



STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 4 – April 10, 2008



Legislative Assembly of Saskatchewan

Twenty-sixth Legislature

STANDING COMMITTEE ON THE ECONOMY

Mr. D.F. (Yogi) Huyghebaert, Chair
Wood River

Mr. Ron Harper, Deputy Chair
Regina Northeast

Mr. Darcy Furber
Prince Albert Northcote

Mr. Jeremy Harrison
Meadow Lake

Mr. Warren Michelson
Moose Jaw North

Ms. Laura Ross
Regina Qu'Appelle Valley

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 19:00.]

The Chair: — It now being 7 o'clock, I'm going to call the meeting to order. Pursuant to rule 146(1), the 2008-2009 estimates for the following ministries and agencies were deemed referred to the committee on April 3, 2008: vote 147, Agricultural Credit Corporation of Saskatchewan; vote 1, 146, Agriculture; vote 23, Energy and Resources; vote 43, 144, Enterprise and Innovation; vote 26, Environment; vote 16, 17, and 145, Highways and Infrastructure; vote 161, Saskatchewan Crop Insurance; and vote 35, Saskatchewan Research Council.

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

Subvote (ER01)

The Chair: — This evening we have vote 23, Energy and Resources, for consideration of 2008-2009 estimates. I would now like to ask the minister if he would introduce his officials. Just prior to that though, if you would, we have a substitution. We have Ms. Draude that is substituting for Mr. Michelson. And now I'd ask the minister if he would introduce his officials and provide opening statements.

Hon. Mr. Boyd: — Thank you, Mr. Chairman, committee members. I'm very pleased to be in front of the Standing Committee on the Economy to consider the estimates for the Ministry of Energy and Resources, and I'm pleased to introduce my officials here this evening to committee members.

Sitting on my left is Glen Veikle, the acting deputy minister of Energy and Resources; on my right is Trevor Dark, assistant deputy minister of petroleum and natural gas; behind us on my left is Hal Sanders, executive director of corporate and financial services. Sitting in the middle is George Patterson, executive director of exploration and geological services; and on the right is Kent Campbell, chief executive officer of the forestry development branch.

Mr. Chairman, the 2008-2009 budget provides the Ministry of Energy and Resources with the tools my colleagues and I need to deliver on our ready-for-growth agenda. It gives us the tools we need as the lead government agency helping to spur sustainable development of our non-renewable resources.

Right now Saskatchewan is clearly on a roll. We have one of the hottest economies in the nation, leading or near the top on many economic indicators. One investment house has described us, our province, as Canada's rising star. And just last Thursday, RBC Financial Group predicted we will lead the country in economic growth for 2008 and 2009.

Our current success is due in no small measure of course to the performance of two of our leading industries — oil and gas, and mining.

The production of oil continues at a pace unheard of a few short years ago, and we are breaking records for sales of Crown petroleum and natural gas rights. In fact this morning I had the pleasure to announce in the legislature a new record — \$265

million in revenues from the April land sale. That beat the total of 250 million in revenue from all six land sales last year. And 2007 had been a record year until the bids started coming in for this year.

We are all very clearly excited about the activity occurring in the Bakken play, down in the southeast part of our province — one of the hottest oil plays in North America. And we are optimistic about the potential for oil sands development in northwestern Saskatchewan.

In mining we are setting records for the value of mineral sales, and our mineral exploration expenditures are expected to hit an all-time high of \$360 million this year.

Last Friday we witnessed a great vote of confidence in our province when the Mosaic Company announced a proposed \$3.1 billion expansion of potash operations here in our province. Industry and investors are clearly liking what they see in Saskatchewan, and we want to ensure that both that interest and the momentum continues.

Our oil and gas industry and our mining industry appreciate it. Certainly when it comes to their investment plans, we appreciate it, and we have responded in a clearest and strongest way by indicating that we have no plans to increase taxes or royalties charged to these industries. In fact we are reviewing our policies and procedures to ensure that Saskatchewan is even more competitive in the future.

In the coming year we are upgrading our ministry information technology systems to provide better service to both our oil and gas, and mining industries. We will spend almost \$2 million on two initiatives: initial work on a major enhancement to our oil and gas reporting systems and a redevelopment of our existing mineral disposition system for map staking.

With mineral exploration at record levels, we are working with the federal government to encourage investors to produce flow-through shares of Canadian mineral exploration companies. As a result of this budget, we are reinstating the 10 per cent Saskatchewan mineral exploration tax credit for flow-through share agreements entered into after March 31, 2008. Our tax credit will once again parallel the federal credit for investments made by Saskatchewan taxpayers in support of mineral exploration activity in our province.

While our oil industry continues to grow and prosper, it is taking steps to reduce its environmental footprint. To help in these efforts, our ministry will be allocating an additional \$400,000 to support upstream oil and gas greenhouse gas emission reductions in the province. Industry and the Petroleum Technology Alliance Canada will help us identify those projects.

We also will spend an additional \$800,000 on further studies to assess Saskatchewan's capacity to enhance oil and gas production through storage of carbon dioxide. We want to build on the world-class successes that we've seen at Weyburn and Midale in CO₂ storage and enhanced oil recovery by assisting with similar EOR [enhanced oil recovery] investments at other oil fields.

Finally, our government has made a commitment to leading-edge technology and research and development that's vital to the enhancement and advancement of our oil and gas industry. Premier Wall announced back in December an additional \$4 million over four years in support to the Petroleum Technology Research Centre and the closely aligned International Test Centre for CO₂ Capture, and we've received \$1 million in our budget to that commitment.

Through these measures in our ministry's budget and throughout those in the provincial budget overall, we are ensuring that Saskatchewan continues to grow and that we are ready for more growth. We are helping to continue to be Canada's rising star in Confederation.

I should make some comments as well with respect to the forestry industry in our province. It's an industry that certainly is going through many structural changes. We have met with industry officials to talk about that. They tell us very clearly that with the subprime mortgage market in the United States, the difficulties that there is with that, housing starts are down some 50 per cent. As a result of that, forestry companies are seeing a dramatic reduction in the sales opportunities and prices for virtually all commodities associated with the building trades, whether it's OSB [oriented strand board], plywood, dimensional lumber. And it has dramatically affected the potential and obviously the ongoing operations.

Throughout North America we are seeing a pullback by forestry companies in every jurisdiction in North America. And as a result of that, this is an area that's of great concern to our ministry, and we are taking every step we possibly can to deal with that. And we'll certainly be continuing in those efforts, Mr. Chairman.

With those opening comments, I look forward to a productive and interesting discussions on the estimates for our ministry.

The Chair: — Thank you, Mr. Minister. Questions? Mr. Furber.

Mr. Furber: — Thank you to the minister and your officials for being here this evening to answer questions. I'd like to start obviously with my critic duties on forestry and if the minister could explain the forestry development funds on page 54 of the budget book, explain why they're reduced from 2 million to 871,000.

Hon. Mr. Boyd: — Thank you for that question, Mr. Member. Reductions in this area in the forestry division can be rationalized through the following discussion points. The former Forestry Secretariat will be far below budget in 2007-2008, using less than one-third of its allocation. 2008-09 proposed funding level would have been sufficient to meet the agency's needs for 2007-08, so in effect the budget last year was substantially in excess of what was needed.

We have realigned it to bring it into focus in terms of the amount that's actually needed to run that Forestry Secretariat. The division will capitalize on efficiencies within the new ministry. As well, particularly in the areas of policy development and communications, these functions would have normally been outsourced had the secretariat remained as a

stand-alone agency.

The secretariat will not be reducing its employee count but will make less use of high-priced external consultants, which have been used in large measure in the past, such as Mr. Tom Waller who billed to the province in 2006-07 and 2007-08 some \$400,000. So we won't be making use of his services or his company's services in the future thereby saving considerable resources for the people of Saskatchewan.

Mr. Furber: — Is the minister suggesting that the secretariat will no longer use any consultants?

Hon. Mr. Boyd: — Consultants will be used as required. We may or may not require services in those areas. There hasn't been any determination with respect to that at this point in time. However I think it would be a safe assumption that we won't be using anywhere near the kind of resources that were allocated in the past in that area.

Mr. Furber: — Could the minister explain why?

Hon. Mr. Boyd: — Well I think it's really quite simple. I think this was an area that was grossly oversubscribed in terms of the use of consultants in this area by the previous administration, and it's simply not a practice that we're going to get involved in.

Mr. Furber: — With respect to the Forestry Secretariat, can the minister inform what the budget will be then for '08-09?

Hon. Mr. Boyd: — It will be 871,000.

Mr. Furber: — And how many FTEs [full-time equivalent] are there presently?

Hon. Mr. Boyd: — There are five.

Mr. Furber: — That's the same as in November of '06-07?

Hon. Mr. Boyd: — That is correct.

Mr. Furber: — What is the minister's medium- and long-term plan for the secretariat?

Hon. Mr. Boyd: — Well I think that certainly in the short medium term to be used as a resource for ongoing discussion for trying to determine where the industry is going, providing for our planning and services in that area, both in the short and into the medium term.

We certainly, as I said in my opening comments, recognize that this is an industry that's certainly challenged in our province, and we intend to do what we can to address the concerns that forestry producers have in this area.

We're also looking at using the forest secretariat for value-added opportunities to assist in providing a wider range of products that forestry companies can generate to provide better margins for the industry, and that's certainly the direction that we've been moving.

Mr. Furber: — Could you explain where we're at then in

terms of attracting value-added to the province?

Hon. Mr. Boyd: — Well I think that there has been discussions with a number of forestry companies with respect to that. They are certainly looking at trying to provide a wider range of products for consumers. They're looking at a wide range of value-added opportunities that we think are very important and that, I think, work well for the industry, whether it's a different range of products, a different type of product, whether they're using softwood or hardwood to generate a better product mix. I think the industry is recognizing that they're going through a transition period that is going to be important in terms of looking for all the value-added opportunities that they can find.

Mr. Furber: — What is the minister's plan for an integrated forest industry in Saskatchewan?

Hon. Mr. Boyd: — I'm sorry. I'm not sure I understand your question.

Mr. Furber: — Integration in terms of pulp — paper's obviously not going to happen — value-added wood products, OSB . . .

Hon. Mr. Boyd: — As the member would know, Mr. Chair, it's a very complex industry, integration between many different components. If you're going to have a viable pulp mill, for example, you need an ongoing chip supply. That chip supply is generated from saw mills, saw mills that are having a very difficult time in terms of the market conditions that they are faced with. As a province, I guess we have to make some decisions, and we have made some decisions. Is it an industry that we want to take an equity position in as the previous administration looked at? We've clearly made that decision that we don't.

We think that there's opportunity in terms of cogeneration facilities perhaps. We're prepared to assist in terms of infrastructure, but we're not going to take an equity position. And what we've seen as a result of that is I think industry players making proposals to our ministry about moving forward. Some industry players feel that we may have reached the bottom in terms of commodity prices in this area and are now looking to take positions. And you know still there are some that are moving in a different direction.

I guess any time you're looking at the market, kind of market conditions that we are faced with here in Saskatchewan, you will see both players moving away and you'll also see players stepping up. And we're seeing both that in that regard — Weyerhaeuser moving in one direction and other companies moving to look to buy into the industry. And I think we'll start seeing some of those kinds of things happening in the not too distant future here.

We are going to let market forces determine the direction that things are going to go here and let the companies themselves, forestry companies, lead in this direction. We feel that the appropriate business decisions are best made by the companies involved in the industry.

Frankly it's my opinion and I think the opinion of cabinet and caucus that governments haven't made very good decisions

when it comes to entering into the business world. And the fact that we've seen spectacular failures in a number of areas indicate that that thesis is correct.

Mr. Furber: — The minister mentioned different commodity prices and issues related to that. Can the ministry explain or define for us what the price of pulp was in 2006, 2007, and presently?

Hon. Mr. Boyd: — I am looking at an industry publication called Equity Research Associates' *Forest Products Monthly*, a publication that tracks these kinds of pulp prices. I mean 2006, just looking at the graph here it would look like pulp prices were in the approximate price of — and this is quoted in dollars — about roughly 850. Current prices now are, well may have improved a little bit, to about \$890 a tonne. That's the numbers that I see before me here. Some more research has indicated that the month-to-month changes . . . a month ago the prices were about \$880; last year, 2007, about 760.

So we see prices moving in a positive direction right now. And I suspect that's why we are seeing, you know, as I say, industry players looking at this and saying, maybe we've reached the bottom here and we're starting to come out of it.

Mr. Furber: — Can the minister provide a dollar value in terms of economic cost or loss to the GDP [gross domestic product] of the provincial economy as a result of facility closures in Saskatchewan in the last two years?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, that's not a number that we have at the moment. We'll be happy to provide that information to you.

Clearly there has been losses, without question, to the GDP of Saskatchewan. There have been, in the last number of months and years, losses in terms of facilities in Saskatchewan. And clearly that would result in less GDP activity for our province, without a doubt. And that's, you know, I think that that's a given. We'll provide that information as it's made available.

Mr. Furber: — I appreciate that. If I could talk specifically about a couple of areas of the province in terms of an FMA [forest management agreement]. Can the minister define for us when the Pasquia Hills Forest Management Agreement expires?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, that FMA is in the northeast part of our province, in the Hudson Bay area. That question is more appropriately put to the Ministry of Environment that makes those decisions with respect to that. And I think that that's probably the best avenue to take in terms of appropriately placing that question.

Mr. Furber: — Is the Ministry of the Environment involved in negotiations with Domtar then?

Hon. Mr. Boyd: — We've had some consultations with the Minister of Environment, yes, to talk about the FMA as well as ongoing environmental concerns relative to the project in that area.

Mr. Furber: — Can the minister indicate whether Weyerhaeuser and the Government of Saskatchewan are still

engaged in discussions with C&C lumber on the Hudson Bay and Carrot River facilities?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, the ministry and myself have had discussions with C&C at I believe two occasions, and of course those discussions are of a competitive . . . There's competitive issues surrounding them so it's normally confidential informations with respect to that. However again I would say that C&C and other forestry companies will be making their decisions about the direction that they want to go in terms of facilities and operations in Saskatchewan.

Mr. Furber: — Has the government explored tendering the FMA to smaller, local operators?

Hon. Mr. Boyd: — We have had some discussions again with independent forestry producers about what their needs are in Saskatchewan and what they would like to see in terms of opportunity for their operations. Clearly a lot will be determined by the success or lack thereof of any kind of discussions with Domtar and other significant producers in Saskatchewan as well.

Mr. Furber: — Can the minister indicate whether or not any lumber out of the Pasquia Hills FMA is being shipped out of the area, and where it's going if it is?

Hon. Mr. Boyd: — Yes. When you say lumber, are you referring to raw lumber? Are you referring to processed products?

Mr. Furber: — Raw lumber.

Hon. Mr. Boyd: — Raw lumber. Yes, there is some lumber that is going, timber that is going out of province to Manitoba, again based on decisions made by the companies themselves, but following any kind . . . opportunities that are extended to Saskatchewan companies as well.

Mr. Furber: — Switching to the Prince Alberta area, can the minister give a general timeline on discussions with, negotiations with Domtar? I note that on several occasions he's offered some information in this regard.

Hon. Mr. Boyd: — Well we've had discussions with Domtar dating back to prior to Christmas, talking to them about what direction that they want to move in. The representative, Mr. Patrick Loulou — a vice-president the discussions have been with — we've had numerous telephone conversations. I believe we've had two, three, I believe it is, face-to-face meetings.

And I would ask for some co-operation certainly from members, Mr. Chair, with respect to this, that we are talking about very significant concerns that publicly traded companies have when it comes to competitive issues and also the disclosure of information. And understanding that, we have to recognize that what we say in these meetings or in the legislature has impact, and so we have to be pretty careful about that kind of getting too far into that discussion about specifics. It has the potential to move markets, and certainly we don't want to either move markets in any kind of a fashion, positively or negatively.

So as a result of that, I've tried to be as measured as possible in terms of what we have said. But I think I would characterize the discussions as productive and constructive and moving forward. I think you would also, Mr. Chair, note that Domtar has reserved comment completely, particularly as a result of competitive and public offering considerations.

Mr. Furber: — I thank the minister for the answer. Just to remind though that it was he and another minister in his government that have twice offered information regarding this already. So in that vein, does the minister have a drop-dead date for negotiations at which point negotiations would begin with other parties, or there will be something done with the FMA?

Hon. Mr. Boyd: — No, there's no drop-dead date. We have made comment on a couple of occasions about hopeful negotiations, and I think we would still characterize it as that. Again respecting shareholder concerns and considerations here, that's something that we have to be careful of.

I would say I think a prudent response would be that as long as we feel that the negotiations are moving forward in a positive fashion or respectful fashion, and one that still appears to be moving in a positive direction, there's little reason to get too hasty about these kinds of things. This is an extremely complex puzzle that we're trying to put together here. And clearly forestry companies all over North America are making decisions about whether they want to further invest or further reduce investments into the industry. And I think that that's something that we're going to see for some period of time.

I also note that the member himself in the media has indicated that he doesn't think that we should be putting resources directly into it, which I suspect is a bit of a . . . well I don't suspect; I know it's a significant departure from where your position and your previous administration's position was in the past. But I appreciate your comments in this area, understanding that that may not have been the right direction for the previous administration. And frankly I think it's refreshing to hear comments in that direction that indicate that maybe your position, your party's position has moved or shifted.

Mr. Furber: — Given the minister's previous comments, can he at this time provide assurance that no government dollars will be included in the deal?

Hon. Mr. Boyd: — There will be no direct government investment in an equity position.

Mr. Furber: — Can the minister then explain exactly what the parameters are for infrastructure and cogeneration, not within this deal but just generally in terms of the forestry sector.

Hon. Mr. Boyd: — I think that there is opportunity in the industry, in forestry that is, as a use of some of the what might be considered waste products associated with the industry in general for cogen opportunities. We think that it again provides perhaps another value-added opportunity for the industry to capture some more resources from the, you know, forest products. We think that that's a helpful thing. It's a green energy initiative that we feel makes some sense. We also feel . . . you know, similar in nature to the ethanol industry or things of that nature, a green energy initiative.

We would, through SaskPower, purchase, you know, power if that was something that the companies were interested in. We're prepared to talk to companies about those kinds of initiatives.

In terms of infrastructure, what we're talking about is roads, you know, hydro lines going in if that's necessary, perhaps other types of infrastructure needs that they may have — things of that nature that, it seems to us, are the types of services that government should be providing to industry to assist in development. We think that that's a better direction than taking equity positions into industries that we know, as governments, as I said, that don't have very good track records in these areas and frankly make some poor decisions with respect to the investments that have been made in large measure for a long, long period of time under administrations of various stripes.

Mr. Furber: — I don't want to sound obtuse at all, but I'm sure the minister will understand that I have constituents to answer to, as does he. And he's mentioned on several occasions that infrastructure will be a major part of the deal and to say, you know, it means roads and not be more specific than that . . . I'm hopeful that he can be more specific, so I can explain to my constituents what exactly he might mean by infrastructure.

Hon. Mr. Boyd: — Well I don't know whether I can be much more specific than that. Infrastructure might mean water and sewer. It might mean power. It might mean natural gas. You know, not looking at any particular venture of any type, it might mean research and development assistance, that sort of thing.

Particularly when you look at cogen types of facilities and opportunities, we're kind of embarking into an area that hasn't had a lot of opportunity here in Saskatchewan. And so we think that those are appropriate uses of taxpayers' dollars. Also in terms of training for new opportunities here in Saskatchewan, there is again we feel a role for government.

And I think that your constituents as well as the people that we represent as government and the people of Saskatchewan as a whole would understand that type of thing. When there's perhaps a new venture, an existing venture out there that needs assistance in terms of those types of infrastructure needs, we feel that that's an appropriate use of government resources.

Mr. Furber: — Thanks to the minister for that answer. Can the minister explain what consultation, if any, has taken place with the First Nations on this file?

Hon. Mr. Boyd: — Some of the ministry officials have had some consultations. There's also been consultation through the forestry companies themselves with First Nations groups. Tomorrow in fact we will be going to Meadow Lake to talk to a First Nations group there with respect to what their thoughts are in terms of the go forward for the forestry industry here in Saskatchewan.

Mr. Furber: — Can the ministry then define which First Nations have been consulted and who was involved in the discussions? Additionally if he could provide the dates of those discussions.

Hon. Mr. Boyd: — We'll endeavour to provide you with that

information as it becomes available. We don't have that information right at the moment. How far are you looking back to?

Mr. Furber: — Well I guess since November 7.

Hon. Mr. Boyd: — All right.

Mr. Furber: — Has the minister or his officials met with the Premier's task force since the election?

Hon. Mr. Boyd: — No.

Mr. Furber: — What is the minister's intention as it relates to an ongoing role for the task force?

Hon. Mr. Boyd: — We haven't made a decision with respect to the task force at this point in time. We think that there has been some good work done by the task force, but this is an area that we haven't made any decisions with respect to. We understand that there perhaps is some members that want to stand, and some members that don't want to stand. We'll be having some discussions with respect to that in the not-too-distant future.

Mr. Furber: — Are there any costs associated currently with the task force, or have there been any costs since November 7?

Hon. Mr. Boyd: — None.

Mr. Furber: — Can the minister explain what the status of other forestry operations that are currently closed either temporarily or permanently? What is the status?

Hon. Mr. Boyd: — There are some number of facilities in Saskatchewan, as the member would know, Mr. Chair. The Domtar facility operating out of Prince Albert has been closed indefinitely as of 2006. Meadow Lake Mechanical Pulp is currently operating in Saskatchewan. Those are the two pulp mills that we have in this province.

OSB facilities, Tolko is in Meadow Lake, is operating. Weyerhaeuser out of Hudson Bay has just recently announced that they are laying off staff. In sitting down with the representatives of Weyerhaeuser, they are not announcing at this time a permanent closure but a layoff. They are, I think I would say, guardedly optimistic about the future and potential for reopening at some point in time. But of course it will be determined by, clearly by market forces.

With respect to plywood mills, Weyerhaeuser's mill in Hudson Bay is closed indefinitely as of 2006. Saw mills in Saskatchewan . . . Domtar, the facility at Big River, closed indefinitely as of 2006. NorSask Meadow Lake is currently operating. Weyerhaeuser at Carrot River is closed indefinitely as of 2006. Wapaweka in the Prince Albert area is closed indefinitely as of 2006. Carrier's facility at Prince Albert is currently operating. L & M Wood Products — I believe that's the correct name — L & M Wood Products at Glaslyn is operating. Zelensky operations at La Ronge is closed indefinitely as of 2007.

Mr. Furber: — Thanks to the minister for that answer. Could the minister provide an itemized list, an itemized breakdown of

the cost of backing out of the Domtar deal just after the election?

Hon. Mr. Boyd: — I'm advised by the officials that the secretariat may have had very, very small, perhaps minimal cost. We're not aware of any costs that CIC [Crown Investments Corporation of Saskatchewan] may have encountered. But again we think it would be very modest, if any. I think we're talking, again we're not talking tens of thousands of dollars by any stretch of the imagination. We're probably well under that number.

Mr. Furber: — Can the minister estimate the cost of environmental cleanup at the Prince Albert pulp mill?

Hon. Mr. Boyd: — I'm advised that it may be in the neighbourhood of \$30 million. That may be just the start of that. That number is probably more appropriately asked again to the Department of Environment officials, but I think we're looking at, I think there's a fairly substantial cost there potentially.

Mr. Furber: — I had seen something closer to 80 as of 1999, but I'll ask the question.

Hon. Mr. Boyd: — Well again we in this department don't profess to have the exact number.

Mr. Furber: — Yes well I'll ask the question to the . . .

Hon. Mr. Boyd: — That's something that's maybe more appropriately, Mr. Chair, asked at the Department of Environment . . .

Mr. Furber: — Certainly.

Hon. Mr. Boyd: — Who would be, I suspect, more in tune with the exact . . . or an estimate of what that might be.

Mr. Furber: — Certainly. Does the ministry have a dollar figure for the value of the entire FMA for the province?

Hon. Mr. Boyd: — The entire FMA? All of them?

Mr. Furber: — What's the dollar value?

Hon. Mr. Boyd: — That isn't something that is readily tracked or anything like that. It's a very difficult number to come up with. I think companies themselves make a determination as to what kind of potential there is for the forestry sector in Saskatchewan. It's, I think, something that would be very difficult to determine. Again it's, as I say, it's more of an industry-type calculation than something that governments would normally assess. I think perhaps my deputy may have something to add to that.

Mr. Veikle: — Yes, just to be clear that the value of any FMA is determined by that company. If that company is going to make cedar shakes out of that FMA, then it's a very, very valuable FMA. But if it's going to do something with less value added, then . . . So that's how that gets determined.

Mr. Furber: — Does the department have an official response to the member from Batoche's task force that he chaired last

year?

Hon. Mr. Boyd: — Perhaps you could help us a little bit here or rephrase your question. We're not quite sure what you're driving at.

Mr. Furber: — The member from Batoche chaired a task force with the member from Saskatoon Southeast, amongst others. I'm wondering if the ministry has any idea what the findings of that task force might have been?

Hon. Mr. Boyd: — That isn't something that we've had any discussions with that member, the member for Batoche, with. I wasn't a member at that particular time. I'm not familiar with the report or even if there was a report generated. I suppose it's something that we could ask about in terms of consultations with the member, but I'm not familiar with any kind of recommendations.

Mr. Furber: — Thanks to the minister for that answer. Could the minister define for the folks here this evening how the relationship between the forestry branch of government and Enterprise Saskatchewan, how that's going to play out? What's the interaction going to look like?

Hon. Mr. Boyd: — At this point in time there hasn't been a great deal of interaction. Enterprise Saskatchewan is just recently constituted. The membership has been announced. I think there will be industry specific consultation with Enterprise Saskatchewan to certainly look at competitive issues, look at the future of the industry here in Saskatchewan. The whole concept of Enterprise Saskatchewan is to provide ongoing consultation with industry through industry sector participation, also to provide the government with advice — non-binding advice. What it really is, is an effort to assist in management decisions about the go-forward in industry sectors.

Mr. Furber: — So no formal arrangement within the department, or ministry, sorry.

Hon. Mr. Boyd: — Well none at this point in time. I'm not quite sure what you would call formal. I think there will certainly be industry sector participation from the forestry sector, interacting with Enterprise Saskatchewan.

Mr. Furber: — Just in reading your "Securing the Future" document, the Saskatchewan Party one, it says that you're going to strengthen the forestry sector through Enterprise Saskatchewan. And I guess I'm wondering how is it that the minister doesn't know how that might play out.

Hon. Mr. Boyd: — How we envision Enterprise Saskatchewan working with industries of various types is to sit down, have consultations with industry sector partners — the forestry sector in question here — talking to them about what they see as opportunities, what they see as concerns, what they see as risks associated with the forestry industry, what they see as positive directions that they would like to see government moving. These are people that have — on the Enterprise board, that is — that have considerable business experience, and in some cases public policy experience, to assist in good decision-making processes.

I think this is a body that would be — I think many independent observers would say — similar in nature to the previous administration's ACRE [action committee on the rural economy] committee or Tourism Saskatchewan committees, REDAs [regional economic development authority], that type of thing, to offer assistance and advice to government and essentially collecting information that might be helpful in the decision-making process.

Mr. Furber: — I guess I'm a little surprised in that it says in your own document, it mentions some very specific things that Enterprise Saskatchewan's going to do with the forestry sector, including:

“... [providing] a more defined accounting of our allowable sustainable cut. This government surveyed inventory will be aimed at finding where Saskatchewan's forestry industry fits into the world forestry market.”

Has work begun? When will work begin on defined accounting of the allowable sustainable cut?

Hon. Mr. Boyd: — The department is looking at what kind of sustainable cut there is in Saskatchewan. It's something that, in consultation with the Department of Environment, is an ongoing process to determine what is the best practices that can be employed in the industry. Enterprise Saskatchewan, as the member would know, has just recently been got up and running. Membership is being recently announced. I'm not aware of any time frames with respect to sitting down with industry participants at this point in time. That's a ministry that I'm not responsible for, but I suspect that it'll be happening in a timely fashion.

Those will be some of the discussion points that you have raised, as part of our election campaign will be fulfilled. They will be talking to the industry about a number of things — sustainable cut. They'll be talking to the industry about competitive issues. They'll be talking to them about future prospects — value-added opportunities, what kind of training needs are possible that the industry might require, what kind of opportunities that there are in things like cogeneration, what kinds of things are needed in terms of infrastructure needs — touching on, I would say, virtually all areas of the business that they are associated with, trying to again come up with a strategy moving forward that can be helpful to the industry and to government in terms of decision making.

Mr. Furber: — Does the minister have an opinion on go-forward strategy for agroforestry in the province?

Hon. Mr. Boyd: — Again I think this is an area that has some potential in Saskatchewan. We're optimistic that it may have some future. I think there's varying reports with respect to that, or varying opinions I should say. As the minister responsible, I think that this is something that we are hopeful for, that there are some companies out there doing some work with respect to this. And I don't think it's going to solve all the problems in terms of that industry by any stretch of the imagination, but I think there's some potential there, yes.

Mr. Furber: — Thanks to the minister for the answer.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much. And may I also add my welcome to the minister tonight and to the officials. I have a number of questions that I'm looking forward to answers for from the minister and the officials that may go beyond this evening. I understand the minister will be coming back to give us another opportunity as well. But I appreciate the minister's interest in the committee tonight.

First of all, just for some background on the ministry in general and the estimates that are in front of us, I'd just like to do a quick rundown of the appropriations as outlined.

Where we take a look at page 53 in the Estimates book that I have in front of me, we're looking at the central management services. We're seeing changes from 2007-08 of 7.609 million to estimated 2008-09, 9.647 million. Central management services, could the minister explain roughly what's involved and what would make up the small increase in expenditure.

Hon. Mr. Boyd: — With respect to central services, we would see a \$119,000 increase towards negotiated salary and operating increases, additional increase of 75,000 for systems support, 450,000 for IT [information technology] planning for the existing oil and gas systems, and 1.5 million for development of mineral disposition systems for map staking. Those would be what the central services amounts would be that are budgeted here.

Mr. Taylor: — This is primarily to support the regulatory side of the ministry?

Hon. Mr. Boyd: — Yes.

Mr. Taylor: — Thank you. On revenue and program services, again we see a small increase. But estimated '07-08 was twenty-nine eighty-seven; estimated '08-09, thirty-two eighty. I'm wondering if you could explain what's involved in revenue and program services and what the difference from one year to the other is.

Hon. Mr. Boyd: — It represents a 9.8 per cent increase — 129,000 towards negotiated salary increases, mandated salary increases; \$160,000 for additional audit staff; and \$4,000 increase in operating funding.

Mr. Taylor: — Okay. I understand from the materials that we have been provided, it also implements mineral provisions of treaty land entitlement. I'm just wondering if you could explain what's left in the treaty land entitlement process. We must be nearing the end of the role of the ministry in treaty land entitlement.

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, we understand that there are some 700,000 acres have been transferred to treaty land entitlements. As First Nations groups make further requests, in the future there would be additional resources required in terms of TLEs [treaty land entitlement].

Mr. Taylor: — Okay. Have you any projections, what's involved, what value would be included in these estimates for TLE review and what projections are you using for out years,

the next three years?

Hon. Mr. Boyd: — Contained within the budget of our department would be about \$200,000 for employees' salaries with respect to this area. When it comes to the actual TLEs, the more appropriate source of information with respect to that would be Minister Draude's department, First Nations department.

Mr. Taylor: — So the salaries, again the individuals involved that you're talking about, the salaries, this is primarily an analyst's function, or how would you describe the individual person involved here?

Hon. Mr. Boyd: — Yes, they would be resource people for making the determinations as to the appropriateness of the TLE agreements.

Mr. Taylor: — Thank you. On petroleum and natural gas, again we see a small increase, estimates of '07-08, from sixty-three sixty-nine to the '08-09 year of sixty-nine sixty-nine. Could the minister explain briefly what's involved under this category?

Hon. Mr. Boyd: — Again mandated salary increases of \$290,000; \$310,000 in additional operating costs is for increased well licensing and regulatory activity. We are seeing, Mr. Member, Mr. Chair, significant increases in the amount of permitting that is happening in Saskatchewan as a result of large land sales. And we are gearing up in that area to provide the best support we can for those regulatory and well licensing activities.

Mr. Taylor: — Thank you very much. And again continuing, exploration and geological services. Again we see a small increase, moving from 5,991 to 6,253. Can the minister explain what's involved there and what that increase would be?

Hon. Mr. Boyd: — Again \$232,000 towards negotiated salary increases; 2.9 per cent or 30,000 K towards general operating costs to support activities in the exploration and mining activities. And we've made no change with respect to the northern geological survey funding programs that are involved in this area.

Mr. Taylor: — This group would pretty much mirror the petroleum and natural gas group, that they're doing very similar work?

Hon. Mr. Boyd: — Yes, on the mining side.

Mr. Taylor: — Yes, oil and gas, mining. Okay. That's what I was wanting. And on resource and energy policy, we have actually a considerable increase here from 4.638 million to 7.003 million. Could the minister explain this item and the increase there please?

Hon. Mr. Boyd: — There are a number of things that make up this initiative: 100,000 towards negotiated salary increases; 65,000 for institutional control support; \$400,000 to support upstream oil and gas greenhouse gas emission reduction projects; \$800,000 to assess the province's capacity to enhance oil and gas productions through CO₂ storage; \$1 million in

terms of new and additional funding to ITC [International Test Centre for CO₂ Capture] and to the PTRC [Petroleum Technology Research Centre].

There are \$100,000 towards increased negotiated salaries . . . sorry, not increased but \$100,000 towards negotiated salary increases; \$65,000 for institutional control support again; and \$400,000 to support, again, upstream oil and gas emissions in the various areas.

Mr. Taylor: — On that PTRC, Petroleum Technology Research Centre — I'm a big supporter of the centre. Can the minister tell us how its other funding is, the private sector support and the federal government support in addition to the continued provincial support for the centre?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, the federal government has in the past provided support for this. There are four years remaining on the agreement, approximately \$1.5 million reducing over time, during that four-year window, to zero.

Our government has made the determination to increase our commitment by \$1 million in this budget, certainly something that we feel that is a important initiative for Saskatchewan. In addition to that, Enterprise and Innovation is committing some resources to it. And I'm sure the member can ask the appropriate questions of that ministry with respect to that.

The federal government has made the determination that they are going to be very specific in terms of research initiatives. And the PTRC is determined to provide the best possible and advance the best possible case for specific research dollars from the federal government. But that's essentially the direction that we're going here.

Mr. Taylor: — Both Saskatchewan and the federal government have spoken highly of the CO₂ sequestration work that's been done by the PTRC. Federal government does have some significant interests along those lines. Is it the minister or the government's intention to seek additional support or interest from the federal government in PTRC because of its world-renowned success in the area of CO₂ sequestration?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, we are certainly making the best case we can with the federal government with respect to opportunities in other areas that are currently not being accessed for research dollars through the federal government.

The member is indeed correct that this is a world-class facility that is being operated in the southeast part of our province. I have had occasion to tour the facility. They are hosting delegations from the world, from the entire world on a regular basis. I understand they've had some 200 delegations over the last number of years touring the facility there. It has provided great opportunities for enhanced oil recovery for that particular field. Any time that we can provide the kind of research that is in this area, it certainly pays huge dividends to the people of Saskatchewan with respect to this.

I think that the improved and ongoing relationship that we have had in recent months with the federal government, we are

optimistic will help in terms of providing more opportunity for additional research dollars coming from the federal government. But they've made their determination to fund specific types of projects. Companies are advancing those proposals, and we are certainly providing whatever assistance we can in that area.

Mr. Taylor: — Thank you. I would support and applaud the minister in any efforts he undertakes to secure additional funding for PTRC and ensures its sustainability and in fact its expandability for the industry within the province.

Hon. Mr. Boyd: — I couldn't agree with the member more, Mr. Chair, Mr. Member. Any time we see even a few percentage points more in terms of recovery from the reserves, we see dramatic increases in revenues to, well obviously to the oil companies, but in terms of royalties to the province of Saskatchewan as well. You don't have to move up the scale very fast to see dramatic increases in opportunity, and that's very good news for our province.

Mr. Taylor: — I want to go back to specifically to the estimates overall again but in a little more general way than I have just approached it. One of the challenges that we have in dealing with the estimates in front us is that this is a new department, and in fact there's some division that has occurred within what used to be Industry and Resources, is now Energy and Resources, but there are some of the division occurred to move some resources to Enterprise and Innovation.

So my questions are to try to get an understanding of how the pieces have fit together as a result of this division. Could I just ask in general to set the tone for my questions here, could the minister describe briefly what has occurred in the separation of the department here from what used to be Industry and Resources to what is now Energy and Resources and Enterprise and Innovation?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I think the department has, and the Department of Finance as well — Ministry of Finance, Ministry of Energy and Resources now — have made their best efforts to provide a breakdown in terms of this, both in the estimates but also essentially what we have seen is a shifting of investment programs — some \$32 million-plus — moving from this department, industry development estimating approximately 7.3. We have seen the areas of Tourism Saskatchewan moved from the previous department and the Saskatchewan Trade and Export Partnership moved, but we have included now the forestry development into this ministry.

Mr. Taylor: — Okay. I'll have a couple more specific questions so don't put the book away too far yet, but just general. Back to the motivation for the change. The sort of back to after the election and the taking office, there was a very specific decision made to move from Industry and Resources to the two new ministries. Could you explain the motivation behind the division and the change?

Hon. Mr. Boyd: — It was felt that when you look at the Department of Energy and Resources, that the appropriate placing of oil and gas and mining and forestry which results in this department largely was the appropriate place for that.

When you look at other initiatives that formerly the department had, the decision was made to roll them into the new Enterprise and Innovation ministry. We felt that to provide a window for industry to government and vice versa, that Enterprise and Innovation represented the best avenue for that. We felt that we wanted direct participation from the industry sectors through Enterprise Saskatchewan to government in an advisory and consultation-type process.

Certainly the genesis of Enterprise Saskatchewan is to provide industry sectors participation and consultation and advice through that Enterprise board to government as to how we can best move forward in terms of providing, for example, one-stop type of decision-making processes. That would certainly be one of the goals that we would want to work towards.

And again to develop through Enterprise Saskatchewan what we would call barriers to growth, identifying those barriers to growth. We hear constantly when we're talking to industry representatives, sector representatives, problems that they encounter in terms of their business activities here in Saskatchewan. In some cases I would say they're sort of minor in nature and others there's a constant, you know, moving from department to department to department to get through the various levels of, shall we say, Mr. Chair, red tape that government is quite famous for. And we want to try and reduce that amount of activities that people have to, companies have to, to do business in Saskatchewan.

We want to try and provide the best level of regulatory regime that people have to operate under and limit the amount of time spent in their business dealing with government. We feel that their time is better spent in operating their businesses and providing opportunity in jobs and investment in our province rather than spending large amounts of time dealing with various levels of government. And that's a complaint that industry sector partners in Saskatchewan have identified and I think it will be certainly an area that Enterprise Saskatchewan will be addressing.

Mr. Taylor: — Thank you very much. I've had a fair bit of contact over the last few years, and quite a bit in the last few months, with the resource sector — oil and gas companies, mining, etc. They previously said and continue to say that one of the reasons they like to do business in Saskatchewan are the people you're surrounded with right now that we have. The old Industry and Resources really had some of the best people that they've had to deal with anywhere in Canada. I think we in Saskatchewan are well served and are very fortunate to have the people that we had in Industry and Resources.

So how have we divided the staff for policy development versus analysts and regulatory regime and that sort of thing? When you described earlier the positions that were involved in the estimates that we're looking at tonight, heard primarily about analysts and sort of the regulatory practitioners. But in terms of policy, is that now part of Enterprise Saskatchewan or is it still within Energy and Resources? So when we're talking about policy development in the oil and gas sector or policy development in the mining sector, are those people still within Energy and Resources or are they shared with Enterprise and Innovation?

Hon. Mr. Boyd: — Thank you, Mr. Chair, and Mr. Member. Indeed this is a department, a ministry that we feel is working very, very well. I have communicated that to the deputy minister and to his officials on a number of occasions, in fact just earlier this evening had a discussion about that. We have heard that in circles all across Saskatchewan, outside of the province, and indeed outside of the country. People look at this ministry as one that's working very, very well on behalf of the people of Saskatchewan, and we feel it's a great department. I'm honoured to be the minister. I think I drew the long straw with respect to that.

To answer the member's question more specifically, in terms of oil and gas and mining activities, we see very little shifting of people from our department — none in fact. The policy development is still a part of the Energy and Resources department, and I guess what we would say is the economic development features that were in the ministry, the department, before have been the ones that have moved to Enterprise and Innovation.

Mr. Taylor: — Maybe we can perhaps be a little bit more specific then. Can you describe how many people were moved from the old I and R [Industry and Resources] to Enterprise and Innovation and how many have remained behind?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I'm advised that there were 56 FTEs that moved, largely associated with economic development activities, to Enterprise and 272.9 FTEs remain.

Mr. Taylor: — Were there any terminations within the new ministry after November 21, '07?

Hon. Mr. Boyd: — I'm advised that there were none in this ministry.

Mr. Taylor: — Were there any vacancies previously that have been filled?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I think the deputy minister can maybe more adequately address this question.

Mr. Veikle: — At any point in time, there are going to be vacancies in the department, and the duration of those vacancies depends on, you know, how quickly we're able to go out and recruit and get people to fill those vacancies. So at any point in time, even right at this instance, they'll be several vacancies somewhere in the department. There was no explicit . . . Oh pardon me. There was a vacancy in the audit branch, and we have gone to recruit for that vacancy, and I believe have been able to fill that vacancy. Aside from that, there was no specific intention to either maintain vacancies or staff up in any exceptional way. It was just routine course of business kind of activity.

Mr. Taylor: — And routine course of business, the normal management of vacancies would be through the Public Service Commission?

Mr. Veikle: — No. When we recruit, we would certainly advertise through the Public Service Commission, but each one of my folks here in their branches, they'll have vacancies, and

they'll make the decision whether, you know, this is the right week to go and try to recruit or not.

Mr. Taylor: — I understand that and perfectly accept that, but once that decision is made, it would be moved through the Public Service Commission. I'm just looking for assurance.

Mr. Veikle: — Yes, that's correct.

Mr. Taylor: — Have there been much in the way of job description changes as a result of the severance or change in ministry?

Hon. Mr. Boyd: — No, there has not been.

Mr. Taylor: — All this, partly why I'm asking is of course because the industry tells me they're very pleased with the way in which the department has, the ministry has responded to them in the past and today. With change in government, there's always some uncertainty about who's there and are things going to continue the same way and expectations. And really what you're telling me through answering these questions is that the industry — oil and gas or mining or whoever — can expect that there really is no uncertainty as a result of either a change in government or a division of services at what used to be a department, now a ministry.

Hon. Mr. Boyd: — The industry has, as I indicated earlier, has, in consultations that we've had with them through industry associations and through individual companies, have indicated to us that they receive very good service from this ministry. We are delighted at that.

We hear concerns in terms of permitting times on occasion. This is largely as a result of the increased activity that we are seeing in Saskatchewan. The industry looks to indicators like stability. They look to indicators like royalty structures. They look to governments in terms of policy direction for making their decisions with respect to investing. I think that they have looked at Saskatchewan in recent months as a good place to invest.

And I think the results, Mr. Chair, Mr. Member, speak for themselves in terms of the amount of investment that we are now witnessing literally pouring into Saskatchewan that was not happening previously. Clearly I think oil and gas companies and mining companies have made the determination that we are moving in a positive direction in Saskatchewan, that there is a strong investor climate.

We have indicated that, in terms of royalty structures, that we won't be making any changes. And as a result of that, we see tremendous investor confidence in Saskatchewan that has resulted again, as I say, in dramatic increases of investment in Saskatchewan that are important to our province, whether it's the oil and gas sector or the mining sector.

Mr. Chair, Mr. Member, signals such as one of the pieces of legislation that we have before the legislature in terms of potash expropriation was seen as a very positive development by industry players. And as a result of that, we see potash prices certainly are strong. And that's a positive thing. But they also see this as a positive policy direction in Saskatchewan. And we

have been told that by numerous participants in that industry.

And they see those types of things, when you're looking at investing in mining operations, are long, long, long-term investments. And they look towards that kind of investor-confidence-type issues as a signal from government about the direction that they will be moving in the future. We wanted to indicate to the industry at an early time that this was the direction that we would be moving in, and it's been well received.

Mr. Taylor: — Thank you very much for that answer. The minister indicates increase number of permits being applied for. Obviously with increased land sales there's additional work. The estimates, this budget does not anticipate any increase in FTEs. Are there any provisions or any plans for managing the increased workload that the ministry may have to undertake as a result of increased activity through the resource sector?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, this an area that is very near and dear to certainly my way of looking at this operation. I've had discussions with the deputy minister and others with respect to this. We have a very efficiently-running department. We see a doubling of production in the last number of years, and yet no changes — essential changes — in terms of the staffing. I think that the department is getting more efficient.

This is something that I've brought before cabinet, and cabinet has been very, very supportive that should we — as a result of dramatic increases in the amount of land sales and activities, permitting activities, whether it's oil and gas or whether it's uranium or whether it's potash or whether it's diamonds or all of the areas that are firing on all cylinders in Saskatchewan right now — should there be a need, we may come back to cabinet for additional resources.

But at this point in time, the ministry and the deputy indicate to me that they are comfortable with the level of staffing that is there. They are working in a very efficient and productive fashion to assist the industry too, in terms of permitting times and assistance. So we are comfortable at those staffing levels, but I don't know whether anyone anticipated the kind of level of activity that we are seeing in Saskatchewan right now, but clearly the industry has made a determination that Saskatchewan is a very good place to do business now and into the future. And so we're going to be watching this area very carefully to see whether we need to dedicate more resources to this department in terms of staffing or any other type of resources that might be needed.

Mr. Taylor: — Thank you very much. Actually you just gave me . . . I hadn't thought to ask the next question, but it is leading me into another group of questions I wanted to ask. This now still has to do with staffing.

The minister is aware that his government in the Chamber is moving through essential services legislation. Is the Ministry of Energy and Resources, have you taken any management decisions as to how to comply with the essential services legislation by the end of the year? Have you begun looking at your staffing component as to what you would consider to be essential workers within the ministry?

Mr. Boyd: — Mr. Chair, Mr. Member, all areas of the government are looking through to determine whether or not the essential services legislation would have any impact upon that particular ministry. The officials indicate to me that they don't think that this department would be impacted by anything related to this area, with the possible exception of safety issues surrounding the ministry — regulatory safety-type issues. But very, very modest impact, if any at all.

Mr. Taylor: — Actually that's what got me thinking about it because my next line of questioning was relationships with the other departments — relationships to the Ministry of Labour, relationships to those doing occupational health and safety issues, relationships to the Ministry of Environment where there are compliance matters. I'm just wondering, within the framework of the ministry, how does the ministry manage the relationships with the other departments, particularly Labour and Environment?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I'm advised that the relationship between this ministry and Ministries of Advanced Education, Labour, and Environment are all very good. The deputy minister has a wealth of experience that we draw on in terms of relationships with other departments. I guess we could only term the relationship as good and strong and I think a very healthy working relationship.

Mr. Taylor: — I guess what I'm getting at is that when Industry and Resources was a single entity and regulation and compliance understandings, occupational health and safety, and policy development all were within the framework of the one ministry . . . Enterprise and Innovation now with the industry councils may have concerns relating to policy that may have an effect on compliance or environmental standards or certain legislation and regulation. How do those discussions that may take place around the sector tables in Enterprise and Innovation impact on operational decisions within Energy and Resources?

Hon. Mr. Boyd: — Well I think that the previous administration made decisions with respect to clearly the direction that they wanted to go, and they had a single entity in this area, and that was clearly their choice. We've decided as the new administration in Saskatchewan to separate what we consider areas of resource development — oil and gas, mining, forestry — from the economic development activities that were formerly in that ministry.

Again I think it's a fundamental shift in terms of philosophy about where our resources are best dedicated. The previous administration, for better or for worse, felt that they were, you know, housed in the Energy and Industry departments in the past. We've made the decision to shift those resources to Enterprise and Innovation. It's a policy decision that we have taken as a new administration. I'm not sure whether your questions indicate to me whether you're supportive of that change or not supportive of that change, but it's a decision that we have made as an administration that that's the route we want to go. Again I think it's a philosophical type discussion that I suppose we could engage in at some length, but that's a policy decision that we have made.

We feel that the Energy and Resources department is just that: energy and resources, oil and gas, mining, forestry services, that

sort of thing, forestry resources. Again we've made I think a fundamental shift in terms of policy as to the functions in terms of economic development and activities for Saskatchewan. Clearly the previous administration took a more interventionist view with respect to that. We have taken a much different view with respect to intervening into the economy in those areas.

Again I think it's a philosophical discussion that I'm prepared to have with you if that's what you would like, but I think that's the direction that we have chosen to go. And I think that I see little reason to think that we haven't made the right decision in this area.

Mr. Taylor: — Thank you very much for that. Really what I am most interested in is trying to ensure that I understand, and those who may be reading the material, the transcripts of tonight's meeting, have a clear understanding of the role of Energy and Resources versus the role of Enterprise and Innovation as far as the sectors are concerned.

What I'm gathering from the information that the minister is providing me is that industry development or changes that may occur for the industry that, whether it's in the labour field or environmental field or in tax reform or those sorts of things, comes out of Enterprise and Innovation. Energy and Resources is more a maintenance, a regulatory, a business-as-usual administrative ministry. Am I correct in that view?

Hon. Mr. Boyd: — I think it would be unwise to try and put the ministries into the types of silos that you describe. I think that we would say that the oil and gas sector, the mining, the forestry sectors are housed within the now Department of Energy and Resources. Economic development-type functions are more shifted to the Enterprise and Innovation file.

That's not to say that there isn't — and we expect there to be — collaboration, discussion, co-operation back and forth between the ministries housed within the energy and resources sector. There's considerable expertise, and Enterprise and Innovation will be drawing upon that expertise in various areas. I think that's to be expected. We don't compartmentalize them to the point where they don't have an ongoing relationship. Clearly that wouldn't be, I don't think, very wise. And as a result of that, there is ongoing and will be ongoing discussions between those two ministries.

But I think I would say that the difference that we've seen in the past to what we see today is essentially the removal of the economic development-type functions from the former department to Enterprise and Innovation now.

Mr. Taylor: — Back to when a lot of this was just ideas being developed from election promises and then into practice after the election, one of the very first things that I remember hearing you say, Mr. Minister, had to do with royalties in this province. You were suggesting, coming out of the election, that the royalty rates in Saskatchewan should be reviewed, and it should be referred to Enterprise Saskatchewan for that review to take place.

Hon. Mr. Boyd: — I would be interested in where you got that information. I don't recall saying anything of the kind. Again I'd be happy to review whatever materials you might have in

that area.

I think it was indicated through the election process that this might be something that Enterprise and Innovation would perhaps take a look at. It was never with the intention of . . . I think the intention would be for them to offer some advice in terms of the competitive nature, not to look at increasing royalties or things of that nature.

I think the evidence is in. I think there's clear evidence that the policy direction that we have taken with respect to royalties is working in Saskatchewan's favour right now. We see little reason to make any changes in that discussion at this point in time. Industry players and investment banking institutions that we've had occasion to visit with tell us that the most significant thing that you can do for investor confidence is to provide them with clear direction, not just for the short term but moving out into the medium and long term as to what your government's goal would be in terms of royalty structures.

So at an early occasion, the Premier and myself have indicated to the industry that we wouldn't be looking at royalty changes. And I think it has been very, very well-received by the industry, and I think the evidence is clear in terms of lands sales, in terms of investment by the mining sector that clearly they view that as the right policy decision to have made.

But this is an area that of course is very, very important to Saskatchewan, to the investment community in Saskatchewan, to job opportunities that we see in the province at this point and time, and that's what we will be carrying forward. We don't see this as a, you know, a one-term type decision but something that is important to demonstrate to industry partners that this is the direction that we want to go.

Mr. Taylor: — I'd be happy to share my files of particularly media reports that carry comments from yourself, Mr. Minister, and the Premier.

Hon. Mr. Boyd: — Sometimes media reports are a little bit misleading as I'm sure the member would know, and sometimes taken out of context, but I think if there are any kind of media reports, that would be something I'd be interested in. But what we said directly to the industry, both the Premier and myself, was that the whole area of royalties was not something that we would be . . . royalty changes was not something that we'd be engaging in. If we were looking at having advice being given by Enterprise and Innovation, it would be in an area to make the industry even more competitive rather than less.

Mr. Taylor: — I thank the minister for that answer. He is probably aware . . . He has to be aware. I think he's referred to it in the recently . . . The Alberta royalty review certainly set the industry on edge. And whether the minister was quoted correctly or incorrectly, media reports heard by the industry in Alberta saw Saskatchewan perhaps heading in the same direction with a royalty review.

I'm assuming that when the minister says that the industry has responded positively to his latest remarks, I'm assuming that the industry must have contacted the minister at some point early in this government's tenure to discuss this very issue. Did the industry talk to, to the minister about comments made about

royalty reviews in the province?

Hon. Mr. Boyd: — During the election campaign, we made it, I think, abundantly clear that we felt that the royalty structures were appropriate. We had the unfortunate experience of receiving reports out of Alberta, very erroneous reports out of Alberta from industry players that there was a very incorrect interpretation of where we wanted to go with respect to royalties. We have advised that association that that was not where we wanted to go, and we made that very clear during the election campaign to industry players that that was not what Enterprise Saskatchewan would be embarking upon.

We were certainly dismayed to find that that view was continually being presented. We took every step we could to address that concern. We were certainly concerned that this may be directed as a campaign waged against us in a political fashion, and we were certainly, as I say, took steps to address that as a consideration during the election campaign. So any kind of reports that were out there were erroneous and not a direction that we wanted to move. Shortly after the election, we made those continued representations to the industry and to industry associations. I think they got the message loud and clear that that wasn't something that was correct, that it was being, I think as I say, waged on a political level that we were certainly not supportive of. So that's the clear direction that we moved in that area.

Alberta has made decisions with respect to royalties. That's not something that I think is appropriate for me as the minister to comment too much on other than to say that it's certainly within their prerogative to make those decisions. We have chosen to move in a different direction, and I think that the direction that we have moved in is providing a significant benefit to Saskatchewan. And I think that evidence is very clear.

Mr. Taylor: — And to clarify even further then, because there was some reference earlier to when the Enterprise sector boards are up and running, there could be a reference — even if it's in a competitive sense — to royalty rates. There will be no reference to Enterprise and Innovation or Enterprise Saskatchewan boards.

Hon. Mr. Boyd: — Well what we have said . . . And I think you know very well what we have said. We have said that if Enterprise and Innovation takes a look at this, this will be made in the view of trying to make Saskatchewan even more competitive, not less competitive. I think that speaks for itself. To characterize it any differently would be to try and assign motives that would be wrong. And we would want to take whatever steps are necessary to correct the record with respect to that.

And I think, Mr. Chair, I am hopeful that I've made my case on behalf of the government adequately here this evening. We are not looking at, either through this ministry or through Enterprise and Innovation, at making any royalty changes — full stop, period. Enterprise and Innovation will look at ways to make Saskatchewan even more competitive, not less competitive. Does that adequately answer your question, sir?

Mr. Taylor: — That's very clear and it does adequately answer my question. On the subject of relationships with other

jurisdictions, the minister has recently signed onto or joined — the name just escapes me now — the Energy Council. I'm just wondering if the minister could address that issue, the international Energy Council. What, in the sense of costs for the coming year and where in the estimates it might show, what would be the total cost of our membership during the course of this fiscal year including the cost of minister or officials' participation in the organization?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I would be happy to entertain that question.

The Energy Council is something that we felt as a government was a very, very positive sign that we could demonstrate to the industry — and as well to other governments both within Canada and outside of Canada — as a direction that we wanted to move. We wanted to clearly show the industry and, as I say, other policy-makers in Canada and outside of Canada that Saskatchewan now is prepared to become an energy centre for North America.

We wanted to make sure that there was an early signal from this government that we're serious about development in Saskatchewan, that we weren't going to remain — as the previous administration made the decision to be — a part-time player in the industry on an association level. That the cost is approximately \$34,000 on an annual membership basis which we think is extremely modest to have the province engaged in, to be a part of discussions with other energy-producing provinces in Canada and energy-producing states within the United States . . .

The policy discussions that take part at those Energy Council meetings which are quarterly throughout any given year, we think we should be a full-time player in those discussions so that we have a window on the industry and understand what is happening in terms of policy development both within Canada and North America.

We think it was a direction that the previous administration, I guess, didn't understand or was not willing to participate in. I'm not sure whether there was a philosophical decision or whether it was a monetary decision. Thirty-four thousand dollars to me seems like a very, very modest price to pay for participation in this very, very important industry association. Clearly this is and is becoming, the policy-setting body for North America in terms of energy development into the future. I think we have, in terms of policy decisions, have learned a lot at the table in terms of those discussions so far.

We think that we have appointed a number of MLAs [Member of the Legislative Assembly] to the Energy Council that will be able to interact with other energy-producing provinces and the states within the United States about policy directions for the future. We think it is a tremendous step forward in terms of understanding the industry better, understanding where the industry is going to be going in the future, understanding the policy directions of other jurisdictions.

As a result of that I think we've developed some relationships already that are, I think, proving to have benefit to Saskatchewan about where we see other policy decision makers going, both in a positive fashion and in some cases in a not so

positive fashion. I think it's provided us with a great window on the industry that we didn't have previously. [The committee adjourned at 21:04.]

And, Mr. Chairman, Mr. Member, certainly I thank you for the opportunity to talk about this very important step that we have taken forward for the province in terms of becoming a full-time player at the table that we weren't previously.

The Chair: — Thank you very much. I'm looking at the clock. I do have some additional questions with regards to the Energy Council. I'll ask one more, and then I'll surrender the floor until we meet again.

The one other question was to the minister. Did he attend the meeting at which the membership was taken out, or he has attended a meeting or meetings of the Energy Council to date?

Hon. Mr. Boyd: — Yes I have. On behalf of the Government of Saskatchewan, I attended the meeting in which Saskatchewan was accepted into the Energy Council as a full player. We were welcomed with open arms by other energy-producing provinces and the states within the United States. I think there was a recognition that Saskatchewan was long overdue in becoming a member of the Energy Council.

And I think we were, as I say, welcomed with open arms by other industry players. I think they were all wondering what the reasons for policy decisions of not being a full member were taken by the previous administration. Perhaps we'll leave that discussion for another day. But I think it suffice to say that this was, I think, an industry association that we felt was a good and positive move forward. Mr. Chair.

Mr. Taylor: — Thank you very much. I appreciate that opportunity. I do have additional questions. But given the time, I simply thank you and your officials for being here tonight, and I look forward to continuing our discussion at some future date. Thank you, Mr. Chair.

The Chair: — We've reached the agreed upon hour. I would like to thank the minister and his officials for their great answers to the questions put forward, and I'd like to thank the committee members for their participation in this discussion. Do you have any closing remarks, Mr. Minister?

Hon. Mr. Boyd: — Yes thank you, Mr. Chair. Thanking the members for their questions this evening. We'll be happy to entertain questions at another date. I also want to thank the officials here this evening for their participation and also for staff here in the committee room, and we look forward to discussions at a future date.

The Chair: — Thank you, and I'd now entertain an adjournment motion. Ms. Wilson.

Ms. Wilson: — Mr. Chair, I move to adjourn.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — This committee is now adjourned.