without amendment?

Ms. Hamilton: — I would move we report the Bill without amendment.

The Chair: — Ms. Hamilton reported the Bill without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you very much. Mr. Minister, thank you to you and your officials for coming this afternoon, and we'll be moving this Bill forward in the House.

Hon. Mr. Cline: — Thank you very much.

**Bill No. 32 — The Superannuation (Supplementary
Provisions) Amendment Act, 2006**

Clause 1

The Chair: — The next item before the committee will be the Bill No. 32, The Superannuation Amendment Act, 2006. We have with us this afternoon the Minister of Finance and his officials. Would the minister please introduce his officials to us.

Hon. Mr. Thomson: — I'm joined today by Doug Matthies who is the deputy minister of Finance and Brian Smith, the ADM [assistant deputy minister] responsible for the PEBA [Public Employees Benefits Agency].

The Chair: — Thank you very much, Mr. Minister. Do you have any opening comments that you'd like to make at this time or . . .

Hon. Mr. Thomson: — I don't. I know there are a number of questions that were raised by the committee at its last discussion of this. Mr. Smith is prepared to answer those questions that were raised. And perhaps what I could do is just ask him to move through those, if that would meet with the committee's approval.

The Chair: — Thank you very much. Do you have those answers by chance in writing?

Hon. Mr. Thomson: — I do.

The Chair: — That would be helpful perhaps if the members had those.

Hon. Mr. Thomson: — We could simply circulate them. We don't have extra copies, but we can arrange for extra copies if I can provide . . . Oh. Ask the Clerk to . . . Thank you.

The Chair: — Right. Thank you very much. We'll await those copies to be brought to us. It'll be just a couple of minutes. Open the floor for any other questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Most of our questions pertain to questions that were asked at the previous session and at the hearings. They are pertaining to costs associated with several suggestions that were brought forward by the superannuates group especially in the areas of death benefits, health and dental benefits, the spouse's allowance. I'm sure officials have had a chance to review the transcripts, and we asked a number of questions in that regard.

What the opposition would like is the opportunity to get those costings and the information and then have a chance to review that information and look through the Bill one more time.

If the information can be provided today in written form, I think that would suffice for today, and then we'd be prepared to come back at our next session and address the Bill.

The Chair: — All right. Are there any further questions then on this Bill? Seeing none, the . . .

Hon. Mr. Thomson: — If I could just . . . a comment that we have not costed the options that the member has asked for. I don't have that information here today. Sorry. I've got costing here for . . . Right, so I've got here costing for the life insurance, health and . . . No . . . Sorry, yes. I've got costing for

... based on the 70 per cent. That's right. I only have the costing based on the 70 per cent. So these additional issues we have not costed out.

The Chair: — Would you be able to provide the committee costing on those additional issues prior to our next meeting?

Hon. Mr. Thomson: — No. It will take us some time to calculate it. Obviously we need to provide accurate numbers. I wouldn't want to provide an inaccurate assumption to the committee.

The Chair: — Okay. Would you please at the earliest possible convenience or possible opportunity provide those numbers to the committee?

Hon. Mr. Thomson: — I think the difficulty is that these are based on actuarial assumptions in large part. It does take us some time to do costing on these as this works its way through. I don't think it would be possible to provide them in a timely way to allow this Bill to be moved through.

The Chair: — Thank you. Do you have any further questions?

Mr. Cheveldayoff: — Not at this time.

The Chair: — Okay. With that we'll move on to the next item of business then before the committee: consideration of the supplementary estimates for the Department of Finance and Saskatchewan infrastructure fund.

**General Revenue Fund
Supplementary Estimates — March
Finance
Vote 18**

Subvote (FI09)

The Chair: — Thank you very much, committee members. Once again we have the Minister of Finance before us and the same officials. Do you have any additional officials you'd like to introduce, Mr. Minister?

Hon. Mr. Thomson: — I would introduce that Karen Layng, who's the ADM responsible for the Treasury Board, has joined us. Joanne Brockman has also joined us. And Terry Paton from the comptroller's office have joined us.

The Chair: — Thank you very much, Mr. Minister. Do you have any introductory comments you'd like to make?

Hon. Mr. Thomson: — Well I think the nature of the supplementary estimates are fairly straightforward, and I would welcome questions from the members.

The Chair: — Thank you very much. We'll then open the floor for questions. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Regarding Finance, vote 18, pensions and benefits, public employees pension plan, \$1 million; and employee benefits, employee contribution, \$500,000 — can the minister or his officials just explain for the members exactly what the funding will be used

for? And we have received very, very little information on this, so I'd appreciate any help the minister can give us.

Hon. Mr. Thomson: — Perhaps the deputy minister can respond.

Mr. Matthies: — Thank you, Minister. Mr. Chair, through the Chair, the costing for Finance in the supplementary estimates are really the costs associated with the new collective bargaining agreement that came into place. And so what we are seeing is an incremental cost for government pensions and benefits retroactive to October 1, 2006. And so what we're providing for in supplementary estimates is funding to make those payments in anticipation that the agreement is signed on March 31.

Mr. Cheveldayoff: — Okay. Thank you. Thank you, Mr. Chair. I think we're okay with that. I don't think we have any questions, any further questions at this time, Mr. Chair.

The Chair: — Okay, thank you very much. The item we're voting off then is vote 18 in the amount of \$1,500,000. Is that agreed?

Some Hon. Members: — Agreed.

**General Revenue Fund
Supplementary Estimates — March
Saskatchewan Infrastructure Fund
Vote 78**

Subvote (SI01)

The Chair: — All right. The next item before the committee then is vote 78, the Saskatchewan infrastructure fund, and that amount is statutory. Do we have any questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. In regards to the Saskatchewan infrastructure fund, we have a number of questions. The \$16.6 million that was expended, would it be possible to get a summary of the monies spent and where they were spent? And could the deputy just gave us an outline, an overall outline of monies expended so far?

Hon. Mr. Thomson: — I'm curious as to what level of detail you're looking for beyond what is provided in vote (SI01) because we've got the CSIF [Canada Strategic Infrastructure Fund], MRIF [Municipal Rural Infrastructure Fund], and CSIP [Canada-Saskatchewan infrastructure program], and the UDA [urban development agreement] funding there. Are you looking for more detailed . . .

Mr. Cheveldayoff: — No, just the overall numbers. I don't think we're looking into the specific . . .

Mr. Matthies: — Mr. Chair, the \$16 million relates to the money that has been identified through the community builds program. There were projects that were identified in Saskatoon Meewasin, in Swift Current, in Moose Jaw, and in Yorkton. And the sum total of those four — which I believe were all announced in December — is the \$16 million that I think you're referring to.

Mr. Cheveldayoff: — Okay, thank you. The supplementary estimates, the total here on the statutory appropriation is \$14.514 million. Can you provide us some information, just a little bit more than we actually see in the information that is provided — the Canada-Saskatchewan infrastructure program, municipal rural? Can you just give us the highlights of each of those four categories, please?

Mr. Matthies: — Okay. Essentially these are programs where we have received flow-through funding from the federal government. And in anticipation that . . . Or I guess, as we discussed at Public Accounts Committee this morning, there are a number of times where the federal government will actually advance the funds, and then they're paid out over several years. So in these cases, we have unexpended monies received from the federal government that will be doled out in future years as the projects are identified and moved forward. And so this ensures that the dollars are held specifically for those purposes and cannot be utilized for any other purpose.

Mr. Cheveldayoff: — Thank you to the deputy as well. The excess then is \$3.4 million. Can you explain to us what will happen with the \$3.4 million that wasn't expended.

Mr. Matthies: — The \$3.4 million relates to what we had identified at the mid-year on the building communities fund. When building communities was announced it was expected that of the \$100 million announcement \$20 million would be incurred this year, \$40 million next year, and \$40 million in the year after that. So the 16.6 million related to the four projects in Swift Current, Moose Jaw, Yorkton, and Saskatoon is the funding against the 20 that we had estimated would be spent this year. The remaining 3.4 we're moving into the infrastructure fund again so it doesn't lapse, so it continues for the benefit of the program in future years.

Mr. Cheveldayoff: — Thank you. I think the most contentious issue, Mr. Chair, regarding the infrastructure fund or the building communities program is the setting of the \$1 million minimum cost threshold. I'd certainly heard, and I'm sure all members of the Legislative Assembly have heard, some concerns about this \$1 million threshold. Could the minister just outline why the \$1 million threshold was chosen in light of the, you know, the economic fabric of Saskatchewan, knowing that many, many programs would be excluded by this, by this fact?

Hon. Mr. Thomson: — For the purposes of the way that this fund works it is very similar to the way the stabilization fund operates. We're here to answer the transfers in and out of the fund but the policy questions around how those funds are expended are dealt with in each of the expenditure line items. In this case those questions would be best directed to the Minister of Culture, Youth and Recreation.

The Chair: — Thank you very much. Mr. Cheveldayoff, any further questions?

Mr. Cheveldayoff: — Yes. I guess I'm somewhat concerned with that answer. I thought that the minister would have some input into that decision and would certainly be able to defend the \$1 million threshold. I know that several of my colleagues will be interested in knowing how that \$1 million was achieved and what thought went into it, and I was expecting to hear that

Finance had a logical reason why that was set forward. I think that's all for the present time. I'll have some further questions a little bit later.

The Chair: — Thank you. Mr. Krawetz.

Mr. Krawetz: — Yes, thank you, Mr. Chair. And, Mr. Minister, a couple of questions. And I would understand that the criteria that has been established in the last while for the building communities program, the questions that groups in the province who have certain requests, are you able to answer the questions for the specifics regarding the criteria as outlined in the submission form? That's my first question.

Hon. Mr. Thomson: — Those questions would be best addressed to the Minister of Culture, Youth and Recreation who has responsibility for the program.

Mr. Krawetz: — So are you, Mr. Minister, then are you suggesting then that the vote that we are having here, (SI01), will in fact be held open until we have the opportunity to question that minister?

The Chair: — (SI01) is statutory and as such we don't vote on it.

Mr. Krawetz: — Correct. But questions need to be asked.

Hon. Mr. Thomson: — Questions regarding programs should be addressed to the specific ministers. This is the same as when we transfer funds out of the stabilization fund, whether they are used for health or education, it would not be for the Department of Finance to answer those questions but rather the appropriate ministers. So we are prepared to answer questions regarding the transfers in and out, but the actual issue around how a program is designed should be dealt with by the specific minister in this case, the Minister of Culture, Youth and Recreation.

Mr. Krawetz: — Thank you, Mr. Minister. Then, Mr. Minister, you or your deputy has indicated the possible allocations of the \$100 million over a period of three years. In light of the fact that that money has been now adjusted, the amount of monies that remain within the Saskatchewan infrastructure fund have changed, can you tell me whether or not there is a change in the plan as to the allocation of the amounts of money in each of the three years?

Hon. Mr. Thomson: — No, we are still allocating . . . We are assuming that the allocation will be the same for this coming year and we are continuing to work with a global amount as was outlined. So I'm not looking at any change although we have added money back into the stabilization fund that has been . . . or sorry, into the infrastructure fund that's been unused.

Mr. Krawetz: — So, Mr. Minister, in light of the fact that there is that additional monies that have been transferred in, at the end of the third year what . . . If you remain on the current expenditure timeline that you've described, what will happen to the balance of the money that will still be in the SIF [Saskatchewan infrastructure fund] if you stay on that allocation that you've talked about?

Hon. Mr. Thomson: — The SIF is designed to deal with a

number of capital projects — any number of them — of which 100 million has been identified for community builds. If community builds does not use its full allocation, that money becomes available for other infrastructure projects.

Mr. Krawetz: — So, Mr. Minister, as you've indicated here, we see an adjustment of course because of the additional dollars that were made available as a result of the various federal-provincial programs. And that might happen again. And I say hypothetically, might happen again in year 2. So are you suggesting that if this fund grew by an additional 40 or \$50 million because of unspent federal monies, that you would allow that to sit in that fund? That you wouldn't adjust your 20/40 splits?

Hon. Mr. Thomson: — The fund is based on the allocation of \$100 million for the community builds program on the criteria as outlined by the Minister of Culture, Youth and Recreation. If that money is not fully expended, that money is then available for other infrastructure projects. However that money — the \$100 million — is outlined over the 20 million this year; 40 million in each of the subsequent two years is designated for community builds. But this fund is accessible for other projects. So we are taking out of the infrastructure fund \$100 million to be accessible for community builds . . . [inaudible interjection] . . . over a period of three years, that's right.

Mr. Krawetz: — And just for clarification, Mr. Minister, I believe that I heard the deputy say, 20, 40, and 40.

Hon. Mr. Thomson: — Right.

Mr. Krawetz: — Now if that is the plan or that was the plan prior to obtaining the additional dollars that have now been placed in the fund, is the 20, 40, 40 plan adjusted at this moment?

Hon. Mr. Thomson: — No.

Mr. Krawetz: — Okay. Then, Mr. Minister, in light of the fact that the guidelines which you've said that we should question the other department on, there will be a submission deadline of April 30, 2007 which is just around the corner. Can you tell me when you expect to be asked for further transfers from this fund to accommodate the submissions that will be made by the April 30 deadline as pointed out in the document?

Hon. Mr. Thomson: — I expect to be in a position to announce to the Assembly on March 22 what our budgetary expectation is on the drawdown of community builds.

Mr. Krawetz: — Will the announcement have any bearing on the number of . . . Since the April 30 deadline is still, is after the March 22 budget, how will community organizations and municipalities and anyone who is looking at a capital project of in excess of \$1 million, how will they know whether or not there may be enough money in this term before the second submission date which is April 30, 2008?

Hon. Mr. Thomson: — We had advised when we introduced the program that we expected the drawdown on the infrastructure fund for community builds to be 20 million this year. We are reporting now that looks like it will be 16.6

million. Next year we are expecting that that number would be 40 million as we had previously announced, and 40 million the year after.

If the staging of the projects is not able to come in on that, we would expect a report from the Minister of Culture, Youth and Recreation on what his anticipated drawdown is.

Mr. Krawetz: — Okay. Mr. Minister, then my final question would be, in light of the fact that you are suggesting that the next year is a \$40 million plan and that there has been additional monies that have come into the plan that did not require you to spend the anticipated \$20 million this year — in fact that only dropped by \$3,400 and there has been an adjustment to the fund that brings it to a total of \$97,000,914 — are you saying then that you will not adjust the 40 million to accommodate the additional dollars that are now within the fund?

Hon. Mr. Thomson: — My understanding is that the expected drawdown this year will be \$40 million.

The Chair: — Thank you very much, Mr. Minister. Are there any further questions? Thank you very much. Mr. Hermanson.

Mr. Hermanson: — Thank you very much, Mr. Chair. My experience on financial issues is primarily at the Public Accounts level, but I am aware that Finance, the Department of Finance does play a role in auditing and in general directions as to how money is spent in every department of government. The comptrollers are obviously involved, and obviously the Minister of Finance plays a key role in the disbursement of funds to other departments.

I realize that from your previous answer that you don't want to get into some of the specifics of the program. You said that those questions should be directed to another minister. But I would wonder, are there criteria that the Department of Finance uses to make sure that funds that are distributed by other departments are done in a fair and equitable manner?

And I guess the reason why I ask that is because I was just recently at a meeting of the west central municipalities association and that covers I would say, you know, three to four provincial ridings, a significant area of Saskatchewan. And the municipal leaders of that area pretty much feel disenfranchised by this program. There's no fairness, there's no equity — some of the principles upon which I would think Finance would be interested in before they would be willing to designate funds for such a program.

So you know, I would like to know whether or not Finance actually reviewed some of the criteria that are being used by sports, recreation, and culture, I guess it is, that disenfranchises at least half the province from this program. You know, there's programs for municipalities both urban and rural. You know, they may not be exactly the same, but there are grants to both levels of government, both areas of the province. But in this particular case not only does the, you know, the rural municipalities are they pretty much left out in the cold, but I would say a majority of our urban communities which are smaller have no access whatsoever to this program simply because the threshold is set too high for them.

So has your department reviewed this inequity and this, I would say, pretty stark unfairness? And if not, do you intend to review it?

Hon. Mr. Thomson: — If I was the Minister of Culture, Youth and Recreation, I would disagree fairly strongly with the assertions of the member. However I am not the Minister of Culture, Youth and Recreation, and that is rightfully where those questions should be asked. We are satisfied that the expenditures out of the infrastructure fund to community builds meet the expected drawdown that the Minister of Culture, Youth and Recreation has identified.

Mr. Hermanson: — So all Finance cares about is whether or not it's going to be the \$40 million — don't care about any fairness, equity. There are no other principles upon which you review expenditures before you agree to allow the departments to expend those funds. In other words, you're totally hands-off. You're kind of like Pilate, you know. You wash your hands of all responsibility.

Hon. Mr. Thomson: — No, that is not in fact the case. But in terms of the legislative accountability that this, legislative oversight that this committee provides, the questions would be best addressed around policy issues to the minister who is responsible for the expenditure.

It would be the same as asking me questions about wait times or about education capital or about spending on parks facilities. Obviously we review them within the overall budgetary framework and the context of the various priorities and present those to the legislature. But the responsibility for explaining the programs — particularly the criteria of various programs — rests with the individual ministers. And so for the questions that the member is interested in asking, really are best addressed to the Minister of Culture, Youth and Recreation.

Mr. Hermanson: — Thank you, Minister. And obviously those questions will be addressed to that minister, but we are trying to determine if Finance plays any role in offering direction and asking questions. We're talking about supplementary estimates, are we not? We're talking about additional funds.

In lieu of the criticism which has been rampant for quite some time, for several months now — because when this program was announced, the smaller municipalities and smaller towns, communities in Saskatchewan recognized immediately that they didn't . . . that they were being shut out of this funding — were you and were your officials made aware that there was a problem here? And was there discussion about the supplementary estimates being readjusted in a way that would benefit or could have the potential to benefit all Saskatchewan people instead of only about half of the population of the province?

Hon. Mr. Thomson: — As much as I would enjoy entering into the debate around the program criteria and certainly would take exception of the way that the member's portraying the program, that's not my role as the Minister of Finance. That is really the role of the Minister of Culture, Youth and Recreation. And I would certainly encourage the member to take that up with the Minister of Culture, Youth and Recreation.

Mr. Hermanson: — Can I rephrase that question? I wanted to take one more run at it, then I'll stop.

The Chair: — I want us to get on the point. This is about the transfer of the money back to the fund.

Mr. Hermanson: — Okay, and that's what my question is about. When your department was requested to provide supplementary funds for this project, was one of the reasons so that it could be more broadly-based and affect more communities in Saskatchewan? Is that why the monies were requested of Finance?

Hon. Mr. Thomson: — I would just draw again to the attention of the members to the infrastructure fund, vote 78. In this particular case it's located on page 12 of the supplementary estimates.

The transfer under vote (SI01) are for four particular items, that is the Canada-Saskatchewan infrastructure program, known as CSIP, the Municipal Rural Infrastructure Fund known as MRIF, the Canada Strategic Infrastructure Fund, CSIF, and the Urban Development Agreements, the UDAs. That's what this statutory provision is for.

The statutory provision is not for community builds. And there is a \$3.4 million return, which is underutilized in the community builds program. And so that is what we are dealing with. Not to say that the member's questions are not topical, but they unfortunately would be better addressed to the Minister of Culture, Youth and Recreation as much as I would enjoy debating him on them.

Mr. Hermanson: — I'm disappointed in the answer, but I thank you for it.

The Chair: — Do we have any questions from any of the members relevant to the transfers that are before us?

Ms. Draude: — I hope mine is.

The Chair: — Thank you very much, Ms. Draude.

Ms. Draude: — Thank you, Mr. Chair, and to the minister. When I had the opportunity to question the minister of youth, recreation and culture last year when this program was announced, he indicated that it was brought forward in the Speech from the Throne, and that the Minister of Finance announced what monies would be available. At that time when I questioned he had absolutely no criteria, he didn't know what was going on at all. And then later on we read it when the bulletin come out three weeks later. So my question to you is: the administration is through the Minister of Youth, Culture and Recreation, but the money is spent through your department. So the actual wages for the people that are doing the work, where does that come from?

Hon. Mr. Thomson: — Culture, Youth and Recreation.

Ms. Draude: — So there's no expenditures from the Department of Finance at all?

Hon. Mr. Thomson: — The only expenditure that is

undertaken is a transfer from the infrastructure fund to deal with the program within the case that you're asking, Culture, Youth and Recreation, although that is not dealt in the subvote except as an underexpenditure.

Ms. Draude: — So then I can't ask you if it costs this department any money at all to write the cheques.

Hon. Mr. Thomson: — That is a question that should be addressed to the Department of Culture, Youth and Recreation.

Ms. Draude: — That's very helpful. Thank you.

Hon. Mr. Thomson: — Again for the edification of members, this is the same as when we deal with a transfer from the Fiscal Stabilization Fund. It would be akin to asking the Minister of Finance to explain the Department of Advanced Education and Employment programs, Agriculture and Food's programs, Community Resources' programs, Culture, Youth and Recreation's programs, Corrections and Public Safety's programs, Environment's programs, Executive Council programs, and I could go through the rest of the alphabetical list. That's not the nature of the way the legislative oversight's provided.

I'm sure if the member has questions about the community builds program or members have questions, that the Minister of Culture, Youth and Recreation will be more than happy to answer those during his estimates which will be scheduled shortly after March 22.

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

Mr. Weekes: — Thank you, Mr. Chair. I just raise a concern. We're asking questions of the supplementary estimates but the questions are not being answered. Now I would like to raise the point that we'd like to ask the Minister of Culture, Youth and Recreation these questions but we're not able to. And I'd just like to raise that point, because how can we do our job as members if we don't have the right official here to answer the questions that we're raising?

The Chair: — Thank you very much. I as the chairman am going to answer the question. The item before the committee is not the item of which members are asking questions. We will have ample opportunity as members of . . . or the legislature will under the estimates of the committee of Culture, Youth, and Recreation to ask questions. Today we are simply dealing with the supplementary estimates that are before the committee. So those supplementary estimates in the area you're asking are not before the committee today and when they are before the appropriate committee, then we'll have the opportunity to ask the appropriate questions.

Mr. Weekes: — Well, Mr. Chair, if I just point out that the appropriate committee will not be, I understand, will not be meeting to discuss the supplementary estimates. If they are, I would be happy to have that meeting with the minister, but I understand from your previous comments that we will not have that opportunity for supplementary estimates.

And we are asking questions of the Finance minister and we are

being so restricted to the questions. I mean there's money in, money out, money being spent but we can't ask why, where is it going, what it's being spent on. So really it's a futile experience here . . . meeting. If we don't get any of our questions answered, what's the point of this?

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

Hon. Mr. Thomson: — The purpose of this exercise is to review the supplementary estimates of the province, not to review the budget that has already been passed by this Assembly. That exercise is undertaken either through Public Accounts once the expenditure is incurred or is undertaken at budget time again.

What we have presented is a set of supplementary estimates to deal with a number of different areas where the government has decided to undertake additional programming and is asking for the legislature to approve them. I'm more than happy to answer questions related to subvote (SI01), particularly around CSIF, MRIF, the UDAs and CSIP, but the questions that the members want to probe into have already been . . . The issue around the expenditure for Culture, Youth and Recreation was already dealt with in the main supplementaries.

And if the members wish to ask more questions, they will have an opportunity following my tabling of the provincial budget on March 22 during the review of estimates for, in this case, the Department of Culture, Youth and Recreation.

Today's exercise — and members aren't new here; they should be aware of this when we do supplementary estimates — is to review the supplementary estimates. It would be akin . . . the exercise they're asking for, it would be like asking the Highways minister to explain Education funding.

The Chair: — All right. Thanks very much, committee members. Are there any questions that are relevant to the (SI01)? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Mr. Chair, my concern in light of the minister's comments is just that the members were given an opportunity to ask the Minister of Culture, Youth and Recreation these questions but no answers were provided. So members of the opposition will use every opportunity to try to get those answers.

It's clear today that the Minister of Finance and his officials have no answers as the Minister of Culture, Youth and Recreation had no answers. So the people of Saskatchewan know nothing more about this fund than they did, or nothing more than we know here. And we don't think that this is a proper way to expend public money without any criteria whatsoever, especially when there's a \$1 million threshold that virtually eliminates half of the province in the economic development that would take place in small communities.

So yes, we're frustrated. Yes, we're asking questions that may not apply, but there is certainly a reason, and that's because the Minister of Culture, Youth and Recreation didn't provide those answers to us.

Hon. Mr. Thomson: — Mr. Chairman, I would simply indicate

that the members, especially those who would seek one day to serve in the Finance ministry, should be aware of how supplementary estimates work. If there are questions about CSIP, MRIF, CSIF, or the UDA, I'm prepared to answer those. If the members have questions about other issues, they should raise that at an appropriate time.

Members are not new. This is an Assembly that is into . . . This twenty-fifth legislature is into its third year now. Members should be fully aware of how the process works.

And we would welcome . . . I know that the Minister of Culture, Youth and Recreation would welcome the opportunity, during his consideration of estimates, to explain the community builds program. What we are dealing with today is the infrastructure fund under vote 78.

The Chair: — Thank you very much, Mr. Minister. Are there any further questions about this particular (SI01)? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. I would just respond to the minister that I know that he holds the process up to very high regard and it's all about the process, but sometimes we have to look beyond the process and answer the questions that are being asked by people across this province.

And that's what this opposition is going to do. We know the rules. We're very aware of the rules. And I'm sorry if that disappointed him today, but we're going to continue to ask those questions in every available forum that we have. Thank you, Mr. Chair.

Hon. Mr. Thomson: — Mr. Chairman, I am not disappointed at all, nor am I surprised that the members . . . I am pleased to hear that they know the rules. Now I would simply ask that they abide by them.

The Chair: — Thank you very much. We will now deal with the item before us to conclude the Department of Finance. I move that:

We be resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Finance, \$1,500,000 for PEBA.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you. Could I have a mover to that effect?

Ms. Hamilton: — So moved.

The Chair: — Ms. Hamilton.

[Vote 18 agreed to.]

The Chair: — All right. Thank you very much, Mr. Minister, and thank you to your officials. We will now stand recessed for approximately 10 minutes, until our next presenters are here. Thank you.

[The committee recessed for a period of time.]

General Revenue Fund Supplementary Estimates — March Environment Vote 26

Subvotes (ER01) and (ER07)

The Chair: — Thank you very much, committee members. I see we have the Minister of the Environment here with us now, and his officials. I thank you very much, Mr. Minister, for being here. The item we're dealing with today is Environment, vote no. 26. Mr. Minister, would you like to introduce your officials to members of the committee.

Hon. Mr. Nilson: — Thank you very much, Mr. Chair. The officials that I have with me today are: Alan Parkinson, the deputy minister of Saskatchewan Environment; Joe Muldoon, who is the assistant deputy minister of the environmental management division; Dave Phillips, who is the assistant deputy minister of the conservation division; Bob Ruggles, who is the assistant deputy minister of the lands and forest division; Donna Johnson, who is the executive director of the finance and administration branch; Steve Roberts, who is the executive director of the fire management and forest protection; Lin Gallagher, who is the director of the green policy branch; and then Brian Ireland, who is the acting vice-president of operations division for the Saskatchewan Watershed Authority. And so I'm looking forward to answering any questions here.

The Chair: — Thank you very much. I'll open the floor for questions. Ms. Heppner.

Ms. Heppner: — Thank you, Mr. Chair. Thank you, Minister, for your time today. In vote 26, there was \$568,000 allocated. Can you explain — for central services — what that is going for or towards?

Hon. Mr. Nilson: — That particular amount relates to the anticipated costs of the agreement that's been reached with the SGEU [Saskatchewan Government and General Employees' Union], and that's obviously subject to the final vote and approval which is ongoing. But this relates to the estimated cost that will take place in this fiscal year.

Ms. Heppner: — Does any of the money allocated, is it going to cover pension contributions and benefits?

Hon. Mr. Nilson: — The answer to that would be no.

Ms. Heppner: — Okay. Can you tell us how many . . . What was the total number of hunting licences sold?

Hon. Mr. Nilson: — Okay, well the specific question, there are a couple of different ways that we look at this, and one of them is the wildlife habitat certificate, sort of the certificate that all hunters have to purchase. And there's approximately 70,000 a year, sort of plus or minus seven, that's been a trend for about the last 10 or 11 years. But it appears that in the last year that the total number was about 109,000 total that were sold.

So there was an increase, and this I think reflects the fact that in

Saskatchewan the hunting opportunities have been relatively substantial in the last few years. And I think we all have stories from people who see the number of mule deer or elk or moose or whatever depending on which part of the province that you're in.

So what's then reflected in these estimates is that there's increased revenue from those licences and then those funds are then turned over to the Fish and Wildlife Development Fund, or a percentage of those funds, and so that's why it shows up in these supplementary estimates.

Ms. Heppner: — You said that a percentage went to the wildlife fund. Do you know what percentage goes there? And what is the fund being used for currently?

Hon. Mr. Nilson: — The way it's set up is that 30 per cent of the fees that are collected go to the Fish and Wildlife Development Fund, and then there's a committee of people that are from various representative groups across the province that decide on the allocation of that money. And much of it goes for habitat improvement, things like repairing of streams or dealing with culverts on waterways or other habitat issues. Some of it's used working with the Nature Conservancy of Canada, with Ducks Unlimited, other groups as they purchase habitat land.

And it's basically been a pretty positive addition to the whole way that we can preserve the biodiversity of the province. And I know that the people who pay those fees watch quite closely what happens with the dollars because it's important that we continue to protect our environment.

Ms. Heppner: — The other 70 per cent then, that is for administration or operations or . . . like 30 per cent goes into the wildlife fund. Where does the other 70 per cent go?

Hon. Mr. Nilson: — The other per cent just goes into the General Revenue Fund . . .

Ms. Heppner: — Okay.

Hon. Mr. Nilson: — And so it's then used for budgetary purposes.

Ms. Heppner: — Do you have a dollar figure for that for this past year?

Hon. Mr. Nilson: — It's just under \$7.2 million that has gone into the General Revenue Fund out of that.

Ms. Heppner: — Does the government have any plans to increase the percentage that's going towards the wildlife fund instead of putting into general revenues? Obviously I come from a family of hunters, and maintaining habitat and preserving that is obviously very important. So I'm just wondering has there been any talk or any plans to increase the percentage that's going towards the wildlife fund.

Hon. Mr. Nilson: — Well I think at this point I don't think there's any discussion about increasing the percentage because there's also a recognition that many of the activities in Saskatchewan Environment funded by the General Revenue Fund are of great benefit to the hunters as well, and this has

been the traditional balance that has been created. Over the years we've been slowly but surely taking out some of the expenses that were paid out of this fund in, for example the Watershed Authority or in the department, that raised some questions by the committee. And in the long term, the goal is to have that 30 per cent totally just for habitat kinds of issues, and then the other 70 per cent in the GRF [General Revenue Fund] would just be dealing with some other expenditures.

So there are, so there are some continued discussions, and I think an overall goal of having the 30 per cent totally on sort of habitat kind of projects as opposed to funding some habitat improvement things that happen, for example within the Watershed Authority.

Ms. Heppner: — Right. Fines from hunting and fishing violations, do you have a dollar figure for this last year? And do fines go into the wildlife fund, do they go into general revenues?

Hon. Mr. Nilson: — Any fines that are paid, no matter what legislation or department generates them, they all show up in the Justice department estimates as in the fine fund. So I think that particular question would go to the Justice department, and they have a place where they report all those revenues which are then, in turn go into the General Revenue Fund.

Ms. Heppner: — Okay. So the fines go into the General Revenue Fund then?

Hon. Mr. Nilson: — Yes.

Ms. Heppner: — Right.

Mr. Allchurch: — Just on that . . . Welcome, Mr. Minister, and welcome to your officials today. Just on that, Mr. Minister, you said that the money goes into the Justice department and then it's allocated from the Justice department into the General Revenue Fund.

Hon. Mr. Nilson: — I think technically it would just go right to Finance and Finance keeps it, but it shows up on the Justice department books as where the revenue comes into government.

Mr. Allchurch: — Okay thank you. Just earlier you mentioned that there was 70,000 habitat permits that were sold. Is that figure correct, 70,000?

Hon. Mr. Nilson: — That's the approximate figure I have. The most recent information I have right here is because they do the calculations, but for the year 2005, it was 69,352, and it's been sort of 70,000, plus or minus 7 per cent, over the last 11 years.

Mr. Allchurch: — Okay. You also use another figure that was 109,000. Was that hunting licences that were sold?

Hon. Mr. Nilson: — Yes, that's . . . I'll give you the information about the licences. Basically it includes moose licences, 7,500; elk licences, 7,200; white-tailed deer licences, 50,000; mule deer, 15,000; antelope, 500; bear, 4,300; and then 25,000 waterfowl or upland bird licences each year. And that's a pretty good estimate of what kind of licences we sell, and that's the number I gave you before which is just under

110,000.

Mr. Allchurch: — Thank you, Mr. Minister. I notice that there's a difference, well some 39,000. I was always of the understanding that every hunting licence, you can't hunt unless you have a permit. So why is there a differentiation in the number between the \$70,000 habitat permits, which has to be acquired in order to have a hunting licence, which is 109,000?

Hon. Mr. Nilson: — Yes, I think basically what happens is that a specific hunter might have a mix of other licences, and so they don't pay that habitat fee for every licence, if they in fact have a combination of licences.

Mr. Allchurch: — You're right then. Thank you, Mr. Minister. The Fish and Wildlife Development Fund, this special warrant is due because of higher sale of hunting licences. In regards to the fishing licences, were they up as far as numbers too?

Hon. Mr. Nilson: — I think there might have been a modest increase, but it wasn't as dramatic as the hunting licences for the game, the larger animals.

Mr. Allchurch: — Thank you. I noticed that just because of the sale of hunting licence went up dramatically that's why there's an increase for money to be allocated to the special warrant. You also mention what some of the money is used for in regards to the fish and wildlife fund.

I notice in there that you don't mention anything about money going to look after things that wildlife do to the landowners as far as damage done. And I'm concerned in fact that because it's money generated from hunting licences, yet there's nothing going in to look after the damage control that's done by wildlife to the farmers or whatever.

Hon. Mr. Nilson: — Yes, I think what you're referring to relates to some of the wildfowl compensation programs and the wildlife damage programs which are administered through the Department of Agriculture. And as I said before, 70 per cent of the funds from these licences goes into the General Revenue Fund, and so in a rather direct way that kind of money could be notionally allocated to cover those particular kinds of concerns. I'm not sure that it covers the total cost, but I think arguably these funds when they go to the General Revenue Fund, they cover some of the expenses of environment, but they'd also look at some of those kinds of expenses around the wildfowl and wildlife damage compensation programs that are run in the Department of Agriculture.

Mr. Allchurch: — Thank you for that. Also in regards to the Fish and Wildlife Development Fund, the amount of money that going in there, I didn't hear you mention what happens in regards to restocking of some, if not a lot of the lakes in regards to with restocking of fish. Is this fund used for that also?

Hon. Mr. Nilson: — The answer to that question is quite specific. The fish culture station that we operate through Saskatchewan Environment, which is a hatchery, the funds to operate that come out of this Fish and Wildlife Development Fund. So the restocking of the lakes, they get the fish from the fish hatchery, and this is directly funded by the fund.

Mr. Allchurch: — Do you have any idea how much money is directed particularly for refurbishing our lakes through the fish enhancement program?

Hon. Mr. Nilson: — The information appears to be that it would be about a quarter of the fishery's component of this, and so it would work out between \$1.5 million and \$2 million that goes to that. So it's a sizeable sum of money that goes towards the restocking of lakes and fish rehabilitation.

As well I know that we have some projects that, for example, the wildlife federation or others do using some specific grants and they go and work with communities around cleaning up creeks or setting up specific habitat, things that can be done as local projects.

Mr. Allchurch: — Okay. I noticed one of the answers before, \$7.2 million is the amount of money that goes to the General Revenue Fund from the sale of hunting licences. In your answer just now with the fish enhancement fund, the amount of money going into that, what percentage of that is of the 30 per cent that goes to the fish and wildlife habitat fund?

Hon. Mr. Nilson: — Well I think what happens is, the kinds of grants that go to, for example, the wildlife federation that work on some of these habitat projects, that would come through the Fish and Wildlife Development Fund. And then some of the specific projects would come out of that particular fund, but then they would also be supplemented by amounts that are coming just out of the regular Sask Environment budget. And so it's about half and half I would say between those two sources of funding. So we, basically we end up having these sources of funding, and we use them to complement each other to make sure that the job gets done.

Mr. Allchurch: — Okay. According to my figures — and I could be wrong; I wasn't that good in school — but if the 7.2 million is roughly 70 per cent, that means roughly 3 million, which is the 30 per cent, would go to the fish and wildlife habitat fund.

Then if you use about a third or whatever out of that, that would mean \$1 million then would go to the fish enhancement program. Is that correct?

Hon. Mr. Nilson: — It would just be slightly under that. But that's not . . . Using your rough calculations, it's about accurate.

Mr. Allchurch: — Does the department have any plans to increase the amount that would go to the fish and wildlife habitat fund — in other words taken away from the 70 per cent going to the General Revenue Fund — in the near future?

Hon. Mr. Nilson: — I think that's a similar question to what your colleague asked earlier, and this would be something that's a continual discussion. But I think that at this point this appears to be about the right balance. But it's also something that each year comes up for discussion.

What we've been doing in the last number of years is evaluating which expenses are paid through the 30 per cent, or the Fish and Wildlife Development Fund, to make sure that we continually take out some of the kinds of expenses that are direct funding

— for example, to Sask Environment projects — that we could fund out of the General Revenue Fund and also some of the projects where we've sought the assistance of the Saskatchewan Watershed Authority.

Mr. Allchurch: — Okay. Thank you, Mr. Minister. In regards to the 30 per cent that just goes to the fish and wildlife fund, has it always been in the last number of years a 30 per cent 70 per cent ratio that goes to the fish and wildlife habitat fund?

Hon. Mr. Nilson: — I think that's been the percentage right since the fund was set up, so there hasn't been any change that way. Where there was some change, when in the early '90s when all of the debt problems from the '80s were being dealt with, certain expenses that had been in the department or in the Water Corporation in those days or in the Watershed Authority responsibility were paid out of the Fish and Wildlife Development Fund.

And that's where the discussion continues about what kinds of expenses should be paid there and which ones should be paid right out of the General Revenue Fund. And each year there are different aspects of that that are re-evaluated and I would have to say that that continues to be a re-evaluation.

Mr. Allchurch: — Can the minister give us any idea of when they went back to the 70/30 split? I know in the early '90s it dropped down to . . . There wasn't a lot going in, in fact very little. But then after the next few years there was a gradual incline up to the 70/30 split which we have today. Can the minister tell us how many years ago that ratio came back up to the 70/30 split?

Hon. Mr. Nilson: — I think the answer is that it's always been the 70/30 split, so there's been no change in that. But your question reflects the practical aspects of this, which was that when the debt problems from the '80s were being dealt with in the early '90s, there was a recognition that fish and wildlife funds could be used to fund projects that were in Saskatchewan Environment or in what is now the Watershed Authority responsibility that came out of the wildlife fund. There was a recognition that this was a way of dealing with this when the finances were tight.

And as I indicated before, each year that is re-evaluated. And we're now close to getting back to a situation where the Fish and Wildlife Development Fund deals with a whole number of projects that are covered by the board and the department deals with others. But we're not totally there yet.

Mr. Allchurch: — Okay, thanks for that. The reason I'm saying that is because I know just a number of years ago that the Fish and Wildlife Development Fund, there was not 30 per cent going into it. In fact there was money withdrawn from it which, if you looked at the percentage basis, was down to virtually nothing. It has climbed back up to the 70/30 split again.

The reasoning for my question, because . . . Why it was taking place in the last few years is because the licenses have gone up at a number of years, and they've gradually gone up, up, up, up, up. If the General Revenue Fund benefits from this licensing that we have today and it's due to the sale of hunting licences

and only hunting licences, then why should not the ministry look at increasing the split from 70/30 to something higher?

Hon. Mr. Nilson: — Well, I think that I should say very clearly that this is hunting licences and fishing licences. It includes revenue from both aspects. And so also what I would say is that since '95 it's been a 30/70 split and there hasn't been any change in that. But what your question reflects, I think, is the perception that some amounts paid out of the 30 per cent were in the department or in the Watershed Authority, or the Watershed Authority's predecessors' expenses.

So there was a perception from some groups that the amount of money available for smaller projects or specific projects at Wildlife Federation or Ducks Unlimited or other places was less, and that's an accurate reflection of what was going on. But now as we've come forward, well the 30 per cent that's allocated in the Wildlife Fund is primarily used for those kinds of community or non-profit organization projects.

Mr. Allchurch: — Okay. Thank you for that, Mr. Minister. The Watershed Authority, when was that established and when did money coming out of the fish and wildlife habitat fund start going to the Watershed Authority?

Hon. Mr. Nilson: — The Watershed Authority was established in 2003. But it basically took over activities that were in SaskWater which was a previous organization and activities that were in the Department of the Environment. So it was a mixture of activities that had been in those two places.

Mr. Allchurch: — How much money comes out of this part of the budget to go to the Watershed Authority?

Hon. Mr. Nilson: — In this present budget it's about \$830,000 that goes to the Watershed Authority. \$503,000 goes to the North American Waterfowl Management program which is a provincial responsibility, but it's one that relates to how we tie in with the North American flyway, if I can put it that way — the birds that migrate from the Gulf of Mexico up to the Arctic Ocean and how we fit into that. So it's a traditional expense and there's about 330,000 that goes towards particular projects within the Watershed Authority and pays for staff that tie back to basically fisheries issues.

Mr. Allchurch: — So the \$330,000 goes to the Watershed Authority and, out of that, staff and administration is also paid out of that?

Hon. Mr. Nilson: — That's correct.

Mr. Allchurch: — And \$500,000 goes to the North American bird . . . flyway bird association?

Hon. Mr. Nilson: — Yes. Basically this agreement, which covers states and provinces — and I think the federal government's probably involved and the US [United States] federal government — is about \$12 million a year budget that they have in there, and our Saskatchewan share is about 500,000. And we allocate that money through the Watershed Authority for that participation.

Mr. Allchurch: — Okay. I guess in regards to that, because the

Watershed Authority was added on in 2003 and we're still dealing with the 70/30 split as far as the money coming to the Fish and Wildlife Development Fund, I think this also shows that there needs to be a greater need of money — more money — going into the fish and wildlife fund. Because now you've added in another part of expenses that have come out of the Fish and Wildlife Development Fund to the tune of some . . . close to \$1 million.

Hon. Mr. Nilson: — Yes. I think that your question is a valid question around the overall policy. But the establishment of the Watershed Authority really didn't change anything around the responsibilities. Some of that particular issue around the, you know, North American wild fowl management area were expenses that were in the department before that time. And so it's just a way of dealing . . . and they were . . . then were paid out of using the 30 per cent.

But one of our long-term goals is to take out some of the staff costs so that \$300,000 component that's here or some portion of that on a . . . as we move forward, which then gives a bit more flexibility to the fund to deal with some of the specific community projects that they get applications for each year. And that's been something, if you looked at the history over the last number of years where as finances allow there has been change in how these funds are allocated.

Mr. Allchurch: — Thank you, Mr. Minister. I hope you understand where I'm coming from. I talked to the Wildlife Federation. I am a member and have been a long-time member. And one of their concerns is to do with the Fish and Wildlife Development Fund and where the money is allocated out of there. And I can see why they have a complaint as far as every year there's more licences sold, which generates more revenue, but yet there's more I guess organizations that draw out of that Fish and Wildlife Fund. So therefore the total dollar going for the Fish and Wildlife Fund is less.

And I use the figure of the 30 per cent which is roughly \$3 million. If you take roughly 830,000 — or close to 1 million dollars — out of that, there's less money being used for the Fish and Wildlife Development Fund. And this is a very strong concern of the Wildlife Federation.

Hon. Mr. Nilson: — I've had quite a number of discussions with the senior executive and management of the Wildlife Fund. And I think that they understand the work that we've been doing to make changes around this. But what I would say is that the actual amounts paid to the Watershed Authority or to the Saskatchewan Environment department have been static. They haven't gone up; in fact they've gone down. But what's happened is that the fund has received applications from many more organizations. There's Ducks Unlimited, Nature Saskatchewan, Wildlife Federation, Nature Conservancy, so that there's actually much greater demand on the increased amounts that are in the Wildlife Fund.

And that's good news for all of us because it means there's many more people who are interested in these kinds of projects. But I say once again that a long-term management strategy is to have less and less of these costs that we can cover on the general revenue side in this fund and that's exactly what's been happening.

The Chair: — Ms. Heppner.

Ms. Heppner: — Just going through your answer there, it sounds to me that the money spent through this fund is through a granting system. Is that correct? Is it purely grants?

Hon. Mr. Nilson: — Yes I think it would be a granting program. But we end up with contracts, and some of them are more than one year, so we would know what the budget is over a few years. I think the maximum amounts are, I think, up to 500,000 for the Wildlife Federation and the Nature Conservancy and Ducks Unlimited as well.

Ms. Heppner: — Do you have . . . You were saying that the demand is going up. Do you have a list of the number of grant applications that you've received last year in comparison to the years previous? And any dollar figures that are attached to that?

Hon. Mr. Nilson: — That's not something I have with me. But I'm happy to provide that to you because it's part of their annual report as to what kinds of things that they do. But I'll get that for you and you can see it's, I think, quite enlightening to see the kinds of projects that are coming. Some of them would be a local community and others are bigger, broader plans and . . . But as I said before, it bodes well for the future of the province and the ability to protect our environment.

Ms. Heppner: — That'd be fantastic. Is it possible to provide me then as well with the increase in grant applications from the years previous as like . . . not just, not just this last year, but the increased demand?

Hon. Mr. Nilson: — Yes. And we'll give you the minutes from the steering committee which is chaired by the head of the wildlife federation. And that gives you a pretty good sense of what kinds of issues they've been talking about and the decisions that they make as a group.

Ms. Heppner: — Great. I appreciate it. Thank you.

The Chair: — Thank you very much. Are there any further questions?

Mr. Weekes: — Thank you, Mr. Chair. Mr. Minister, just one question. There's a transfer of money because of higher than anticipated revenue from the sale of hunting licence. Is there a . . . What do you attribute that to? Was there a special program in place to increase the number of sales, or do you have an idea why that took place this year?

Hon. Mr. Nilson: — Well I think the answer would be that the game numbers are up. As we all know, there's a lot more animals there. The fall was a very nice fall for hunting; we didn't end up with weather issues during the hunting season. And I think that the general ability to go hunting this last year was not affected by some adverse events like some years it is.

Mr. Weekes: — Thank you. Did the department do any additional advertising to attract more hunting and fishing in the province?

Hon. Mr. Nilson: — I don't think we did anything different than we normally do. But what happens is that the — and this

shows in some of the information that we had through the outfitters association and other places — that there are more people each year interested in coming to Saskatchewan for a hunting or fishing experience, because of the numbers of animals that we have or the numbers of fish that we have. And I think that what we can see over the years to come, provided we're careful with our resource, is an added interest. Because if you come of Saskatchewan you'll usually be successful in your hunt or you'll be successful when you go fishing.

Mr. Weekes: — Thank you. I don't think we have any more questions, but just a wrap-up comment. I'd like to thank the minister and your officials. You can go back and talk to your colleagues, the Minister of Highways and the Minister of Finance, that we appreciated this supplementary estimates with you much more than we did with them. You came with your officials and obviously were prepared to answer questions that weren't technically related to the supplementary estimates. So thank you for your answers and your comments.

Hon. Mr. Nilson: — Well, and I would thank you and I especially want to welcome my new critic in this role and look forward to working with you and providing you with information. And I guess what I would say is that I found the questions were directly related to the issues that we had here in the supplementary estimates, so we are quite willing to answer them all. So thank you.

The Chair: — Right. Thank you very much, committee members. The item before us is vote 26, central management services (ER01) in the amount of \$568,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And vote (ER07), Fish and Wildlife Development Fund in the amount of \$200,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — All right.

Resolved that therefore be granted to Her Majesty for the 12 months ending March 31, 2007, the following sum for Environment, \$768,000.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Can I have one of the members move that please?

Ms. Hamilton: — So moved.

The Chair: — Ms. Hamilton.

[Vote 26 agreed to.]

The Chair: — Thank you very much, Mr. Minister, and your officials. And, committee members, we will stand recessed until 7 p.m.

[The committee recessed for a period of time.]

**General Revenue Fund
Supplementary Estimates — March
Regional Economic and Co-operative Development
Vote 43**

Subvotes (RD01) and (RD03)

The Chair: — It being 7 o'clock I would like to call the meeting to order. I would like to start by informing members that we have Lon Borgerson sitting in for Doreen Hamilton this evening.

And the item before us tonight is vote no. 43, Regional Economic and Co-operative Development, and we have with us Minister Wartman who is sitting in for the minister responsible. Minister Wartman, would you introduce your officials please and if you have any opening comments, proceed with them.

Hon. Mr. Wartman: — Thank you, Mr. Chair. On my left is deputy minister Denise Haas, and to my right is Dion McGrath, who is executive director of policy and planning. And behind me, and I'll start on my left as well, is Andrea Terry Munro, who is senior manager of financial services. And next to her is Sandra Stanger, executive assistant to the deputy minister; Marilyn Day, who is director of investment programs; Debbie Harrison, who is director of program development and support; and Bill Spring, who is executive director . . . Is that assistant executive director?

A Member: — Acting executive director.

Hon. Mr. Wartman: — Acting executive director, thank you, regional programs and services.

And we have in front of us a supplementary budget figure of \$315,000. And I expect that there might be one or maybe two questions on the item and we're prepared to deal with this item as members would like. Thank you.

The Chair: — Thank you very much. I'll open the floor for questions. Mr. Stewart.

Mr. Stewart: — Well thank you, Mr. Chair. Mr. Minister, I look forward to chatting about this a little. I'd like to take this opportunity and welcome the officials, and I'm sure that they'll be very helpful as well.

I understand this to be an item of \$315,000 total, is that right? Two items involved: one for central management and services (RD01) for 170, and the other for investment programs (RD03) for 145. That's, I've got the right . . .

Hon. Mr. Wartman: — That's correct.

Mr. Stewart: — All right. The (RD01) item, central management and services, what central services will be receiving the additional 170?

Hon. Mr. Wartman: — The ITO [Information Technology Office] and SAF [Saskatchewan Agriculture and Food], the Ag and Food department, which provides services for the Department of Regional Economic and Co-operative Development. And there is also some inherent salary pressures

that have to be dealt, and that comes out to be about \$17,000.

Mr. Stewart: — Salary, you said the additional salaries are 17,000.

Hon. Mr. Wartman: — Yes.

Mr. Stewart: — Okay. Thank you very much. Is that salary item, is that promotions, raises, or additional staffing, or is everybody just a year older?

Hon. Mr. Wartman: — I'll ask the deputy minister to address the details.

Ms. Haas: — Thank you, Mr. Wartman. It's essentially an inherent salary pressure that was built in. There wasn't enough budget to cover the salaries on that particular subvote, and so that's all it is, is inherent. There isn't any additional staff or anything added there.

Mr. Stewart: — Okay. Thank you very much. Were changes made to the department's information technology capability?

Ms. Haas: — No.

Mr. Stewart: — How many snowmobile . . . I understand from the Supplementary Estimates book that this revenue or some of it is a result of extra revenue collected through SGI [Saskatchewan Government Insurance] for snowmobile registrations. Is that correct?

Hon. Mr. Wartman: — That's correct.

Mr. Stewart: — Is that the whole 315, Mr. Minister? Is that one of the items either the 170 or the 145?

Hon. Mr. Wartman: — About 145,000.

Mr. Stewart: — The 145. Sure. Do we know how many snowmobile registrations that SGI issued this year in Saskatchewan?

Hon. Mr. Wartman: — Yes. It's 17,773 and that was at the end of February.

Mr. Stewart: — Do you know how many or how big an increase that is from last year? It seems that there's a lot of extra revenue here.

Hon. Mr. Wartman: — It's up about 5,000.

Mr. Stewart: — Wow. What do you attribute that to, Mr. Minister?

Hon. Mr. Wartman: — I think part of it will be just conditions. I hope that part of it is also people see the value in the program in maintaining trails.

Mr. Stewart: — Is any part of that an increase in licensing fees or is it just the numbers?

Hon. Mr. Wartman: — Just the numbers.

Mr. Stewart: — Thank you for that. Will some of this money be going to additional safety measures that have been put in place or will be put in place due to more snowmobiles and so on — more traffic?

Hon. Mr. Wartman: — Okay, and I'll ask the deputy to address the . . .

Ms. Haas: — I can just give you kind of a percentage of how the snowmobile fund, snowmobile trail fund allocates their funding. Essentially trail maintenance is 57 per cent, insurance costs are 16 per cent, shelter is 6 per cent, signage is 10 per cent, safety is 2 per cent, marketing is 2 per cent, and overall administration is 7 per cent.

They do promote safety for the recreational activity. Some of those examples are hosting Snowmobile Safety Week and supporting the Don't Drink and Ride campaign and doing radio safety messages on weather or trail conditions. And they also do work with the RCMP [Royal Canadian Mounted Police] to draw attention to safety issues for snowmobiling.

Mr. Stewart: — I must confess, Mr. Minister, in my snowmobiling days — which are far behind me, thankfully — I never did ride a groomed trail in my life. What sort of management is utilized on these trails?

Ms. Haas: — Sorry, what sort of a management . . .

Mr. Stewart: — Grooming. How are they prepared or maintained? What's involved?

Ms. Haas: — There's grooming machines that they use to groom the trails to make them safe and smoother to ride on. And then there's signage on them that marks them and those kinds of things.

Hon. Mr. Wartman: — Part of it is for safety. If you come up to an intersection they're marked with signage.

Mr. Stewart: — Is any of this money allocated for additional trails or is it just additional grooming to the existing trails?

Ms. Haas: — For the most part, I mean, the existing trails have a certain amount of maintenance. I think the long-term plan — correct me if I'm wrong, Dion — is to look at providing more trails in the province, but that really is up to the decision making of the snowmobile trail fund and the folks that run that, the SSA [Saskatchewan Snowmobile Association].

Mr. McGrath: — If I could add. Before the trail manager can add any trails, they need to notify the province as to any additional capital costs that would be incurred for such an activity. That is under the agreement, the three-year agreement that the province has with the SSA as the trail manager.

Mr. Stewart: — Thank you. Is some of this money allocated to different snowmobile clubs around the province to operate their own grooming equipment or is this strictly a provincial initiative?

Mr. McGrath: — The management or the allocation of funds is an activity that the SSA as the trail manager dictates. So they

will allocate funds to the various clubs throughout the province. And that is based on various criteria, for example how much, how many kilometres that a certain club may have.

Mr. Stewart: — So the clubs are responsible for the capital costs of the grooming equipment, is that correct? And this fund just helps them to operate. Is that right or is the equipment funded through this program as well?

Mr. McGrath: — I think it's a little bit of both. The clubs are still responsible for fundraising, local club fundraising to help cover some of their operating and/or capital costs that they want to incur. The trail manager in collaboration with the clubs will help streamline some of those costs, for example clubs sharing equipment.

Mr. Stewart: — Thank you. I think I'm nearing the end of my questions. But I take it then that some of this equipment is owned by clubs and some is owned by the department. Is that right now?

Ms. Haas: — We don't own any.

Mr. Stewart: — You don't own any?

Ms. Haas: — As a department we don't own any equipment at all.

Mr. Stewart: — So it's all owned by clubs or individuals or somebody out there in the real world and you help them cover the costs of operating it and so on.

Hon. Mr. Wartman: — Yes.

Mr. Stewart: — I see. I think maybe that's all I have. I'm sort of filling in for Mr. Brkich tonight and he's much more knowledgeable on the subject than I am. But you satisfied my curiosity, so thank you.

The Chair: — Thank you very much. Mr. Allchurch.

Mr. Allchurch: — Thanks, Mr. Chair, Mr. Minister, and welcome to your officials here tonight. I have a few questions regarding the money that's been set aside and given to the Saskatchewan snowmobile trail management.

I am an avid snowmobiler. I have been all my life and I had a dealership selling snowmobiles at one time and I was affiliated as the president of the snowmobile club in Spiritwood. And my wife has been a secretary — she still is — with the club. But the club is no longer in existence and that's probably because of volunteerism. But there's also some other problems with the snowmobile association in certain areas.

Some of my questions and some of the questions that my colleague asked in regarding insurance, you'd mentioned that 50 per cent of the money allocated is for permits — comes through from permits — and 16 per cent is for insurance.

Ms. Haas: — The breakdown that I gave was what they used the money for. So like we provide them the funding and of that money 16 per cent is used for their own insurance, so liability insurance and things like that for actually for the trail.

Mr. Allchurch: — Do you know if the Saskatchewan Snowmobile Association gets their insurance through SGI this year?

Mr. McGrath: — I don't know the answer to that, no.

Mr. Allchurch: — In the previous year did they get their money through the SGI insurance agents, in 2005-2006?

Mr. McGrath: — Their previous liability coverage?

Mr. Allchurch: — Yes.

Mr. McGrath: — I believe so, but I don't know definitely the answer to that.

Hon. Mr. Wartman: — We'll get back to you with a definite answer on that. We don't have it today.

Mr. Allchurch: — I believe this year they're getting their money from a firm out of Manitoba, if I'm not mistaken.

Hon. Mr. Wartman: — . . . their insurance, insurance from a firm?

Mr. Allchurch: — Insurance.

Hon. Mr. Wartman: — Okay.

Mr. Allchurch: — Okay. And it's not through SGI. That's my point.

Another question regarding the insurance, the insurance provided by the snowmobile association to the different clubs in the province. The insurance is based on a year-to-year basis, at least it was in the 2005-2006 season, because that's how insurance runs. It's always based on a year. But the snowmobile only operates the trails for a maximum of possibly five months, yet they're still paying for a full year of insurance. If they only operate for, let's say, use the figure half the percentage of time and they're paying the full shot, that's an extra cost to the snowmobile association and the clubs. Is that not correct?

Hon. Mr. Wartman: — Well I think it's important to remember that insurance is a competitive business, and anybody that's wanting the business would be putting together a package for them. And if they were able to put a reasonable case forward for pro-rating, I'm sure they would do so.

Mr. Allchurch: — I believe that the reason that the government got into giving money to the snowmobile association last year was because the insurance cost was too extravagant, and they couldn't operate their business. I guess what I'm looking at is if the province . . .

Hon. Mr. Wartman: — Could you say that again please?

Mr. Allchurch: — Last year there was money also given to the snowmobile association, and one of the main reasons was why the . . . is because the club had a difficult time with the insurance costs.

Hon. Mr. Wartman: — It's my understanding that they were

provided an advance because they did not have the cash flow, but in terms of whether it was too expensive or they're just in initial stages of organizing with the new funding process, that's not clear.

Mr. Allchurch: — Do you know offhand how much money was given to this program last year?

Hon. Mr. Wartman: — Just one moment please. About 482,000 for '05-06.

Mr. Allchurch: — Okay. That was the total number — 482,000 — and then again this year there'll be an addition of 145,000 added on to that?

Ms. Haas: — Sorry, the budget for it even last year was 550,000 but we only actually expended 482. So this year it's 550,000 plus the 145. The pressure is over the budget amount.

Mr. Allchurch: — So this year they will be utilizing almost 700,000 then. Is that my correct figure that they'll be utilizing?

Ms. Haas: — It'll be approximately 700,000, yes.

Mr. Allchurch: — Okay. In regards to the money that was given last year — the 550,000 of which you only used 482,000 — a lot of it was given to the clubs because I know of insurance problems and also operation of the trail system . . . when you break it down with the insurance costs which was very, very expensive.

And my point always has been . . . and I've posed these questions to the SGI minister and also to Mr. Serby, the minister, regarding that. And it refers back to the question I had already asked about being a snowmobile club. You can only utilize the trails five months of the year, but yet you're paying insurance on a full-year basis. So you're paying twice what it should really actually cost you. And if you're only paying for the time usage that you would use that trail, then your insurance costs would be cut in half or better than half. Therefore you wouldn't have to charge the clubs more for their insurance, and the snowmobile association would not also have to pay as much. Do you understand where I'm going with this?

Hon. Mr. Wartman: — I hear clearly what you're saying. And I think it's . . . Again I would refer to the nature of insurance and packages that are potentially available. And I would say as well that if the issue is about the package of insurance that is available, then that is an issue that would need to be worked through between the snowmobile associations and their carrier. If it was SGI, it would be SGI. If it was one of the other carriers there . . . But I mean they're going to, I would assume, look for the best coverage they can get at the best package.

Mr. Allchurch: — I understand that, Mr. Minister, and I agree with you. But there's a bigger problem arising with the snowmobile clubs. And this is one of the main reasons our snowmobile club got out of the snowmobile association in the fact that when we're running the snowmobile association trail during the wintertime, we are liable. Because it's signed, we're liable. We do not take them signs down during the summertime.

If another organization or whatever want to use that trail

because it is signed . . . and I'm going to use the example of quads for a quad rally or whatever. And when I asked the SGI minister who was responsible and liable if an accident happens on that trail during the summertime, and it still reverts back to the snowmobile association even though they're not utilizing that trail. And it's stipulated through the insurance policy that it's only granted insurance for five months. They're still liable because the trail is still under the jurisdiction of the snowmobile association or snowmobile club, which is also tied to the snowmobile association, so they are still liable.

Hon. Mr. Wartman: — Yes, I think this would be most appropriately taken up with SGI.

Mr. Allchurch: — I've taken it up with SGI, and I haven't got any answers. And that's why I thought I would ask the question here. I know that you're not the minister for this, Mr. Wartman; I understand that. But would you take that back to the minister and see what his answer is and get back to me with an answer because I know there's a lot of clubs that have asked me about it? And I said I will do my darndest to find an answer for it because to date — in the summertime — there has not been an accident or a death or whatever. But what happens if there is? Who is going to be responsible?

Hon. Mr. Wartman: — No. I think it's a worthwhile question to ask, and we'll follow up. But I do think it'll probably be the carrier who answers ultimately, the insurance carrier.

Mr. Allchurch: — Okay. With the 550,000 that was given this year and on top of the \$145,000 additional to this here, do . . . I don't know if my colleague, Mr. Stewart, has asked for a breakdown of it, but what is it used for? What is the breakdown of it?

Ms. Haas: — That was the percentage breakdown that I had given earlier. We pay it all to the snowmobile trail fund, and they in turn use it, as I said, 57 per cent for trail maintenance; 16 per cent for their insurance; 6 per cent for shelters; signage, 10 per cent; safety, 2 per cent; marketing, 2 per cent; and administration, 7 per cent. That's their breakdown of their costing.

Mr. Allchurch: — So the snowmobile association get to utilize that money however they see fit. The minister in charge does not dictate as to what that money should be utilized for. So the club then or the snowmobile association can then utilize that money for whatever — to hand money to the clubs for utilization or to pay for groomers for the area or for the different clubs also. Is that correct?

Hon. Mr. Wartman: — That's accurate.

Mr. Allchurch: — I don't have any more questions than that.

The Chair: — Thank you very much. Seeing no further questions, we will move to the item central management service (RD01) in the amount of \$170,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Investment programs (RD03) in the amount of \$145,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: —

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Regional Economic and Co-operative Development, \$315,000.

Would somebody move that please.

Hon. Ms. Higgins: — I so move.

The Chair: — Moved by Ms. Higgins. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? That's carried.

[Vote 43 agreed to.]

The Chair: — Thank you very much, Mr. Minister, and thank you to your officials. We will take a recess for approximately 10 minutes for the opportunity for our next officials to arrive.

Hon. Mr. Wartman: — Thank you very much.

[The committee recessed for a period of time.]

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

Subvote (AG03)

The Chair: — Thank you very much, committee members. I'd like to call the committee back to order. We have now before us Department of Agriculture, vote 1 (AG03) in the amount of \$37,434,000. Mr. Minister, would you please introduce the officials you brought with you and if you have any opening comments.

Hon. Mr. Wartman: — Thank you very much. To my right is Deputy Minister Harvey Brooks, and to my left is Jacquie Gibney, assistant deputy minister. And behind me on the far end is Al Syhlonyk from the lands branch. And next to Al is Dave Boehm who is director for our policy branch.

And next is Karen Aulie, director of corporate services branch. Next to her is Stan Benjamin who's the general manager of Saskatchewan Crop Insurance Corporation. And behind him is Tom Schwartz, manager of financial programs branch. And next to him is Paul Johnson. Paul is the manager of the economic and commodity analysis unit in policy branch.

I think what I'll do is I'll just ask Deputy Minister Brooks to just give an overview of the 37 million to start in, and then we'll be open for questions.

Mr. Brooks: — So you'll see in our supplementary estimates for March 2007, they'll show that we received additional funding of 37.434 million in the 2006-07 fiscal year. And that's

due to spending requirements of 34.551 to expand the capacity for research and innovation under the terms of the agricultural policy framework with the Government of Canada — 30.101 million of that is provided through supplementary estimates, and 4.45 million is provided through savings from the crop insurance due to slightly lower average coverage purchased. And then we have an additional \$7.333 million of funding for the Saskatchewan specified risk material management program.

So we started the appropriation in 2006-07 with 264.792 million. In the November supplementary estimate there was an additional 66.63 million added, and with this March supplementary estimate of 37.434 million our 2006-07 appropriation now stands at 368.856 million, an increase from the budget.

The 66 . . . yes, 66.63 million that was added in November was additional funding required for the CAIS [Canadian agricultural income stabilization] program of \$60 million, the introduction of an unseeded acreage program of 18.2 million, industry assistance for restructuring Worldwide Pork of 1.5 million.

And then there were some savings from crop insurance that reduced that level and some net miscellaneous savings as well and additionally some savings from the irrigation infrastructure rehabilitation program which has been on hold until we have an approved plan.

So the sum total of that is \$368,000,856 appropriation for 2006-07, and that's an increase from budget of a 104.064 million.

The Chair: — Thank you, Harvey, Mr. Minister, and your officials. Open for questions. Mr. Bjornerud.

Mr. Bjornerud: — Thank you, Mr. Minister, and welcome to your officials tonight and thank them for coming and answering our questions. Just a couple of questions to sum up Mr. Brooks' comments. Worldwide Pork — and I kind of missed that part — was that a savings did you say or a cost that you . . . What was the amount that you were talking about there?

Mr. Brooks: — That was an additional 1.5 million of additional requirement for industry assistance for the restructuring of Worldwide Pork.

Mr. Bjornerud: — Okay. Also in the same vein, crop insurance. You said there was a savings there.

Mr. Brooks: — Yes. And that was due to slightly reduced insured acres and a slightly lower average coverage purchase.

Mr. Bjornerud: — The number of acres are less than they were last year then, I presume from what you're saying here. Do we know what that number is for this year?

Mr. Brooks: — We have the per cent of insured acreage. In 2005 the insured acreage was 69 per cent and in 2006 was 66 per cent. And in terms of participation, in 2005 we had 28.6 million acres insured and in 2006, 25.1 million acres insured.

Mr. Bjornerud: — Just before we go on, do we have any idea why those numbers would be down last year? Like why there

was less acres under the crop insurance program or not?

Hon. Mr. Wartman: — The short answer on that is that they didn't get seeded, so they weren't insured.

Mr. Bjornerud: — The difference was pretty well all because of wet in the Porcupine area and Tisdale and up in that area?

Hon. Mr. Wartman: — Yes.

Mr. Bjornerud: — Okay, good. Thank you very much. Back to the \$37 million that we're talking about tonight here. How many projects or how many companies actually received money from this industry assistance?

Mr. Brooks: — The 37 million is an amalgamation of two programs. One is the Saskatchewan specified risk material management program of 7.33 million. None of that money has been allocated to individual companies at this point in time. We are in the process of determining how to accept proposals and we'll be rolling that out very shortly. But that will all be in place before the end of this year in supplementary estimates and the money's been allocated.

Hon. Mr. Wartman: — For the APF, the agricultural policy framework wedge funding, Saskatchewan added three new research chairs at the U of S [University of Saskatchewan] and one new chair at the Prairie Agricultural Machinery Institute, PAMI.

We provided 5.8 million for equipment and laboratory facilities that meet the needs for enhanced bio-security at the Western College of Veterinarian Medicine and prairie diagnostic services at the U of S. We provided for new research facilities at the Prairie Swine Centre. We provided \$5 million funding for a new facility at the feed technology centre for nutritional research programs and provided 5 million funding for a new grain innovations lab at the Crop Development Centre to conduct research on value-added and quality traits. We provided 3 million in funding for the POS Pilot Plant and we provided \$1.1 million for the Western Beef Development Centre to enable them to undertake new cutting-edge research.

Mr. Bjornerud: — Thank you, Mr. Minister. Of the 7, I believe you said 7.33 million would go to what I was asking about here just to start with. How does a company with a project apply, or what is the procedure to apply for money out of that 7.33 million?

Mr. Brooks: — That is not currently established. I mean we've been in contact with all of the processors in the province that are doing ruminant slaughter and processing and would have an interest in the specified risk material rules that are changing on July 12. And we have made sure that they are in contact with the CFIA [Canadian Food Inspection Agency] to ensure that they understand the rules and have a sense of what they will have to do to be compliant with the new rules on July 12, and that we've also actually been out there letting them know that this funding is becoming available.

It will be a combination of federal and provincial funding that will be available to address the infrastructure investments that they will have to make as well as other supplementary

investments — capital and otherwise — over this period of time that will allow them to be in a position to be compliant with the regulations.

For all the significant players, we have been working with them on a very detailed basis and making sure that they understand from CFIA in a very precise way what has to be done. And we've been communicating with them trying to get an understanding of the magnitude of changes that they would have to make and that they would know that we will be putting together an application process that would not be altogether different from what we've seen in Alberta — announce the details of the program; they apply to us. We take a look at what they are doing, approve their plan, and then we will move it forward.

Mr. Bjornerud: — Thank you. July 12, the deadline that you're talking about, they have to have these changes made by that date? Or did I misunderstand you?

Mr. Brooks: — No, they don't have to have the changes made by that date, but the industry has to be compliant with the rules by that date. So some of them will be doing other things to be compliant while they're still undertaking renovations.

Mr. Bjornerud: — Okay. So they could be applying for this money . . . Like there's not a quick cut-off day where they have to have applied by that day or they're not . . .

Mr. Brooks: — No. It would be a matter of, I would say, probably 18 months to 2 years.

Mr. Bjornerud: — Oh okay. I misunderstood you. I thought when we're talking July 12 that, you know, the program would end at that point of what we're talking about here tonight.

Mr. Brooks: — No.

Mr. Bjornerud: — So there will be more money available as time goes on, out of that \$7.3 million.

Mr. Wartman: — There's a total of 18 million with the federal-provincial components.

Mr. Bjornerud: — Well that brings me to another question then, and in one part of this I believe it said that funding under this agreement is fully reimbursed by the federal government.

Mr. Brooks: — That's the wedge funding. That's the money that was used for the research, largely the research expenditures.

Mr. Bjornerud: — So the dollars you talked about putting into research and innovation then, is that what you're saying will be refundable by the federal government or . . . Explain to me. I'm not getting the whole picture here.

Mr. Brooks: — The 7.33 is the province's 40 per cent cost share. Okay?

Mr. Bjornerud: — Thank you.

Mr. Brooks: — They put up 11 million for the province. The

7.33 is the provincial match for a total of 18-point-some million.

Mr. Bjornerud: — Thank you very much. We've talked before about, originally about the research dollars. Did you tell me exactly how much will be going into research itself out of that number? Or is there a specific number of dollars that will be going into research?

Hon. Mr. Wartman: — Would the member like a detailed breakdown of where those monies are going?

Mr. Bjornerud: — Sure. If you could do that, that would be great. I don't need it tonight but if you could . . .

Hon. Mr. Wartman: — We can give that to you in paper if you'd like.

Mr. Bjornerud: — Sure. That would be fine if you would do that.

I'm just going back to — and Mr. Brooks talked about this before but I'd like just to go back to it for a minute — talking about the total budget for agriculture. We started off, the original estimate as you said was 264 million, a little more. Then in November the estimate went up by another \$60 million. I believe that was additional CAIS funding, was it? So the CAIS funding then, that's totally for this year? We've met our obligations?

Hon. Mr. Wartman: — Two pieces on the 60 million was CAIS and the unseeded acreage payment.

Mr. Bjornerud: — Good. So now with the 37 million our total budget then for agriculture in the province of Saskatchewan is 368.856 million, I believe.

Hon. Mr. Wartman: — That's right.

Mr. Bjornerud: — Okay, good. Thank you. So the CAIS dollars are all in place. What is the amount in crop insurance that we would have spent as a province on crop insurance for this year? Did you include that in your opening statement?

Hon. Mr. Wartman: — Fifty million, six hundred and fifty thousand.

Mr. Bjornerud: — 50 million . . .

Hon. Mr. Wartman: — 60 million. Oh sorry, 50.65 million.

Mr. Bjornerud: — Good. Thank you. Would it be possible to get, now that we're getting near the end of the year, to get a breakdown? Like I know you've said it tonight, but if we could get it on paper where how much CAIS . . . you know, we spent on CAIS as a province, how much we spent on crop insurance and a breakdown of many of the larger amounts that we spend on agriculture? We don't need it tonight, Mr. Minister, but if we could get that somewhere down the road here.

The Chair: — Thank you very much, Mr. Bjornerud. Mr. Weekes?

Hon. Mr. Wartman: — At this point we'll provide you . . . because they're still in process some of them, so we'll provide you as close an estimate as we can on those numbers.

Mr. Bjornerud: — Good. Thank you, Mr. Minister, and thank you to your officials tonight for their answers.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. Good evening, Mr. Minister, and to your officials. Two or three points I would ask you to clarify. You said it was a 60/40 split on that one item. I'm just reading under the terms of the federal—provincial agriculture policy framework agreement. Is that agriculture policy framework agreement, is that an agreement of 60/40 split? Is that already agreed upon in general?

Hon. Mr. Wartman: — Yes, it is.

Mr. Weekes: — A question about Worldwide Pork, \$1.5 million for restructuring their debt. Now their doors are closed at this time. What is the status of government money that is invested in there? Is that going to be recouped or is it lost?

Hon. Mr. Wartman: — We did not take any investment with that money. It was the money that was available under the meat strategy for any meat processing company that qualified. And it was 15 per cent of capital expended, I think is an accurate way to characterize it. And if you were wondering, we do have an ongoing interest through NEWCO. And that is at what level? . . . [inaudible interjection] . . . 20 per cent of NEWCO. And NEWCO owns about 25 per cent of the shares of Moose Jaw Pork Packers, so 20 per cent of 25 per cent of the amount that is owned.

Mr. Weekes: — Okay. If you could clarify though, the \$1.5 million restructuring, that's government money went to Worldwide Pork to do what then? I mean, it's not an investment but it's a grant, or what?

Hon. Mr. Wartman: — It is a straight-up grant that they qualified for under the meat strategy for upgrading their operation. And it's based on capital expended, 15 per cent of capital expended.

Mr. Weekes: — Could you tell us when they received that money?

Hon. Mr. Wartman: — It's done April 27, Randy.

Mr. Weekes: — So just to clarify it a bit more, other slaughtering plants would be eligible for that type of funding as well.

Hon. Mr. Wartman: — Yes, that's true.

Mr. Weekes: — One thing on the specific SRMs [specified risk material] — you may or may not be able to answer this, but I'd just like to bring it out and raise the concern — I am told that abattoirs that own . . . let's say they have their abattoir on a quarter of land. Now when they have . . . Their by-products have to be disposed of. There may be a dead animal that wasn't fit for butchering has to be disposed of. I understand that

abattoir that owns that quarter of the land can dispose of it on their quarter.

Now the concern is raised what about an abattoir that's maybe in a city limits or just owns two acres. They are going to have to move that material somewhere at an added cost under this regulations. This is so . . . The bottom line is the abattoir with a quarter of the land is at a considerable advantage over the one that has to spend considerable amounts of money under the framework to dispose of those materials. First of all, am I accurate in saying that? And what could be done to address that type of situation?

Mr. Brooks: — If an abattoir is situated in a rural municipality and the land is such that it is proper for landfill use and is meeting the provincial requirements for disposal on that property, then he can dispose of specified risk material on his property in a proper manner without a certified plan from the CFIA. If he's transporting specified risk materials anywhere off his property regardless of where he is, he will require a certified plan from CFIA to allow him to do that.

I would imagine regardless of where or how much an individual owns in a urban municipality or any municipality with bylaws that would govern disposal of this type of material, that they would be looking at taking it to someone who is certified to handle the material and that would either be a landfill or a rendering plant. And those are the main options within the province at this point in time . . . [inaudible interjection] . . . Yes. And there are, I mean . . . And those plants and that hauling will be certified, will need to be certified by CFIA to make sure that's it compliant with the regulations.

Mr. Weekes: — I understand that, but you see my point about an abattoir that has it's facility on a quarter of land versus . . . that's out in a rural municipality, that's able to dispose of it at no cost on his own land, but an operation that's like you say on an urban municipality or a small acreage, they're going to have to incur the cost of moving the material. And it's just been raised to me that that is . . . I guess they're suggesting it's an unfair situation. One abattoir has an advantage over the other just because of that, just because they built on a quarter of land where they can dispose of the material.

Hon. Mr. Wartman: — I think the issues that are of greater concern is the competition that we'll find north-south between US and Canada — that's going to be a huge issue. I think it's also clear from what we have been able to pick up that it's not going to be without cost. If you have your own landfill, there will be standards of landfill that have to be followed as well. And I think there probably will be some issues clearly of some of the operations will have advantages; some of them will have much closer distance to a rendering facility and so location in all aspects will have an effect on this.

Mr. Weekes: — Thank you Mr. Minister. One other item, if you may just touch on briefly, is the animals that die on ranches or farms and if they . . . I understand if the rancher is not able to transfer it from one quarter to the other without getting approval, again there's all sorts of rules around how do dispose of that animal. But I understand that they can dispose of that animal on the quarter where it died. Now technically the rule is if they drag it 100 yards across into another quarter, they've

broken some laws or rules. Just I want to raise that point is. . . Am I accurate in that description? And if so, is there any discussions about trying to streamline some of those anomalies?

Hon. Mr. Wartman: — I would say that, you know, if you're just doing today a strict interpretation that you'd say that's going to be an issue, but it's something that we've had discussions with CFIA about. We're trying to get some practical solutions but at this point we can just see that it could be an issue, and we're trying to deal with CFIA on it and get a reasonable solution.

Mr. Weekes: — Thank you, Mr. Minister. That's all I have.

The Chair: — Thank you very much. Seeing no further questions we'll move to . . .

Hon. Mr. Wartman: — Sorry. We have a clarification we'd like to make as well. Just for clarity — and I think it's important on issues like this to try and be as transparent as possible — with the grant to Moose Jaw Pork Packers, it was from the meat strategy funding. But it was a straight-up grant that was provided based on the fact that in our discussions with them, we said there had to be industry . . . private industry had to lead. And this was an amount that basically they indicated through all of their analysis . . . our analysis that would be needed to enable them to do the start-up that they anticipated would lead to success. So it's basically just a straight-up grant.

The Chair: — All right. Mr. Elhard.

Mr. Elhard: — Thank you, Mr. Chair. I just wanted to get a couple of questions in, Mr. Minister, as part of a scintillating discussion you were having earlier with one of my colleagues. It was much more scintillating than the meeting I was attending, so I thought I better come down and participate in this.

It has to do with the disposal of SRMs and a call I got from one of my local veterinarians who's very concerned about the impact the new regulations will have on veterinarian operations in rural and remote communities.

And as it stands right now, I understand that if the animal dies at the vet's clinic, it becomes the responsibility of the veterinarian to dispose of it. The cost of disposing of that material in the facility, I understand, that's planned for Saskatoon would be prohibitive. There aren't likely to be many veterinarians and/or ranchers that would bear that cost. So the veterinarian was posing to me the possibility of having government identified and regulated disposal pits near some of these rural communities.

Has any consideration been given to that possibility? There's Crown land near a lot of these rural veterinarian practices where a pit might be established and secured for the use of veterinarians to dispose of the SRMs and the carcasses.

Hon. Mr. Wartman: — Well I would say generally that we have had significant and lengthy discussions about the impact of this SRM rule with the CFIA. We've talked about the impacts on many of the players, from abattoirs through local veterinarians. And we've talked about potential solutions — providing hauling, providing local areas that would be secured

for pickup, and talking about local landfill. And so we've explored a number of these. And I think I'll ask Harvey if you want to give a more detailed answer directly around the having separate landfills that they could take them to.

Mr. Brooks: — So just to start, it's important to remember that this is a federal rule that's put in place and the province is being asked to play a major role in helping disseminate the information and in funding the infrastructure that's going to be required.

And many of the rules are being established . . . well all of the rules will be established by CFIA hopefully in consultation with stakeholders. But some of that — given the time frames — is happening at a speed that is too fast for generally well-thought-out consultative processes. And I believe that with the veterinarians, this is a case where more consultation is necessary because they have a lot of issues that they're bringing to light, and the answers aren't coming forward in a fashion that allows for all alternatives to be discussed.

So with that we certainly see that there will be issues. It may change the way veterinarians practise in terms of what, you know, what they will bring in and what they will go out to the farm to do. Things of that nature.

And we certainly also see that there will be some cases where landfilling strategically around the province makes good sense. And having said that, the rules around the landfills are rather precise and will not, you know, it won't be the case that a lot of people will want to do it. You'll want to see some specialization because it requires a certain amount of fencing and specialized machinery dedicated that will be put in place, security 24-hour and all of that type of stuff.

So it's going to be an area we're going to have to work at with the municipalities in particular to gauge interest. But there are many issues being brought up for sure.

Mr. Elhard: — Well as I understand it, the province is contributing a fair amount of money to the project in Saskatoon. I'm not sure what it is. Is it an incinerator or something of that nature that CFIA has indicated necessary to dispose of these materials? And like if they're obligating you or you've agreed to pay part of the costs there, are they not willing to pay attention to our concerns about this?

Because I think what's happening is that this headlong rush to kind of impose these great schemes designed by somebody in an ivory tower in Ottawa, they're actually going to end up accomplishing a lot less than they think they might. I suspect that the shoot, shovel, and shut up syndrome will be alive and well in rural Saskatchewan if some of these rules go forward.

You're aware, the minister's aware, I'm aware, every producer is aware that the cattle industry isn't exactly a vibrant financial industry right now, and they're not able to assume a lot more costs. We're talking about considerable costs, transporting animals and all the rest of that, all around the province to dispose of them.

Given the economic conditions facing most cattle producers right now, they're not going to bear those costs. They're going

to do what they have to, to dispose of those animals in probably a way that CFIA would not at all approve. So I guess we need to make the argument with CFIA that moving this fast is deleterious to the outcome that they want.

Hon. Mr. Wartman: — In terms of your reference to what's happening in Saskatoon, we've got Saskatoon rendering up there, which is operating already. And they may have some ramping-up costs, some change costs they have to deal with, as a lot of the players will.

The details clearly on how this funding will go out are not available for us at this point. But what we do know is that we're in for 40 per cent of this \$18 million package.

We also, as I'm sure you know, we've been very active in trying to make sure that, because of the nature of the industry here, that the CFIA has been here meeting with a variety of the players. We did push them to come back, at the last federal-provincial meeting, to meet again with the abattoirs, the small processors to try and hear what their concerns were and respond to those. And they did come back and hold more meetings.

We're concerned that there might be issues of compliance, concerned because we have . . . Again I think you'll know we just recently got a certification recommendation that allows us to trade quite freely in the world, and that's very vital to our industry. We want to be able to trade worldwide. And so issues of compliance are of concern to us. And part of getting the rating is the steps that have been taken, the deadlines that are there in terms of dealing with SRMs. I mean if people want to have a healthy industry, we've got to do everything we can to enable compliance.

But you're not wrong in pointing to some of the very challenging issues for a variety of the smaller players here. And we're going to continue to try and address those. But as clearly I think anybody that's engaged in the industry knows, compliance and making sure those world markets are open to us is absolutely essential to a healthy industry.

Mr. Elhard: — Is the minister aware of the rules coming down from CFIA on traceability of herds and specific animals within herds? I have a constituent who has approached me. It's a family operation, and we've got mom, dad, son, daughter, and their children now operating as a family unit. They run all of their cattle together under separate brands, but all of their cattle run together. Each of them have a designated home quarter. But because of the new CFIA proposed rules for animal trace-back, the paperwork and requirements for that particular family operation is unbelievable. I don't think there's any other way to describe it.

It's an absolute nightmare of paperwork for them and it's going to force them to either split up their farm and go their separate ways or hire a full-time bookkeeper just to keep track of each animal. They have separate farms and grazing areas probably 40 to 50 miles apart and yet if you move cattle across a road allowance, many of which run right through the heart of the land that these people farm and graze, you have to identify where that animal was moved to. And this is another heavy-handed and bureaucratic nightmare that producers simply

can't, they can't respond to in an appropriate or adequate way, I don't think, and still remain viable.

Hon. Mr. Wartman: — I think one of the things that committee members but also the public needs to know is that in Saskatchewan we played a significant role in holding back the heavy hand. We have made a point of having a minister's advisory committee on traceability and working with that committee. Clearly when there have been people from the federal government come through, we have had the committee meet with them to outline what some of the challenges are, and at federal-provincial ministers' meetings I've been very clear about what the potential impacts would be.

That said, again we are a trading province. We couldn't eat the beef that we produce and we have to trade into a world that is changing very rapidly. And in Europe traceability is really gate to plate, where you walk into a store and you can check the code on there, you can run it into your computer and find out, get pictures of the farm where that animal came from. And on my recent trade mission to Japan and China I walked into a grocery store in China, a young woman demonstrated taking a camera, taking a picture of the code, and bringing up the web page for the site of the plant. Australia, one of the most — yes, that was in Japan — one of the most aggressive marketers in the Asian area, has moved way ahead in traceability.

And so there clearly are issues of costs that we continue to ask help to address. But on the other hand the cost of not being able to compete when it is a poll demand — the consumers are saying this is what they want, this is what they demand — it's going to create some real challenges for our industry and it's rolling ahead faster than a lot of people understand. And so we're trying to, through working with our committee, make sure that people are getting ready. But I don't doubt for a minute that there's going to be some serious, complex problems for a number of producers because of this direction.

Mr. Elhard: — Mr. Minister, can you for the sake of the committee give us, sort of, an indication of how CFIA responds to your requests and the requests of your department for some consideration for our producers here? Are they open to dialogue on this or would you characterize them as something less than interested in dialogue?

Hon. Mr. Wartman: — No, I would say that they have, they have taken very seriously the concerns, been engaged in dialogue.

Our industry has been very active at the national table. And when I say our industry, I don't just mean beef cattle. I mean that's a significant player, but it's not as much of an issue for pork and sheep and poultry. There seems to be ability to move ahead a little more quickly in those areas. But certainly our industry has been very, very . . . beef industry has been an active part of the whole group at the national table.

I think they have been receptive to what the concerns are. But they see this freight train of traceability coming down the road and see the potential impacts if we're not able to provide for the consumer that kind of traceability. And I mean, you can go at it from a number of points of view — does it make the food any safer, does it really help the industry in any particular way? And

I think you can come to some clear dead ends there.

What it is, is a consumer drive. They look at it and they say, we want to be able to know where our food came from. And I think it's partly there and you'll see this as well in the . . . There's another movement afoot. I mean you've got a growing organics market, but you've also got a whole growing development around grow and eat locally.

So, I mean the whole of our world markets are going through some significant transitions and this traceability piece is clearly consumer driven. It's extensively under way in a number of our competitors' countries and if we're going to retain our market share, we're going to have to be ready for it.

Mr. Elhard: — If we could only find a way to make those consumers pay for the demands they impose, I think we'd all be happy to comply. But unfortunately they demand, we pay as producers. And that doesn't augur well for our producers at any given stage in this unfolding saga.

You know, I understand what you're saying, and, you know, I've been part of those international talks from time to time with other legislators and trying to get over some of the hurdles they've tried to put in our way in terms of trade. So I understand the complexity of the issue.

I just think it's unfortunate that sometimes the rules become so onerous and impractical that they actually cause a lot of harm and dislocation to the producers. And as you indicated, there are some, you know, some varieties of meat production that are going to be a lot less encumbered by these new rules.

But cattle is a whole different game, and I think the size of ranching operations in this province and the number of head and the number of people involved in the business makes it a very unique industry. And maybe there needs to be some special consideration for the implications for that industry that these rules are requiring. Thank you, Mr. Minister.

The Chair: — Thank you very much.

Hon. Mr. Wartman: — I just want to make a note that the application of traceability will be more extensive than our meat industry. It also will be fruits and vegetables, and we're seeing that evidenced again in European markets. And it's just a trend that we're going to have to try and adapt with. Thank you.

The Chair: — Thank you very much, Mr. Minister. Seeing there are no further questions the item before us is Agriculture and Food, vote 1, industry assistance (AG03) in the amount of \$37,434,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you. Could I have a member move:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007 the following sums for Agriculture and Food, \$37,434,000.

Hon. Ms. Higgins: — I so move, Mr. Chair.

The Chair: — Moved by Ms. Higgins. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. That's carried.

[Vote 1 agreed to.]

The Chair: — Thank you very much, Mr. Minister. That concludes our discussions on the supplementary estimates for your department, and we would like to thank you and your officials for being here tonight.

The committee, we have one additional piece of business to conclude. We have a report to the legislature, the seventh report of the standing committee which in fact covers the business we covered, the supplementary estimates we covered today. Could I have someone move:

That the report of the Standing Committee on the Economy be adopted and presented to the Assembly.

Mr. Weekes: — I so move.

The Chair: — Moved by Mr. Weekes. All those in favour?

An Hon. Member: — Agreed.

The Chair: — That's agreed. Thank you very much, committee. We will now stand adjourned.

[The committee adjourned at 20:21.]