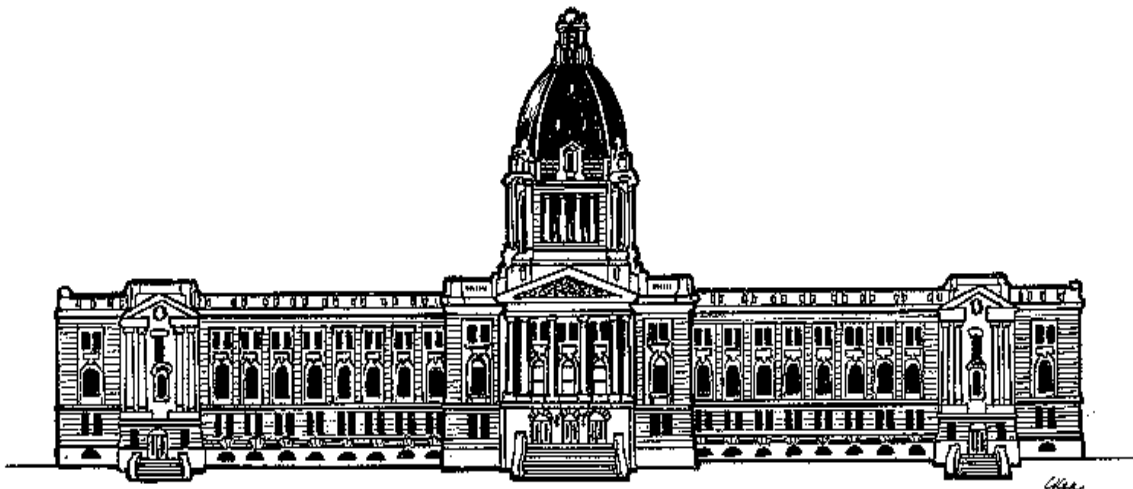




STANDING COMMITTEE ON THE ECONOMY

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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: — I'd like to welcome the committee again this evening. We are here this evening to consider the supplementary estimates 2008-2009, vote 17, Highways and Infrastructure Capital; and vote 145, Highways and Infrastructure loans for short-line railways. Again I would remind committee members that they're supplementary estimates, and we try and stay fairly close to the supplementary estimates rather than wander off the topic. So I will be keeping that in mind when the questioning comes.

**General Revenue Fund
Supplementary Estimates — November
Highways and Infrastructure Capital
Vote 17**

Subvote (HC02)

The Chair: — At this time I would like to invite the minister to introduce his officials, and if he has an opening statement.

Hon. Mr. Elhard: — Thank you, Mr. Chairman, and good evening to members of the committee. It's a pleasure to be here again tonight. I'd like to introduce the members of our ministry team this evening. To my right is George Stamatinos, assistant deputy minister of policy and programs in the Ministry of Highways and Infrastructure. To my immediate left is Ted Stobbs, the assistant deputy minister for corporate services. Behind me and to my right is Allan Churko, the executive director of our central region, and immediately behind me is Scott Simpkins, the ministerial assistant in our office.

I think I said immediately to my right back here. This is my left. It's early in the evening, but I'm sorry I made that mistake. It's your right; that's what I meant to say. And we're happy to be here and to undertake to answer your questions as thoroughly and diligently as we can.

I do have an opening statement, and as a consequence of the statement I think many of the questions that members of the committee might have will be addressed. So if I might, Mr. Chair, I'd like to take this opportunity now to make those brief remarks.

The transportation system has always been critical to Saskatchewan's economic prosperity. It's becoming even more critical at a time when our export-based economy is rapidly expanding, our industries are growing, and our population is on the rise. Now in order to keep Saskatchewan goods and services moving efficiently to market and to support our growing population, we must continue to invest in highway infrastructure.

Transportation is also critical to the social prosperity of this province. People rely on our roads and highways to access vital services like health care and education. Because of the importance of the transportation system to the economic and social prosperity of the province, it is critical that the system operates safely and efficiently. The supplementary estimate the committee is considering tonight is reflective of that imperative.

An additional \$4 million was allocated to the ministry to begin the reconstruction of Highway 310 which was badly damaged following severe flooding in the spring of 2007. Highway 310, which currently is a thin membrane surface highway, is incapable of supporting heavy weights. And it was badly damaged as heavy bulldozers and enormous earthmovers arrived to help the cleanup effort after the flooding and to construct berms to protect the communities of Fishing and Waldsea lakes from future flooding episodes.

Day after day, trucks hauled thousands of tonnes of sand, gravel, soil to divert water away from private property. A section of Highway 310 was breached to allow the swollen flood waters to drain to the other side of the highway. A temporary bridge was put in place to allow traffic the continued use of the highway. As this activity continued, the highway was left full of huge potholes and serious rutting. Once the worst was over, Highways crews moved back in to revert much of this 30-kilometre section to gravel for public safety purposes.

Since that time, the government has committed to invest \$20 million to rebuild Highway 310 from just north of Foam Lake to the junction of Highway 5 near Kuroki. This highway will not be reconstructed as a thin membrane surface but instead constructed to a modern-day, paved highway capable of carrying primary weights.

Tonight this committee is being asked to consider a supplementary estimate in the amount of \$4 million to allow us to do the necessary planning and preparation for this project now. This includes the field survey work, detailed design work, tender preparation, and winter crushing as well as hauling of the aggregate material that we need to have in place to begin construction in the spring.

It is important to note that as part of this process, careful consideration will be given to ensuring that the highway design is integrated with regional flood protection plans. Our goal is to begin construction on the new highway in the 2009 construction season. The damage caused by the construction of the berms is not the only basis for investment in Highway 310, however. This is an important economic and tourism corridor linking Highway 5 with the Yellowhead highway. The region boasts a thriving tourism industry, traditional and value-added agriculture, as well as manufacturing. And the Highway 310 rebuild will have a positive impact on each and every one of those industries.

Furthermore, the residents of the Fishing and Waldsea lakes areas have been working hard to rebuild their homes and their lives. Clearly they could not do this alone. The rebuild of Highway 310 will help this region get back on track with a quality, safe highway that will provide another primary weight corridor to benefit the local economy. The safety of Saskatchewan residents and providing the proper infrastructure to support our growing economy are priorities for this government, and we are demonstrating that commitment with this important project.

There is one other item I'd like to bring to the attention of the committee members tonight, and this would be the special warrant of \$226,000 that was requested in order to top up our

provincial short-line railway program. This is a situation where our 2008-09 budget estimate was just a little bit too low. And we had a loan request come in from Great Sandhills Railway to purchase the assets of CP's [Canadian Pacific] discontinued Empress and Burstall subdivisions, and we require the special warrant to meet this request.

The Great Sandhills Railway is made up of local governments and stakeholders with an interest in preserving the rail infrastructure in this area of southwest Saskatchewan. The short-line railway program provides interest-free loans to groups just like this one, but groups across the province. The province supports and has committed interest in promoting the retention of the provincial railway network. This network is necessary to meet the needs of rural Saskatchewan producers and businesses and to reduce the road impacts associated with heavy truck movement.

And with that, Mr. Chairman, we would be happy to take questions from the committee. Thank you.

The Chair: — Thank you, Mr. Minister. Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. I want to welcome the minister and his officials here this evening. I will start this evening's questions off by turning the mike over to my colleague, Mr. Vermette. I believe he has some questions.

Mr. Vermette: — I guess I thought I would have an opportunity to ask you some questions referring to highways and some of the money that you were allocating. But obviously you've shared with us already where some of the money is going.

And I'm not sure if all the money is there, so I guess my question would have been . . . And bear with me if I could, and I guess if it's not appropriate, you'll let me know if you want to answer it.

There are roads and highways that are in dire need of assistance in the North, and I definitely would like to know if there is any opportunity or any of these dollars would have been allocated to that. And truly was aware of my question and why I was here this evening, to ask those questions. I guess I'll put those questions to you. Highway 123, you know, to Cumberland House. There's a number of different roads in the North need fixing, and whether it's due to conditions or roads that need to be upgraded or roads that aren't there that are, you know, needing . . . so that would be my questions, if you bear with me. Anyway I'll see if you answer them.

Hon. Mr. Elhard: — Mr. Chairman, and to the member, I appreciate the intention of the question and the sincerity with which it's asked. I would offer this much at this point. The roads in the North are an important concern for this government. And we've taken the needs of the North into full and serious consideration.

We have travelled the North. We've had representations from member communities in the North, and they've made a very compelling argument. And I think I've assured them — at least I hope, hoping, that my assurances have been accepted at face value — that when it comes to discretionary use of the monies

that we will be allotted in the future, that the North will compete very strongly for those dollars. We are going to be addressing that northern infrastructure in a very specific way in the days and months ahead.

The primary response to your question though will have to wait the unveiling of our budget in the spring. The issues that you've asked are really outside the parameters of this particular event tonight. And I know that the rules of the legislature are sometimes awkward and difficult, and they get in the way, but tonight we have to address the questions specific to the two issues before us.

The Chair: — I would remind Mr. Vermette that this is the supplementary estimates. There are lots of questions that . . . and I'll let your question go, but we are concentrating on supplementary estimates. And if you look at the supplementary estimates, it identifies what the funds are for. I allowed your question to go because I know your concerns for the roads, but we're concerned for the roads throughout the province. But that's not the point of the supplementary estimates this evening.

Mr. Vermette: — Okay, thank you, Mr. Chairman. I guess just to follow up . . . and I appreciate the information you've shared with me so far. And I apologize here. I should have acknowledged the Chair and also the minister and your officials that are here, and I wanted to thank you for being here.

I will end with this thought and I guess it's a challenge to myself, if you will bear with me. I appreciate you answering the questions you did answer. And you are definitely going up there and trying to consult with some of the communities, and you shared that and I appreciate that. And I know personally for myself there's areas of concern in the North. And I know we have a lot of areas in the province that need work, but there are some areas for safety reasons and for the benefit of some of the economics — and I do say safety issues — that some of the communities up north have to be addressed and will be addressed.

And I will follow other venues to bring those information to you whether it's letters of support, whatever I can do from now on. I will do all I can to use the media and use your department to aid me and aid the community in the North to deal with our highway issues. So thank you, Mr. Chair, for allowing those questions.

The Chair: — Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. Mr. Minister, vote 17 (HC02) as you've already indicated is specifically targeted to Highway 310 and the reconstruction of Highway 310. When you say these funds are to do the preliminary work or to stage it so that you're ready to do the construction work later on, would you give us a little more detail of exactly what you refer to when you're saying you're staging it for reconstruction. And has that reconstruction tender been let?

Hon. Mr. Elhard: — Thanks to the member for the question. One of the interesting elements of our ministry is that we can't say one day we're going to fix this highway and have it done within a couple of weeks or a couple of months. These projects are fairly significant projects. They're fairly detailed projects.

They take time to attend to properly. And staging refers to the timetable under which we can accomplish the job from the very early decision making in terms of what needs to be done there, generally speaking, to the planning process, to the engineering process, the surveying that takes time, the conceptual design work, the detail design work, the tendering elements that go into issuing a tender, all the different components that want to be included or you need to have included in that tender, advertising the tender, receiving the tenders. It becomes a very lengthy and, I wouldn't say complicated, but a step-by-step process.

The staging that we are anticipating for this particular project, we want to get the program under way, and that's why we've asked for this \$4 million. The road was so severely damaged by heavy traffic that was necessary to save the communities up there, or do what we could when the flooding happened, that the road was completely destroyed. And because the damage occurred in a set of circumstances that we would consider by anybody's standard a natural disaster, we felt that this was a project that could rightfully be taken to the federal government for assistance under their disaster assistance program. And we have had assurance from the federal government that this project would qualify.

[19:15]

Now there is something a little tentative about that response from the federal government, but in view of the fact that they've given us an indication that they feel it's a project they can support through the disaster assistance program, we needed to move forward on it. The disaster assistance program is largely cost shared by the federal government. We have some financial obligations, but given the level of assurance we've got at this point, we thought we had to move forward on it. The total cost of the project is estimated to be \$20 million in today's construction environment. We hope that we have covered most of our inflationary costs.

The first \$4 million will allow us to get the initial work started. The tender package that we released just a couple of weeks ago includes the first part of this project. We expect they will be advertised, the tenders will be advertised in January, and we're hoping for bids to come in within a month or so following advertising. So the \$4 million will get us started. It'll get us a long way down the road to allowing this project to begin actual construction in the spring.

The balance of the work will be undertaken as a result of contracts that will be let, I believe, this summer. Anything sooner than that might be too optimistic. We thought at one time we might be able to release tenders for the second part of the project as early as the spring, but looking at it now, we think that's too optimistic. We'll probably be looking for bids in late summer, I think.

Mr. Harper: — The lengths of highway that's going to be reconstructed, how many kilometres are we talking about here?

Hon. Mr. Elhard: — There's about 30 kilometres in total. The first section would be about 16 kilometres.

Mr. Harper: — When you say the first section, what section

are you referring to? Is it from junction 5 running south, or is it from Foam Lake running north?

Hon. Mr. Elhard: — I'm advised that the first 16 kilometres will be from Foam Lake north, the reason for that, if I might add, because there is still some uncertainty as to what's going to happen with the berms that are in place in the Fishing Lake, Waldsea Lake area. We don't think it would be prudent to undertake construction of a new highway there until we know how those berms are going to be addressed. So we want to give the Watershed Authority and the other people in that decision-making process time to address that particular issue before we start building a new highway in that immediate area.

Mr. Harper: — Is the \$4 million that's in question here today, is that part of the overall construction costs that you had indicated earlier?

Hon. Mr. Elhard: — Yes, it is.

Mr. Harper: — And what percentage of that would be supported by the federal government through PDAP [provincial disaster assistance program]?

Hon. Mr. Elhard: — Well this is where it kind of gets interesting. We won't know for sure, we won't know for sure until we've spent the money. But the \$4 million that we're putting up is all provincial money.

When the project is complete, the federal government evaluates the project under the terms of reference that they have for disaster assistance and will refund us up to 90 per cent in some of the project, for some of the costs associated with the project. We may end up burying some of the costs ourselves, but we believe a worst-case scenario should see the federal government contributing, I believe, somewhere in the range of \$15 million — 14, I'm sorry. And we have good reason to believe that's almost a certainty. Anything over and above that is really guesswork.

Mr. Harper: — When you say you're going to rebuild it to primary weight standards, will that include the entire length of 310 from junction 5 to the Yellowhead?

Hon. Mr. Elhard: — Anything that's in this project that we are talking about tonight will be a primary weight standard.

Mr. Harper: — Okay, part of that would run through the community of Foam Lake. Would those, that part of the highway that crosses through the town boundaries of Foam Lake, would that be supported by the Department of Highways to primary weight standards? And would the costs of that construction be supported by Department of Highways?

Hon. Mr. Elhard: — Well if I understand it correct, the actual construction of the roadway through the community of Foam Lake would be subject to the discussions surrounding their participation in the urban connectors program. And given the fact that discussion has not taken place with finality, I don't know what to offer you as an answer right now. I can't see that we would want to build it under less than primary weight standards. There's no point in having a primary weight highway lead to the town boundaries and not proceed with that capacity

through the town. But that is subject to discussions with the community of Foam Lake, the leadership there.

Mr. Harper: — I understand that. I'm wondering that if the decision by your ministry to build entire lengths to primary weight, and the portion that runs through the town of Foam Lake, if the decision is thrust upon Foam Lake to participate, would there be any opportunity for the department to look at some patient funding or whatever to assist the community so that they're not burdened with an unexpected significant amount of dollar outlay as to meet the ability for the Department of Highways to have primary standards?

Hon. Mr. Elhard: — Mr. Chair, I'd like to assure the member that the Minister of Highways and Infrastructure is always patient.

Mr. Harper: — Well thank you, sir, but you really didn't answer my question.

Hon. Mr. Elhard: — The urban highway connector program is a program that we think has long-term value to the province and each of the communities within the province that become participants in the program because it offers an assurance that infrastructure projects within their boundaries are dealt with in a manner that is predictable, that they have assurance that the ministry pays a certain percentage. And they pay a certain percentage based on a number of criteria that are established before the individual communities actually become partners. You know, they know what they're getting in terms of criteria and what the arrangements would be before they sign into the program as members. So I think there is a certain level of predictability that each of the communities who become participants will enjoy going forward.

The problem has been, at this point, not so much willingness of communities to take up the opportunity to participate, but simply our ability to go and deal with each community on a one-to-one basis to sort of nail down the criteria and the parameters of the program for their individual communities.

We have had expressions of interest from over two dozen communities around the province. And we have hard and fast agreements that have been concluded with about eight communities at this point, and that number has just grown in the last little while. But we have a lot of work to do with the remaining communities.

Mr. Harper: — Have you had said discussions with the fathers and the town leaders of Foam Lake?

Hon. Mr. Elhard: — The understanding I have is that we, as a ministry, have been in touch with the town fathers, as you referred to them — I hope there's not too many mothers on that council because you and I are both going to be in trouble — but with the leadership of the community of Foam Lake. And we haven't actually been able to set a date for a meeting yet, but we have been in contact with them and expressed our willingness to meet with them in regard to the urban connectors program.

Mr. Harper: — What would happen if the leadership of the town of Foam Lake decided not to go with the urban connectors program? What would be the circumstances that it would leave

your ministry in as far as dealing with the costs, the increased or extra costs, to ratepayers of Foam Lake in regards to the reconstruction of the highway?

Hon. Mr. Elhard: — Well generally speaking, there is advantage to the community of Foam Lake and other communities like that to join the program because we don't bear the responsibility for the costs of highways that go through urban centres. Under the urban connectors highway program, we're accepting some responsibility and therefore some of the cost.

Mr. Harper: — Thank you, Mr. Minister. Off on to vote 145 (HI01) which is the loans for the short-line railroad. Could you explain that with a little greater detail? You already touched on it in your opening remarks, but could you explain it to a little greater detail as to why you felt there was a need for a special warrant from the loan that was requested?

Hon. Mr. Elhard: — I should have deferred to Mr. Stamatinos for a more detailed response. But basically it was due to the fact that when we created our budget for the short-line rail projects in the province, we underestimated the total need by a few hundred thousand dollars.

And that shortfall has been created by the fact that we had the most recent application for funding by this particular short-line group that came in, I think, probably sooner than we expected. They've actually put their proposal together more quickly than we had anticipated. We knew the project was being supported locally. We knew that they were out, you know, raising funds from local participants. We didn't anticipate them being as successful as they obviously were, quite as quickly. And we would have included their project as part of next year's budget under ordinary circumstances. But for more details, I'll ask Mr. Stamatinos to respond.

Mr. Stamatinos: — Thank you, Minister. Mr. Harper, what we do every year, we budget a notional amount with the prospect that there will be community groups pursuing the purchase of lines from the two mainline carriers, CN [Canadian National] and CP. Often those lines are on what we call the discontinuous program. There's a three-year discontinuous plan that's published by the two railroads.

This past year we budgeted around \$750,000 with the prospect that there may be some purchases pending by community groups. The way it works, just for your information, the ministry has a program for acquiring lines, and we provide assistance in terms of an interest-free loan up to 32 per cent of the value — what we call the net salvage value — of the track which is really the value of the steel and the ties and things of that nature.

We've been working with the group out of Leader towards their interest in buying the Burstall and the Empress subdivisions from CP. And as Minister Elhard mentioned, they have progressed things, I guess, beyond our expectations in terms of the timelines put forward for the purchase. So they've concluded — they're very near concluding, actually — a financial agreement with CP Rail. And the 32 per cent really comes to a larger amount, considerably larger amount, that's available from the GRF [General Revenue Fund].

Now the way it works, the 32 per cent is split between the GRF and the TPF [Transportation Partnerships Fund], each contributing an equal amount — so 16 per cent each. So if you look at what the requirement is for the GRF portion is around \$976,000. And the budgeted amount was only 750,000 so the difference is at 226. I think that kind of answers your question.

Mr. Harper: — It does. Thank you very much, sir. Mr. Chair, that concludes, as your time has just about expired, and it also concludes my questions for this evening.

The Chair: — Thank you, Mr. Harper. And seeing no more questions, vote 17, Highways and Infrastructure Capital, infrastructure enhancement subvote (HC02) in the amount of \$4,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I'll now ask a member to move the following resolution:

Resolve that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums, which to the extent that they remain unexpended for that fiscal year are also granted for the fiscal year ending on March 31, 2010, for Highways and Infrastructure Capital in the amount of \$4,000,000.

May I have a mover please? Ms. Wilson.

Ms. Wilson: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 17 agreed to.]

[19:30]

**General Revenue Fund
Supplementary Estimates — November
Highways and Infrastructure
Vote 145**

Subvote (HI01)

The Chair: — Vote 145, Highways and Infrastructure loans for short-line railways, subvote (HI01) in the amount of \$226,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I'll now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for lending and investing activities for Highways and Infrastructure in the amount of \$226,000.

Can we have a mover please? Ms. Ross.

Ms. Ross: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 145 agreed to.]

The Chair: — I would like to at this time thank the minister and his officials for being here and answering questions to the committee. And Mr. Harper, do you have a comment?

Mr. Harper: — Thank you, Mr. Chair. I also wanted to add my words of thank you to the minister and his officials for their very direct and very informative answers to our questions. Thank you very much.

Hon. Mr. Elhard: — Mr. Chair, it's been our pleasure to be here tonight, and I thank the committee for their attendance and their interest and the questions they asked. And once more, for the interest of the new member, we're going to be dealing specifically with his issues in the near future.

The Chair: — Thank you, Mr. Minister. And the committee will be recessed until the officials come in for the next vote. So take an in-place stretch or move for a couple of minutes, and we'll re-adjourn as soon the officials come in and get settled.

[The committee recessed for a period of time.]

**General Revenue Fund
Supplementary Estimates — November
Enterprise Saskatchewan
Vote 83**

Subvote (ES01)

The Chair: — I'll call the committee back to order. We're now here to consider supplementary estimates, vote 83, for Enterprise Saskatchewan. Again I'd remind members about keeping onto the supplementary estimate vote. At this time I'd ask the minister to introduce his officials, and if he has any opening remarks.

Hon. Mr. Stewart: — Thank you, Mr. Chair. To my left, Enterprise Saskatchewan CEO [Chief Executive Officer], Mr. Dale Botting. On my right, Enterprise Saskatchewan chief financial officer, Ms. Denise Haas. And behind me, chief operating officer for Enterprise Saskatchewan, Mr. Gerry Offet.

I don't think I want to take up any of your time with opening remarks, except to say that we're very proud of what's happening at Enterprise Saskatchewan. In a year as government, we've got Enterprise up and running and functioning very well at, I think, a minimum cost to taxpayers. But I'm ready to take questions.

The Chair: — Questions? Mr. Harper.

Mr. Harper: — Mr. Chair, thank you very much, and I want to welcome the minister and his officials here this evening and thank you for appearing before the committee. I will turn the microphone over to my colleague, Mr. Furber, for his questions.

The Chair: — Mr. Furber.

Mr. Furber: — Thank you, Mr. Chair. It's become customary now that Mr. Harper always steals my thunder, but I too would like to welcome the minister and his officials here this evening to answer some questions. And I apologize for the lack of structure to my questions; they're a bit all over the map, and I'll apologize in advance for that. Could the minister answer, in terms of each sector team, how many meetings they've had.

Hon. Mr. Stewart: — The sector teams? I believe each had one meeting.

Mr. Furber: — If I could read a quote from the Premier: "Each team [and this is the quote] will have one month to prepare its first inventory of the barriers to growth holding that sector back from reaching its full potential." Will the Enterprise Saskatchewan minister be able to live up to that quote?

Hon. Mr. Stewart: — I suspect that by the time the sector teams have been up for a month we'll at least be getting some recommendations from them. And I suspect that, well I know that in their first meetings they did discuss that sort of thing. They talked generally about what were the barriers in their particular sectors and what were the particular opportunities that they wanted to explore in future meetings.

Mr. Furber: — Can we get, perhaps not this evening but tabled then for the committee, the dates of each of the sector team meetings?

Well I guess the next question, does the minister consider the members of the board to be representative of people living in our province today?

Hon. Mr. Stewart: — Yes.

Mr. Furber: — And that includes 28 out of 160 of the members being women?

Hon. Mr. Stewart: — Well yes, I mean we'd like to have more women but, you know, we took a lot of the names for the sector teams from nominations that were left with us from the Enterprise Saskatchewan nominating process. That's where most of the names came from. Sadly, women were somewhat under-represented in those nominations. A few nominations came from the staff of Enterprise Saskatchewan, and some people self-nominated. But unfortunately that's the number of women that we ended up with for this first round.

I would point out however that we do have one female former NDP [New Democratic Party] cabinet minister on that list. And I thought that would please the members.

Mr. Furber: — Was equity or representation a consideration at all when the positions were named?

Hon. Mr. Stewart: — No, these positions were strictly based on competence of the members that we had nominated.

Mr. Furber: — Thank you to the minister. Mr. Chair, how will the voice for REDAs [regional economic development authority] be different or improved under the new structure?

Hon. Mr. Stewart: — REDAs, the model as the member knows, is about 15 years old and it's been . . . You know, it's had some success. The REDAs have worked very hard. They've done the very best they could with limited resources and the capacity that they had. And by their very nature, with 27 REDAs they were going to be small because you divide the province, the southern part of the province into 27 pieces, you end up with a lot of small regions. And as small regions they, in our view, lack the capacity to deal in the global economy that we see today.

A lot of things have changed in 15 years. Fifteen years ago the REDAs generally dealt with the local group of farmers that wanted to build a feedlot or a seed processing plant and that type of thing, but now we have \$100 billion worth of potential projects on the drawing board in my shop. And we want the regions to have the opportunity to compete for some of those investments, and we want them to have the capacity to be able to deal with these multinational corporations that are looking at investing in the province.

Mr. Furber: — So what has changed then for the REDAs other than the size of the development authority or the authority of the region being changed and increased?

Hon. Mr. Stewart: — Funding has been doubled, for a start. And you know, I can easily make this commitment, that that's the beginning and funding will have to be continually ramped up. We want the regions to have substantial capacity.

The governance is different. Previously the regions were run pretty much strictly by municipal people, and now we have a combination of business, First Nations, Métis people, post-secondary institutions, and municipal people. Who am I missing, Dale?

Mr. Botting: — Co-operatives.

Hon. Mr. Stewart: — Co-operatives. So we have a much broader cross-section of the public on the boards now, and I think that should be helpful in broadening the perspective.

Mr. Furber: — Could the minister explain how the regional boards will interface with the various sectoral teams?

Hon. Mr. Stewart: — They will have an opportunity if they want to do that, and the sector teams I think are more likely to want to speak with them about issues that they feel are developing in their sectors. There's no organized fashion, at this point at least, in which they will interface, but the option is available to them at either the call of the regions or the sector teams to do so.

Mr. Furber: — So they operate in sort of silos unto themselves. And could you just briefly explain the reporting procedure for each, the sector teams and the regions.

Hon. Mr. Stewart: — Well the sector teams are creatures of our agency, and they certainly report to the CEO, Mr. Botting, whereas the sector teams are a spinoff from the agency of Enterprise Saskatchewan. And the process for reporting for them is that they report to the Enterprise Saskatchewan board, and the Enterprise Saskatchewan board reviews their recommendations. And if they concur, Enterprise Saskatchewan can take recommendations directly from the sector teams to cabinet, and of course cabinet has the final say. Or Enterprise Saskatchewan can review the recommendations of sector teams and ask them to consider other things and come back. There are all sorts of options, but it's a collaborative, co-operative method of getting grassroots input at the cabinet level.

Mr. Botting: — If I may, there are already, even in the early meetings of our sector teams, some regional infrastructure challenges that have been identified in a very introductory way because we only had our formational meetings so far. And where we see examples of regional infrastructure challenge or regional training challenge that might come through a sector team discussion, we will be linking them back to the enterprise regions. And in a similar way as enterprise regions, as the minister said, identifies policy issues that may go across government and go transcend beyond a region, that's stuff that adds to the sector team agendas, and a lot of that comes through the staff of Enterprise Saskatchewan, through my office, or through discussion of the Enterprise Saskatchewan board itself.

Hon. Mr. Stewart: — Also if I may elaborate, Mr. Furber, Ms. Haas reminds me that there will be a regional enterprise issues council as well that can be the link between the sector teams and the regions.

[19:45]

Mr. Furber: — Mr. Botting had mentioned some specific challenges that were identified. What were they?

Mr. Botting: — Issues for example regarding linkage to the Pacific Gateway, and that may have some key issues around border crossings. That was discussed early, as I understand it, and I haven't seen the full minutes of the transportation and logistics sector team. And so that obviously gateway corridors and border crossings are of great relevance to our southern enterprise regions in terms of trying to further then ensure that that's also recommended across as an area, or identified as an area that those enterprise regions no doubt will want to focus on as part of their work to grow and cultivate their region. That's just an example.

Mr. Furber: — In terms of the reporting, could the minister just remind how the sector teams and the regional boards, how the minutes of their meetings are publicly reported?

Hon. Mr. Stewart: — The minutes of the meetings will not be made public. There are commercial issues being discussed, and they will just not be made public. That's all there is to it.

Mr. Furber: — What will be made public? Only the recommendations?

Hon. Mr. Stewart: — Yes.

Mr. Furber: — One of the recommendations that was made was a three-year moratorium on school closures. Can the minister explain what prompted the recommendation?

Hon. Mr. Stewart: — The board entered into a discussion about rural economic development and the potential for premature school closures, in their view being an impediment to economic development in certain communities, and suggested that the period of review for schools where there's an opportunity for substantial economic development in a community, the period of review for those schools be extended another year to three years.

Mr. Furber: — Was the recommendation discussed at a cabinet meeting and decided on at the cabinet level?

Hon. Mr. Stewart: — Eventually it has been discussed, but it hasn't been decided on.

Mr. Furber: — When was cabinet made aware of the recommendation?

Hon. Mr. Stewart: — I'm not sure which cabinet meeting that was, but it was a recent one.

Mr. Furber: — Can the minister answer why a recommendation on the future of the uranium industry wasn't referred to Enterprise Saskatchewan?. This is precisely why Enterprise Saskatchewan was initiated as an entity, was to make decisions on this type of thing. And interested why they are not making this decision.

Hon. Mr. Stewart: — Enterprise Saskatchewan will certainly be considering all sorts of issues around the uranium industry. I think the member is referring to the creation of the Uranium Development Partnership. Is that where the member is going? Yes.

We set this up headed by Dr. Florizone, a nuclear physicist and also a financial officer for the U of S [University of Saskatchewan]. And it's an expert panel, certainly more specialized than Enterprise Saskatchewan is in the nuclear field. And we wanted them to investigate how, not if Saskatchewan should, but how Saskatchewan can be a bigger player in value added in the nuclear cycle. We expect their recommendations by the end of March.

Mr. Furber: — Now because it had been explained that Enterprise Saskatchewan was to identify barriers to growth, it seems to me that the Regulatory Modernization Council should have been referred to Enterprise Saskatchewan as well, being that's precisely what it is doing is identifying barriers to growth. Why wasn't it?

Hon. Mr. Stewart: — I'm sorry. I don't think I understood that question or maybe didn't hear the beginning of it.

Mr. Furber: — The Regulatory Modernization Council. Why wasn't the issue of regulatory change referred to Enterprise Saskatchewan when Enterprise Saskatchewan was created? It was created specifically with the goal to eliminate barriers to growth. This seems to me to be to be exactly that issue.

Hon. Mr. Stewart: — Regulatory modernization is a specialty though. It's one segment of potential impediments to growth, and we chose to set up a Strategic Issues Council to deal with that issue specifically and report to Enterprise Saskatchewan on their findings. The Strategic Issues Councils will not be permanent institutions of government. They will be set up and do their work and then they will disappear.

Mr. Botting: — So if I may, the terms of reference in the scoping of that Regulatory Modernization Council was established by the Enterprise Saskatchewan board as a recommendation. And so it spawned itself from Enterprise Saskatchewan, and periodically it reports its findings to the Enterprise Saskatchewan Board.

Mr. Furber: — How much of the definition of what they're doing over there was also initiated by Enterprise Saskatchewan?

Mr. Botting: — All of it actually. The whole terms of reference was reviewed and approved as one of the recommendations from the Enterprise Saskatchewan board. Its focus is not only regulatory modernization but enhanced customer service for business as it interfaces through the regulatory process as well.

Mr. Furber: — Is there a particular model that the council is seeking or that Enterprise Saskatchewan specified that the council should look at, i.e., British Columbia's model on regulatory modernization?

Hon. Mr. Stewart: — No we gave them carte blanche to study the regulations that we have in this province and how they can be streamlined to facilitate economic development.

Mr. Furber: — Can the minister name any recommendations made at this point by Enterprise Saskatchewan outside of the education one mentioned this evening?

Hon. Mr. Stewart: — Mr. Botting reminds me that the regulatory . . . the recommendation to establish a regulatory modernization council came from Enterprise. The Uranium Development Partnership, it was recommended by Enterprise Saskatchewan that we set up an entity like that and the entrepreneurship council as well. Those suggestions came from Enterprise Saskatchewan.

Mr. Furber: — Are there any recommendations outside of the education model that hadn't been followed or hadn't been acted on or . . .

Hon. Mr. Stewart: — I don't believe so.

Mr. Furber: — In terms of government investment and the economy, what role will Enterprise Saskatchewan have on recommending government investment in the economy?

Hon. Mr. Stewart: — The government won't be investing in the economy as such. We won't take equity positions and companies. We don't even plan to be loaning money to companies under any kind of normal circumstances. Enterprise Saskatchewan, I would expect, would be very much against such activity.

Mr. Furber: — Is that also true for new industry?

Hon. Mr. Stewart: — Yes.

Mr. Furber: — The government won't be investing in biofuels then at all.

Hon. Mr. Stewart: — Only through existing programs.

Mr. Furber: — Such as?

Hon. Mr. Stewart: — Biofuels, SaskBIO [Saskatchewan biofuels investment opportunity] program.

Mr. Furber: — And will the government be investing in Innovation?

Hon. Mr. Stewart: — Innovation is a little different than regular business and we hope . . . I think that you'll see from the innovation Act that we'll have the capacity to do that with private companies.

But generally I think the way that government sees its involvement is helping to finance pilot projects and that sort of thing that'll take innovation ideas through what we call a valley of death between research and commercialization. We've always been very good at research in this province, but we have a deplorable track record on commercializing our innovative and research ideas. We hope that this innovation fund can be very helpful in getting research ideas to commercialization.

Mr. Furber: — Now you said generally that it won't be the case that government invests in these types of ventures, but specifically will they?

Hon. Mr. Stewart: — Well I can't imagine, but I think we'll have the capacity to do that if it's ever determined that it's the right thing to do.

Mr. Furber: — Who will be making the decisions on which companies to invest in?

Hon. Mr. Stewart: — Well I suspect that that would be a cabinet decision in the end. Quite likely if there's any serious debate on that that could be a matter for Enterprise Saskatchewan to have a look at before cabinet deliberates.

Mr. Furber: — I read recently a quote by the Premier. And he said, I quote, "The terms of reference of Enterprise Saskatchewan also include the end of government picking winners and losers in the economy."

How is that true then for new industry or for these types of investments if they're going to be decided at the cabinet level?

Hon. Mr. Stewart: — Well we're not going to be taking equity positions in individual companies, at least except in very exceptional circumstances. And none of this will happen in mature industries. We won't be involved in any way, shape, or form unless this is truly cutting-edge innovation.

Mr. Botting: — Under the current model, and it's been operating for a while, seed capital investments — very early-stage, immature firms that are quite cutting edge and evolving — will be receiving monies that will be turned over

from government to a third party manager.

For example, Ag-West Bio is a bio-tech group, has got a seed capital fund which was populated by original money from government then to this third party agency. They make the investment decisions. They have an investment manager. And it's not a direct investment by government, but done through those partnerships.

And we suspect that similar seed capital injections, if they were to further grow in other sectors, would likely be through limited liability partnerships through this third-party mechanism where the expertise is not so much in government, but within an actual skilled investment community.

Mr. Furber: — The minister said that under exceptional circumstances it's possible. What sort of exceptional circumstances would those be?

Hon. Mr. Stewart: — Frankly, I can't envisage any, but any circumstances in which we take an equity position at least. But we're leaving the door open. We're not going to be philosophical about this; we're going to try and be as pragmatic as we can. And there may be circumstances where there is just no other way. I personally can't envisage it. Maybe Mr. Botting has a more vivid imagination than I do.

Mr. Furber: — So is the Premier then being philosophical when he said it'll be the end of government picking winners and losers in the economy?

Hon. Mr. Stewart: — No, that's a general principle that we govern ourselves by every single day. And we haven't done that. And if we ever do, like I say, it will be very unusual and very special circumstances. And I doubt that it'll ever happen.

Mr. Furber: — I'm surprised that it's been your mantra for years, and yet you won't rule it out this evening. Why is that?

Hon. Mr. Stewart: — I don't know what kind of wild, special circumstances may arise. I can tell you this though, that I would be a hard sell. And as the minister, I can't imagine any circumstances that will compel me to be interested in doing that. And knowing the Enterprise Saskatchewan board and the people that sit around the cabinet table, frankly I can't envisage any circumstances that would compel them to do it either. So I think it's a tool that may be there for us, but likely never used.

Mr. Furber: — Mr. Botting had mentioned a third party making decisions such as the one on Ag-West Bio. Who appoints the third party? Who chooses the third party? What's the process for that?

Mr. Botting: — In the case of Ag-West Bio, it is given an annual appropriation under the Ministry of Agriculture's current funding. And as part of that, they also have been given in the past one-time money as a revolving fund for repayable, early-stage contributions for very high-tech start-ups.

And the administration is chosen by Ag-West Bio. They've hired an investment fund manager within their staff complement, and then they have a governance structure of community business leaders that then in turn make the

actual decision. And the role of government is just to establish the original fund to allow the funding to take place.

Mr. Furber: — That's true in that specific case, but you'd mentioned that in the future that's how decisions will be made. And do you have some idea of how they'll be appointed or what it'll look like?

Mr. Botting: — We have no plans yet at this stage. We've observed the Renaissance Fund in British Columbia where they've actually established a similar pool and leveraged other limited liability partners through larger global investment capital pools to partner with them under a bigger LLP, or limited liability partnership. And then they've gone to further tender investment management. Similarly the Alberta government has done something recently of the same magnitude under Premier Stelmach. We haven't gone there at this stage and thought about it at this stage because we haven't even formed Innovation Saskatchewan yet.

Mr. Furber: — Can the minister explain this evening what the forestry sector team is doing to aid in the forestry industry?

Hon. Mr. Stewart: — Well it's early days. They've had one meeting I believe, and no recommendations at this point, but I expect that they will have some. There are some people with substantial forestry backgrounds on that sector team.

Mr. Furber: — Does the minister consider it a failure at all that the forestry sector team, when we have a crisis in that industry for some time now, has had one meeting in a year?

Hon. Mr. Stewart: — The sector team's only been set up I think for — what? — two weeks now. Yes. Yes. So no, I think that's getting at it pretty good, that they've had a meeting already and they're organizing their future meetings. And I'd be concerned if they'd come up with knee-jerk reactions after their very first meeting which was mostly organizational in nature.

Mr. Furber: — I'm sorry; I'll rephrase the question. Does the minister consider it a failure that they've only had one meeting, not that they've had a meeting recently and hadn't made decisions? You've been elected for a year, and the Premier said that Enterprise Saskatchewan would be up and running within a month. So more to the question is, if your government has understood that forestry has been in a crisis for some time, and in June of 2006 you appointed a team to move around the province and discern what was the case in forestry in terms of it being in a crisis, and how is it that you get a sector team up and running some 50 weeks later, and you don't have a recommendation in this industry?

Hon. Mr. Stewart: — I'm not aware that the Premier said that Enterprise Saskatchewan as a board would be up in a month. In fact I don't think he did. But in any event, it took some time to go through the nominating process, which was a very open process. And it took some months to go through that process.

And we came up with, I think, a board for Enterprise Saskatchewan that is phenomenal. It's an honour to work with them. These people represent many different sectors of our economy, but when they come into that boardroom they leave their sector hat at the door. And they work in the interests of the

province of Saskatchewan.

And since we got Enterprise Saskatchewan up and operating properly, then we directed our minds to the sector teams. And it was quite a process to find the numbers of people that we needed for 18 sector teams who are clearly experts in their sectors and willing to serve for \$110 a day. It's a sacrifice on their part. And it's volunteerism of the highest order, and the kind of thing that Saskatchewan is famous for, and the sort of co-operative activity that's built this province.

I'm very proud of what's been done. I wouldn't have wanted to rush it any more. In fact if I would have wanted to rush it any more, I would have.

Mr. Furber: — I don't think the opposition has any issues with the folks named to the board. I think they're all leaders in their communities and especially in the industries they represent. And, you know, being a volunteer in Saskatchewan is a wonderful thing. And I think they should be commended for that.

However I think that by any stretch, when Enterprise Saskatchewan had been talked about since 2005 at least, and perhaps sooner that . . . And the Premier, then in opposition, made promises even at that time that Enterprise Saskatchewan would be up and running in a month. And I will table his quote — the time and place of it and the direct quote — with the committee so that the minister might read it and know it. I think that the people in the forestry sector do consider it a failure that the team isn't up and running at this point, or is just up and running at this point. And I think we'll have to agree to disagree on that.

Can the minister explain in which communities were the Community Development Trust Fund meetings held?

Hon. Mr. Stewart: — Yes. May 22 in Hudson Bay, May 23 in Carrot River, May 27 in Big River, May 28 in Meadow Lake, June 4 in Prince Albert, and July 15 in La Ronge. There was a delay there because of a provincial by-election.

Mr. Furber: — I know one of the folks here this evening is pleased at the outcome of that by-election.

Hon. Mr. Stewart: — I would suggest probably three people here are pleased with that.

Mr. Furber: — What were the findings in each meeting, and are there minutes available from those meetings?

Hon. Mr. Stewart: — The document that outlines the proceedings is on our website, apparently. And generally speaking, most of the interest was in infrastructure development from the communities, with some training dollars as well of course, and some interest in promotion of the forestry industry. So those are pretty much the three prongs of the pitchfork.

And the one that primarily . . . infrastructure is the one that Enterprise Saskatchewan is dealing with. Advanced Education and Labour I believe has the training piece, and Energy and Resources has the forestry piece.

Mr. Furber: — Has any money flowed to these communities yet as a result of these meetings?

Hon. Mr. Stewart: — Not as yet. We're expecting the communities to be notified about what sums of money they will be receiving by December 15, and the cheques will be flowing in early January.

Mr. Furber: — Just a refresh because they'd gone by fairly quickly. Were the meetings in Hudson Bay, Carrot River, Big River, Meadow Lake and Prince Albert all held in May?

Hon. Mr. Stewart: — Prince Albert was in June.

Mr. Furber: — What was the date in June, sorry?

Mr. Botting: — La Ronge was in July, post by-election.

Mr. Furber: — The bulk of the meetings were held then in May, one in June, and one in July between four and six months ago. Again I guess, I'll ask the question, does the minister believe that there should be any funding flowing out to these communities yet, considering some of these folks have lost their job prior to that?

Hon. Mr. Stewart: — We would have liked to have seen it sooner, but there was a process. Application documents were made available, program details announced on August 7. Communities were given until October 1 to get their infrastructure applications and supporting documents together, and submitted for the first year of the three-year program. And frankly the communities needed pretty much every day of that time frame to comply. And of course after the applications were in in October, then they had to be evaluated and so on.

So I think it would have been very nice to have the funds flowing before this. We had hoped to, but with the process that we felt we had to go through to get input from the communities, and proper opportunity for them to apply, we think this is about the best we could manage.

Mr. Furber: — The minister just defined for us the process up until the meetings and for each community. What's happened since the last meeting, sorry, in La Ronge?

Hon. Mr. Stewart: — The facilitator reported on the results, summarized the results and compiled the results, and reported to us on what the communities were really asking for so we could break it down into forestry infrastructure and training, and apportion funds to those three areas. The details were announced on August 7 as to how communities would respond to the facilitator's report and apply for the funds.

The communities were given until October 1st to submit their applications. And I don't know if they all made it on time, but they were close at least. Prince Albert for instance asked for more time. But generally they, at least almost, made it in by the due date. And they were rushed to do that; it's quite a process. And since October, of course, the applications have been evaluated, and decisions are in the late stages of being made as to which communities will receive how many dollars and for which projects.

Mr. Furber: — Who's evaluating the applications?

Hon. Mr. Stewart: — An interministry committee composed of officials from all of the ministries that have anything to do with the infrastructure like Highways, like Municipal Affairs, I think First Nations and Métis Relations, Energy and Resources, Advanced Education as well of course.

Mr. Furber: — So when might we expect some of the money to flow?

Hon. Mr. Stewart: — We expect it to be flowing early in January.

Mr. Furber: — Can the minister explain anything Enterprise Saskatchewan is doing specifically about the global economic crisis?

Hon. Mr. Stewart: — It's certainly been a topic for discussion at our Enterprise meetings recently and will continue to be. Enterprise Saskatchewan is keeping very much on top of latest developments in that crisis that seems to deepen daily. At this time no particular recommendations have been made to government as to how to handle it, except that Enterprise Saskatchewan recommended some . . . that in loose terms, that government be conservative in their spending for the time being. And certainly that informal recommendation has been taken to heart I believe.

Mr. Furber: — To the tune of 17 per cent increase over last budget, I don't think it's been taken too much to heart. Now do you expect any recommendations soon regarding the crisis?

Hon. Mr. Stewart: — That will be up to the board. They're not directed as to what they should recommend. The board will go where the board will go. And I have every confidence that if the board deems that it's appropriate to make a recommendation to cabinet to do something that we're not already doing, that they will make that recommendation.

Mr. Botting: — There's a couple of other things that Enterprise Saskatchewan is doing when it relates to global trade. Notwithstanding the fact that we're among the least trade-dependent on the US [United States] market where the crunch has really hit hardest, we're still trying to further diversify our exports and our trade relationships beyond the United States.

And so we've accelerated efforts with STEP, the Saskatchewan Trade and Export Partnership, to look at other trade linkages to diversify our markets, so we're not so US-dependent on a very difficult US economy. And as part of that, we're working hard on bringing in new capital flows into Western Canada and to Saskatchewan, whether it be qualified foreign investors from the Chinese capital pools or India and so on. And so in our investment attraction efforts, we're trying to link to diversify our capital sources.

Mr. Furber: — Can the minister define for some of the members on the boards who I've talked to, who are telling me that they're not certain what their role is, where their recommendations go, who makes the decisions on them . . . And some of them aren't sure why they're part of it at all

because they've been able to effectively inform government of their opinion on matters related to their sector previously.

And some examples, and I won't include the people who mentioned it, but folks like the Saskatchewan Mining Association or the CFIB [Canadian Federation of Independent Business] — it would be groups like that that are representative of a certain sector. So just to give the minister an opportunity to inform the members of his own teams — further define for them, I suppose — what their role is, and how to make recommendations and where they go and what they do.

Hon. Mr. Stewart: — The board are very well and fully aware of their role and where their recommendations go and . . .

Mr. Furber: — For the sector teams.

Hon. Mr. Stewart: — Oh, you were talking about sector teams.

Mr. Furber: — Sorry.

Hon. Mr. Stewart: — Oh, okay. The sector teams are very new; two weeks they've been appointed. There may still be some board members, although they've been informed by myself and the Premier what the process is, there may be some that still don't clearly understand the process.

But certainly I'll say it again: they're to deal with their specific sectors, while Enterprise Saskatchewan are generalists that are asked to look at the big picture. And recommendations come from the sector teams to Enterprise Saskatchewan, and Enterprise Saskatchewan evaluates them under the lens of the economic benefit they might make to the province. And if Enterprise Saskatchewan agrees with those recommendations, Enterprise Saskatchewan sends them on to cabinet as their own recommendation. And then cabinet makes a final decision as always.

Mr. Furber: — Those are all the questions I've got this evening. If I could, I'd like to thank the minister and the officials for their answers this evening — forthright and quick. So I appreciate that, and I'm sure the committee does as well. Thank you.

Hon. Mr. Stewart: — Thank you, Mr. Furber. And I'd like to take this opportunity, Mr. Chair, to thank my officials and all members of the committee.

The Chair: — I would also . . . but first off, I'll have some closing remarks. But vote 83, Enterprise Saskatchewan. Enterprise Saskatchewan, subvote (ES01) in the amount of \$6,087,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

I'll now ask the member to move the following resolution. Resolved:

That there be granted to Her Majesty for the 12 months ending March 31, 2009, the following sums for Enterprise Saskatchewan in the amount of \$6,087,000.

May I have somebody move that please? Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 83 agreed to.]

The Chair: — I'd like to thank the minister and his officials for being here this evening and thank the members of the committee. We just have one housekeeping, a couple of housekeeping issues to do.

Okay, committee members, you've before you a draft. We're passing out a draft of the fourth report of the Standing Committee on the Economy.

We require a member to move the following motion:

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

May I have a mover please? Mr. Harrison. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would now entertain a motion of adjournment. Ms. Ross.

Ms. Ross: — I make that motion.

The Chair: — Agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would like to thank the committee again for their support this evening. This committee is adjourned.

[The committee adjourned at 20:20.]