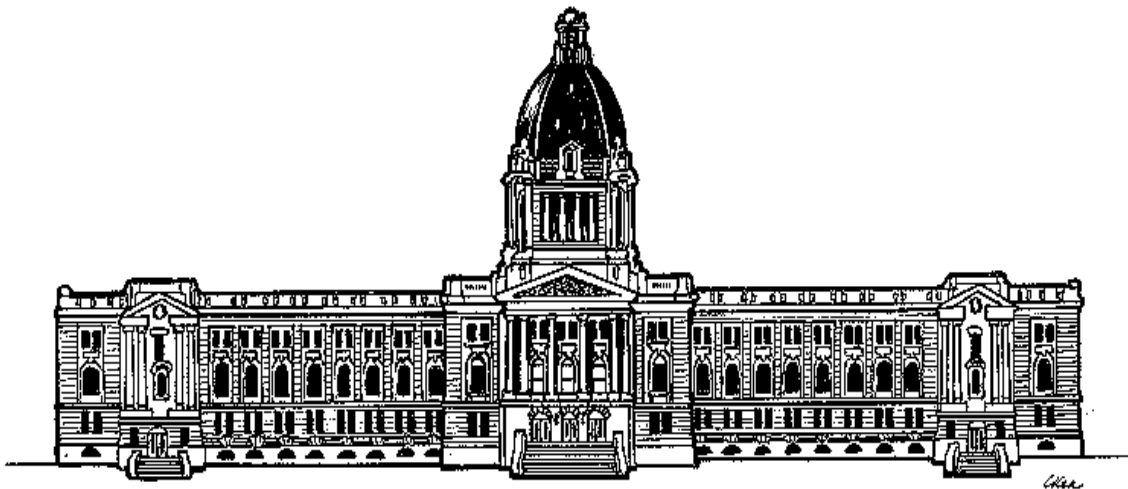




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Darryl Hickie, Chair
Prince Albert Carlton

Mr. Ron Harper, Deputy Chair
Regina Northeast

Hon. Dustin Duncan
Weyburn-Big Muddy

Ms. Laura Ross
Regina Qu'Appelle Valley

Mr. Lyle Stewart
Thunder Creek

Mr. Len Taylor
The Battlefords

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 19:00.]

The Chair: — Welcome everybody, tonight. I can see that we are now at the chosen hour of 7 for the committee to begin. I will call the committee to order.

Just order of business because it is quite warm tonight, feel free to remove your suit jackets if you so choose. I see some have already, so it's fine.

I'd like to welcome you all here to the deliberations of the Standing Committee of the Economy. We have a busy agenda this evening, seeing as though it's our first meeting considering the estimates of a new budget. This evening we will first be reviewing the estimates for the Minister of Energy and Resources followed by the estimates for the Ministry of the Environment.

Pursuant to rule 146(1), the Assembly requires this committee to review the estimates for a number of ministries. They include: vote 1, Agriculture; vote 23, Energy and Resources; vote 43 and 144, Enterprise and Innovation Programs; vote 83, Enterprise Saskatchewan; vote 26, Environment; vote 16, Highways and Infrastructure; vote 17, Highways Infrastructure Capital; vote 84, Innovation Saskatchewan; and vote 35, Saskatchewan Research Council.

Committee members, as I mentioned a few moments ago, first on the agenda today we are here to examine the main estimates for vote 23, Energy and Resources outlined on page 51 of the Estimates book.

Before I begin, I'd like to introduce the members of this committee. They include, to my left on the opposition side, Mr. Harper. I see we have Mr. Taylor as well from the standing committee. We have Mr. Trew, Mr. Lingenfelter, Mr. Yates, and Mr. Vermette. On the government side to my right, we have Mr. Stewart, Ms. Wilson, Ms. Ross, and chitting in tonight for Mr. Dustin Duncan is Mr. Greg Ottenbreit.

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

Subvote (ER01)

The Chair: — So it's now time to begin the examination of vote 23, Energy and Resources. Mr. Minister, welcome tonight, sir, and if you'd like to introduce your officials and make an opening statement, the floor is yours.

Hon. Mr. Boyd: — Yes, thank you, Mr. Chairman. Mr. Chairman, committee members, I am pleased to be in front of the Standing Committee on the Economy again to consider the estimates of the Ministry of Energy and Resources. And I'm once again pleased to introduce to you and to members of the committee my officials from the ministry.

Sitting to my left is Kent Campbell, deputy minister of Energy and Resources. To my right is Bob Ruggles, associate deputy minister of forestry development. Behind us, seated in the centre, is Hal Sanders, assistant deputy minister of corporate

and financial services and also acting assistant deputy minister of resource and energy policy. Next to him on the left, on my left, is Ed Dancsok, assistant deputy minister of petroleum and natural gas. And over my other shoulder, on the right, my right, is George Patterson, executive director of exploration services and geological services.

We are also joined behind them by: the young lady is Julie Walter, a graduate student intern, and beside her is Bob Ellis, in charge of communications.

Mr. Chairman, the theme of the 2010-11 budget is balanced, forward-looking, and responsible. It's a budget that builds for our future while being fiscally prudent in our present. It's a budget that is positioned against the backdrop of an incredible recessionary pressures that have affected economies of the world throughout the world, but it's a budget that follows a different path — one that contributes to a growth agenda for our province while reducing overall government spending.

Check every major benchmark and our economy continues to perform well. We're resilient in the face of economic challenge. We're creating jobs when others are shedding jobs. Our population is at an all-time high. Housing starts are up significantly in our two largest cities, and I think throughout the province as well. Average weekly earnings are at a new record and the take-home pay of our citizens is higher through the single largest income tax cuts in our province's history.

My turf in cabinet of course is that energy, that resources . . . While our resource industry certainly encountered a more challenging year in 2009, they have and we have plenty of reason for optimism in 2010 and beyond.

Industry mineral exploration expenditures came in at a healthy \$290 million in 2009. Potash sales are picking up nicely so far this year. I also note that our potash companies are committed to our province through their announced \$11.9 billion worth of expansions to their housing or to their existing mines over the next decade. Oil production last year was close to a record level of 2008, and the industry is showing significant renewed interest throughout the province. Yes, we are working against the backdrop of global economic pressures, but as I have just noted, we are also working against a backdrop of local economic success, a local backdrop that allows us to pursue an aggressive growth agenda for Saskatchewan.

Mr. Chairman, the 2010-11 budget of our Ministry of Energy and Resources continues to give us the tools to help our government and our province achieve the growth agenda, but our ministry's budget is also built on an overall budget principle outlined by the Finance minister, namely caution in revenue projections, restraint in government spending, and a commitment to the government living within its means. Our expense budget for this year is just under 38 million, an 11.3 per cent reduction from last year. A number of vacant positions within the ministry will not be filled as our commitment to smaller government.

But our commitment to our province's resource industries remains rock solid, as does our commitment to the core programs and functions within the ministry. Our regulatory and

revenue collection services remain unchanged and we continue implementing the royalty and tax regimes that have earned praise from the industry for their certainty and stability.

Our signature initiative over the last year has been the major redevelopment of our oil and gas business process and computer systems. Our process renewable and infrastructure management enhancements project, more popularly known as PRIME, will dramatically transform how our government and the oil and gas industry interact, improving our ministry's overall efficiency and service to the industry. Indeed, as a part of that project, Saskatchewan has joined the petroleum registry of Alberta. In 2010-2011, PRIME will be receiving \$10.5 million in capital funding and 1.9 million in expense funding for the second year of the project.

A no less significant initiative is taking place on the mineral side of our industry and ministry. This year we expect to see a full implementation of MARS, the new mineral administration registry of Saskatchewan. The MARS initiative will assist in the improved management of land dispositions and also contribute to better front-line services to the industry.

The industry and us believe we are looking forward to our legislation, Bill 125, *The Crown Minerals Amendment Act, 2009*, passing this spring. This legislation is needed to allow the implementation of the new system.

Forestry is a part of our ministry's mandate, and all members of the committee know the challenges the forest industry has faced as it makes the transition from an industry based on commodities to one delivering market-driven, valued-added products. A lot of solid policy work has been done over the last year in releasing a forest industry development framework and making new allocations of wood volumes under the Prince Albert Forest Management Agreement.

Our budget funding will maintain the core forest development functions of the ministry this year. There will not be as much money flowing to the industry in 2010-11 from the Community Development Trust Fund, but this is not a reduction in funding as it is deferral of overall funding to ensure resources are available as the industry strengthens and continues to innovate to improve their competitiveness.

Finally, Mr. Chairman, in the area of research that is so vital to the advancement of our resource industries, our ministry is receiving \$3.9 million for third party grants to support energy research. The bulk of that funding, \$2.5 million, will go to the Petroleum Technology Research Centre for the world renowned work that it is doing on carbon capture and storage and enhanced oil recovery. The ministry's research funding will also support go green projects around carbon dioxide, enhanced oil recovery projects, and oil and gas emissions reductions.

Through the measures in our ministry's budget and through those in the provincial budget overall, we are following a plan that is balanced, forward-looking, and responsible, a plan that ensures Saskatchewan will continue down a different path, a path to prosperity that is shaped and directed by our growth agenda.

Thank you, Mr. Chairman, and now I look forward to a

productive and interesting discussion with regard to the ministry.

The Chair: — Thank you, Mr. Minister. I forgot, with the . . . I beg the pardon of the members of the committee, but I forgot to mention here that when the officials do speak tonight, other than the minister, if they could identify themselves for the first time when they speak, it just helps the Hansard people do their work.

Okay. Well we'll take questions from the committee members. Mr. Trew, I believe you're first.

Mr. Trew: — Thank you very much, Mr. Chair. Minister, officials, welcome to these estimates and the committee. Listened with a great deal of interest; of course we always do when a minister speaks of their ministry. I have to confess, I listened with a little bit of disbelief when I heard about the growth agenda and cautious revenue projections. I'm reminded of last year when the government projected that potash was going to return \$1.9 billion in revenue to the treasury, and the latest thing that we saw was the government was cutting a cheque for several hundred millions of dollars to the industry. And as our leader has said, it's the first time he'd ever seen a government actually pay the industry to take our resources.

Now not only, Minister, did the government project \$1.9 billion, but you, sir, are on record suggesting that it could be as high as \$3 billion. My question on potash when we get to it will be, over how many years would it take to get to that \$3 billion?

You have stated as . . . I'll go to the first area that I really wanted to get into, and that's land sales in oil and gas. And on October 8th of 2009, you had a release that showed that the October sale of Crown petroleum and natural gas rights had brought in 32.4 million in revenue for the province. You point out the largest sale of this year, being 2009; total revenue from land sales in 2009 calendar year now stands at \$83.2 million.

And the quote from you, Minister, is "This shows we continue to be on the right track," Energy and Resources Minister Bill Boyd said." Well, Minister, in 2007 there was \$250 million raised for the people of Saskatchewan from land sales. That's 250. That's a quarter of a billion dollars. In 2009, in the revenue year to the current budget, it was \$118 million. That's less than half what it was two years earlier.

Do you stand by your quote that it shows, the quote, "This shows we continue to be on the right track"? And if so, what's the wrong track?

Hon. Mr. Boyd: — Well, Mr. Chair, committee members, the member's had an interesting take on things. Clearly when it comes to potash revenues in 2009 — which incidentally isn't the year we're dealing with here, but I'm prepared to respond to that to a certain degree — clearly there was a significant collapse in the industry. There's no doubt about that. The industry saw levels of exports drop to I think it's 1971 or somewhere in that neighbourhood as to exports at that low a level. Industry experts, officials, virtually everyone that I know of was indicating that 2009 was going to be a very strong year in the potash industry. You can look to the various quotes that industry executives made, that they thought it was a very

obviously an absolute aberration and collapse of an industry in terms of sales that is on an unprecedented level.

Within our ministry, we have officials that have, collectively, decades of experience in forecasting these kinds of things. Industry folks have decades of experience in terms of forecasting these kinds of things. Banks who forecast in these areas as well have a great deal of expertise with respect to that. And no one — and I say no one — made that call in terms of seeing it drop completely the bottom out of the industry, essentially.

[19:15]

Now I know you're probably going to say that some of your folks anticipated. Well it'd be interesting to get into that debate as to what level of anticipation they had or what level of discussion they had. They said certainly, I recall Mr. Van Mulligen saying certainly, that he thought the estimates were high or that there was a risk of being dependent on one sector of the economy, that meaning the potash sector. I don't think even he anticipated the collapse to the extent that there was.

Now with respect to the industry being in a position to receive taxes back, I would liken it, Mr. Chairman, to the very similar situation that people, when they pay income tax through even a payroll deduction program or things of that nature, when they at the end of the year pay their taxes. They go to their accountant; they sit down; they look at it because they have a number of deductions or things that allow them to reduce their taxation load. Many people would get a refund in terms of their taxation. Very similar circumstance in terms of the industry with respect to this. The industry makes quarterly projections in terms of what they expect their revenues are going to be.

In the first quarter of the year, they were still very, very optimistic that they were going to see levels that were very strong in 2009, and as a result of that, they paid the first quarter instalment based on what they projected their income to be over the remaining three quarters of the year. And as a result of that, they paid a very substantial amount of tax, fully believing, fully believing — as I think everybody did at that time as well — fully believing that they were going to be seeing the kinds of revenues that they expected over the next quarters of the year. Obviously that didn't happen.

And as a result of that, and I would certainly argue that very similar circumstance to anyone else that's in business in terms of quarterly instalments, you base it on your income going forward and your projections of what your income is going to be and what your overall taxation program is going to be. And then you make those instalments, making them, I would say, in very good faith, understanding that it's based on the best projections that you and the departments make with respect to what those numbers are going to be. Industry did that.

The industry did exactly what has been called on them to do by this government and governments of the past as long as I can remember. And that system hasn't changed. There would be no government that would be in a position, that I can think of, that would be doing anything different in terms of that.

If the industry overpaid in terms of its taxation, I suspect that

every government that there is in the Western world would be doing exactly the same thing and that's refunding the tax dollars that were not payable, given the taxation numbers that they were responsible for paying at the end of the year.

So I guess we can get into a very long debate about that, Mr. Chairman, if they like. I'm not sure that that's very productive, frankly, given the fact that we are now looking at the budget for 2010-11. I would just say that I don't know where on the record you can point to that suggests that I made the comment, on the record, of anything with respect to anything other than \$1.9 billion out of taxation . . . or of revenues from the potash industry. I'd like to see someone point that out to me in print somewhere.

So in terms of the October land sale of 2009, I guess again I think we're looking at information that is dated, but when you see land sales that are in the magnitude of what we saw in 2008, I think again a very unprecedented number that is very . . . was exceptional in terms of the history of the province of Saskatchewan, completely without exception in terms of tremendous growth.

And I think that's as a result of what we're seeing in the industry all across Saskatchewan — a very optimistic industry, an industry that's looking at Saskatchewan as a tremendously strong place to invest and to dedicate their resources. We see and have had occasion to talk to numerous oil companies about their levels of investment and how they're pulling back in other jurisdictions, increasing their budgets into Saskatchewan for land sales, for drilling, for resource development. And I would dare say that I think the people of Saskatchewan think that that's a very healthy thing that we are seeing in terms of continued growth.

In 2010 we expect that to continue. The most recent land sale was very, very strong. And I point to some trends there that I think are very important to note. The Bakken area of the province, the Weyburn-Estevan area of the province is still extremely strong in terms of land sales. I think that that play is going to continue for some time. I would invite members to take a drive down into that area and you'll, you know, you'll see activity that is unprecedented in the history of our province — tremendous activity, tremendous growth, tremendous amount of business activity, tremendous amount of jobs being created. The communities of Weyburn and Estevan, growing at an incredible rate. I think those are very good indicators for our province about what we're likely to see.

In addition to that, we've seen, in other areas of the province, growth in land sales in the last little while. The Lower Shaunavon, very strong numbers coming in there. The Viking Formation — Kindersley, Kerrobert, Dodsland, right through to Lloydminster — again very, very strong numbers.

And I look at recent projections of barrels of oil in place in Saskatchewan these days. Scotiabank recently put out a forecast of what they expect are barrels of oil in place in the various formations. The Bakken, they're estimating at 5 billion barrels. The Viking Formation along the west side of the province where I'm from, the forecast in the past was 2 billion barrels of oil in place and now they're forecasting, just recently, about . . . I'm going to guess about six weeks ago, something like that,

maybe not quite that long, five weeks ago, Scotiabank put out their report and they're suggesting that they've increased it from 2 billion barrels to 6 billion barrels in the Viking Formation. An amazing increase.

And I think what's happening is, is that similar to what we see down in the Bakken Formation where there is the use of new technologies, horizontal drilling, multi-stage fracing, multi-stage hydraulic fracing, the industry is unlocking the oil there at a level that a number of years ago the industry only dreamed about. Now they're seeing that sort of thing. The same sort of thing is happening on the west side of the province. Similar results are coming forward. What we're seeing is that, in addition to that, the industry is, I think, clearly recognizing that.

In the most recent land sale in the Kindersley area there was 25, I believe it was about \$25 million of land sales. Previous land sales, it wasn't unusual in that area to see land sales of a half a million to a million and a half. More recent ones have been 4, perhaps 5, maybe even 6 million. So a dramatic increase in interest in that area. So I think those are very good indicators, Mr. Chairman, of what we're seeing in the resource sector in Saskatchewan and I think it's a very healthy thing. All indications from the industry are that those kinds of things will continue into 2010-11. We are very, very encouraged by what we are seeing in discussions with the industry about the future of the resource sector of our province. Thank you.

The Chair: — If I could have a moment. Members of the committee know that history of estimates allows for some wide-ranging debate, absolutely, with some preface questions, some preface, introductory comments. However tonight we are here for the vote 23, which is the 2010-11 budget, and I would ask the members to keep their questions to that point. But the minister has also the power to answer as he sees fit and we're here till 9 o'clock and the hours can get chewed up pretty quickly with long-ranging preface questions and long answers. But both parties, because the door is open now, I'll let the minister decide how he wants to proceed answering a question. If it's got historical perspective he doesn't want to choose to answer, it's up to him. Mr. Trew.

Hon. Mr. Boyd: — Well, Mr. Chairman, I guess I would say that we're here to look at the estimates for 2010-11. I guess I would feel that it's an area of significant interest, I suspect, to the taxpayers of our province what the industry and what our ministry expects to see in 2010-11.

The Chair: — I agree. So, Mr. Trew, next question.

Mr. Trew: — Mr. Chair, I totally agree but with this caveat. I listened . . . My question, sir, was . . . For sure my preamble and question was less than two minutes. Check *Hansard*; check it however you want.

I listened to the minister go on and on for 12-plus minutes. We have a scheduled time for these estimates and I'm telling you that there is not a snowball's chance in Hades of us getting there at this rate. So I'm asking you, Mr. Chair, to see that we follow something closer to question period. Absolutely there are times when a longer answer is required, but a filibuster is never required by the government and by the minister.

The Chair: — Mr. Trew, I will say that history shows that certain ministers from various governments have answered in very long-winded responses as well. So, as was indicated last night, Mr. Prebble in the past has been allowed to answer to a great degree. But I also give you the preface that you can have a preamble to your question — most definitely. And not to be antagonistic, but we have history from your party as well on answering questions, so I would suggest you ask the next question.

Hon. Mr. Boyd: — Mr. Chairman, if I might be of some assistance here. I thought your question earlier deserved a very thorough answer. I hope I've been able to provide that for you. I will try and keep my answers to a brief response.

Mr. Trew: — Mr. Chair, Minister, thank you so much for that undertaking. I do enjoy the chat, but the time just rolls right by.

My question is around your statement, that it shows we continue to be on the right track when you were referring to land sales. And your answer was full of praise for the industry and for the activity. But what puzzles me is how, when you look at the crude oil production charts that is essentially flat since the year 2000, when you look at the crude oil production that shows in the year 2008 the production was 25,000,489 barrels, and in 2009, it was 24,000, 513, a drop of nearly 4 per cent. A drop in 2009 over 2008, and you say that the industry is growing.

And it leads to serious questions about where we're going next year. Remember it was you that said last year, we're going to have unprecedented growth. It was you that projected growth and the truth . . . This is production, not dollar value. This is in cubic metres of crude oil by your, the government's own monthly statistic review. So how do you square that, Minister?

Hon. Mr. Boyd: — Mr. Chairman, in the value of land sales in the last number of years is significant, I would say. April 2009, land sale was 11.66 million. June of '09 was 18.11. August of '09 was 14.78. October was 32.41. December of '09 was 34.94. February of '10 was 39.48. April of '10 was 190.11.

[19:30]

I think those land sales — let's see, one, two, three, four, five, six, seven — seven of them all increasing over the last number of quarters, last number of sales here in Saskatchewan, I think that that is an indicator. I think the activity that we see in Saskatchewan is an indicator. I think the optimism that the oil industry exhibits in Saskatchewan is an indicator. I'm of the belief that the industry thinks we are very much on the right track in Saskatchewan, and that's why we're seeing industry budgets being moved from other jurisdictions to our province. Production isn't necessarily consistent with land sales, but I think it's an indicator of where the industry looks to go.

Mr. Trew: — Thank you, Minister. While I appreciate that land sales will lead exploration and production, my question was what can we expect next year in light of last year's results? Last year where you said oil production was going to grow — and indeed you are on record far and wide bragging at every opportunity about crude oil production growth — and yet your own numbers show that crude oil production dropped 3.8 per

cent last year.

And just so, Mr. Chair, so we know that I'm not just cherry-picking, I mean this is the government's monthly statistical review. You look at natural gas, and it's even . . . Well it's double that. It's a 6.9 per cent drop — not in dollar value — in volume. And yet at every turn we get reports of the minister responsible saying how wonderful things are and how the industry is growing and production is growing, and by gosh we're going to overtake Alberta. And if not Alberta, Saudi Arabia. And yet, and yet, Minister, and yet your own numbers show exactly the opposite is happening. What can we expect in the coming year?

Hon. Mr. Boyd: — Mr. Chair, in the last, dating back to information that I have before, we're dating back to 1999, the industry in that year produced 136.6 million barrels. Years after that, you look at them, they probably average about 145 to 150: 2000, 152; 2001, 155; 2002, 153; 2003, 153. You move all the way along through the chart, I think it's fairly consistent in that range. And in 2010 it's just under 150 million barrels, 147.9.

I think it's certainly an indicator that while we see it moving around a little bit, it's still very consistent in terms of what I expect many people would believe where the industry is headed. I think that that is in addition to land sales. I think when companies — certainly my view would be — when companies are spending hundreds of millions of dollars over the course of a year in terms of land sales, they fully expect to realize on that investment at some point in time.

And we are certainly of the view that we will see the industry doing well. The new production doesn't necessarily, though, offset declining rates of production for any given well. People will know that as a well is produced you see strong volumes, and then over time you start seeing volumes dropping off. So that's consistent with what we see in Alberta. It's consistent with what we see in other places as well.

The Chair: — Mr. Lingenfelter.

Mr. Lingenfelter: — Mr. Minister, can you tell me on your projections for output, what does the department recommend or advise the decline rate on average is in the province at this point in time?

Hon. Mr. Boyd: — Well, Mr. Chairman, it is pretty variable between wells and also between various fields within Saskatchewan as to the decline rate. You look at areas in the province on the west side, for example, the decline rates have been pretty significant over the last number of years. I guess I would say that you can see decline rates of up to 70 per cent in a Bakken well in the first year; 25 per cent decline in the second year; others as much or less than 10 per cent decline rates. So it's very, very variable, and I think that industry folks would certainly tell you that that's the case. Not all wells produce at the same rate. In fact there are experiences where wells don't produce anything at all, that members would be familiar with.

Mr. Lingenfelter: — On average though would you say the decline rate, if you averaged it, for example, the old wells in the Upper Shaunavon would not be depleting very much anymore; they sort of stabilize at a certain level. But if you average it

across the piece, would 15 per cent decline rate on a 400,000 barrels a day, would that be a . . .

Hon. Mr. Boyd: — The officials have indicated that that would be a reasonable estimate.

Mr. Lingenfelter: — So in terms of what we need to, how fast we have to run to keep up, if you increase production by 15 per cent of new production, depletion rates of 15 per cent . . . So if you find 15 per cent more a year, you stay flat. That would be a . . .

Hon. Mr. Boyd: — Well and I think what you're seeing is production staying relatively flat.

Mr. Lingenfelter: — For about 10 years now.

Hon. Mr. Boyd: — Yes.

Mr. Lingenfelter: — So when we say we're going to overtake Alberta, if we were saying it straight we'd say, Alberta's going down quickly and we're staying the same would be the . . .

Hon. Mr. Boyd: — I think many of their fields have been in production for a very long time. I think they have significant decline rates. I think it is . . . When we talk about any kind of overtaking of Alberta, we're talking about conventional production. We're not talking about oil sands production. There is the possibility that we will see Saskatchewan overtake Alberta in 2010 in terms of conventional oil production. Will that actually happen? I guess it remains to be seen, but there's a possibility of that. I don't recall, Mr. Trew, that Saudi Arabia ever being involved in this discussion. I think that's a pretty strong embellishment on what some people may have said.

Mr. Lingenfelter: — Just on the production when we say, I just want to be clear on when we say we're going to overtake Alberta, we're not overtaking anyone. We're staying the same and Alberta's dropping past us going down.

Hon. Mr. Boyd: — I'm not sure that's the case going forward here. What we are seeing right now, what we're seeing right now is a stable, relatively stable production. We see the Alberta production in 2008 was 184 million barrels of conventional oil. In 2009 it was 168 million barrels of oil. Somebody do the math quickly and tell me what that reduction is, but it's probably more than what we are seeing in terms of our industry reductions.

So I think though that, given what we're seeing in Saskatchewan with an industry that is investing very, very significantly in terms of land sales, investing very, very significantly in terms of technology, we are optimistic. I would say that we will see our industry in terms of production in conventional oil exceeding Alberta's production. You know, we've got our numbers that look pretty good I think for the province, given what we are seeing in the future in terms of development looks promising.

Mr. Lingenfelter: — But let's be clear. When we say we're going to overtake Alberta, it's not — if we do it this year — it's not in large part because of our increased production. It's more that on their conventional oil they're decreasing. And the fact of

the matter is on overall oil production Alberta will still be producing four times as much as Saskatchewan, probably at a million seven or a million eight barrels per day when you include the oil sands. Is that accurate?

Hon. Mr. Boyd: — I think I would say that our view is is that we are optimistic to see the industry do very well in Saskatchewan. The industry seems to be very satisfied with what they see in Saskatchewan in terms of government policy. I think I would say that while Alberta's decline rate is certainly significant, our decline rate is happening as well. But we see an investment that's moving into Saskatchewan in a very strong fashion. I don't think you have to go too far to find industry players that operate on both sides of the border to indicate that they have a certain affinity with what they're seeing in Saskatchewan and very significant concerns with what they're seeing in Alberta.

Mr. Lingenfelter: — Maybe you know or maybe your officials would know, but the revamp of the royalties recently in Alberta, is it the sense and when we monitor the situation of an investment . . . And I think there was a huge flow of investment into Saskatchewan after the Stelmach government made their ill-advised royalty changes. And I'm not even very critical of them because I think when they made the change, oil was \$147 a barrel. What surprised everyone when it dropped to 40, they didn't quickly react to it and waited till the cash flowed out everywhere, not only to Saskatchewan but to many other parts of the world.

But the attempt by the Conservative government of Alberta to revamp royalties and recapture investment that was going to Gulf of Mexico, Saskatchewan, and many other places, do we see that having any impact to date on investment here in Saskatchewan?

Hon. Mr. Boyd: — Careful there, Member. Mr. Chair, Mr. Member, at this point in time it's a little bit early to tell because while the new minister of energy and resources in Alberta has announced that they are going to be making some changes. They still haven't put out the rate curves yet. Royalty rate curves — they vary for different types of production, different fields, various technologies, various incentives, things of that nature. So it's still not known what their ultimate rate curves are going to be. That is going to be, I understand, announced in May sometime by the Alberta government.

Early indications are, from the industry, that they feel that Saskatchewan still will be, still will be very competitive with the Alberta industry. I think, I guess I would point to things like the most recent land sale, is the industry voting with their chequebook and indicating that they're still seeing Saskatchewan as a strong place to invest. And we will likely see that in the future.

I think in addition though, one point that I want to make — and, Mr. Chair, I apologize for going on here a little bit on this, but I think this is an important point to make — is that in addition to the rate structures, or the rate curves, I think a very important feature of any kind of royalty structure is the ongoing, consistent stability of that rate structure. I think we've seen — I don't know what it is now; number three, four, or five, something like that — of changes in the industry in Alberta

royalty structures. And you know, they looked at unintended consequences. They looked at a whole host of different things and that, I think, contributed to some degree of loss of confidence in the industry, by the industry. And I think that has also contributed perhaps as much as anything to the improved opportunities here in our province.

[19:45]

Mr. Lingenfelter: — I would certainly tend to agree that stability in the royalty and the trust that . . . in doing political risk — whether it's in Alberta or Saskatchewan or anywhere in the world — the political risk is one thing on the investment side that people certainly factor in when they're making investment.

And as John Lau and other industry leaders have indicated, that the stability in Saskatchewan under the Romanow leadership, and Lorne Calvert, and now our Premier leaving it in place has led to a stability regime that is really known across the country. And to give credit, and I do give credit to the minister for the fact that he didn't change and hasn't proposed changes to the royalties that were in place when this government was elected in 2007.

I wanted to ask a question about the Lower Shaunavon and whether or not the lateral multi-frac processing that has been used now by Wave — and I think now that project has been taken over by Crescent Point — but do you know the production in that field known as the Lower Shaunavon, and what the anticipated rate of production will increase this year and going forward?

Hon. Mr. Boyd: — Thank you, Mr. Chair. Mr. Member, in the Lower Shaunavon, typical barrels of production per day for a vertical well are 10, 20 barrels per day. Horizontal multi-stage fracing, multi-hydraulic-stage fracing are coming in at 200-plus barrels of oil today.

We'll attempt to get you some global numbers as to what that production is, but it's a little bit early. While we see a very strong trend in terms of that horizontal production, there isn't a huge number of those wells in production just yet. But it certainly looks very promising.

Mr. Lingenfelter: — The wells that are producing in that area, how does the royalty structure work on this type of well? Is the royalty structure such that the company gets paid out their cost of the drilling of the well and completion of the well, and then a certain royalty kicks in? Is there a royalty-free period or how exactly does that work? Or is it the fracing portion has a different tax regime than the drilling and day rate? Can you just explain that a little bit.

Hon. Mr. Boyd: — The royalty structure for the Lower Shaunavon, royalty volume incentive in place, two and a half per cent on the first 35,000 barrels of production.

Mr. Lingenfelter: — Tell me . . . I'm not quite understanding that, but two and a half per cent meaning they pay two and a half per cent until they get the first 30,000 barrels of oil, and then the royalty rate would jump from two and a half per cent to . . . [inaudible interjection] . . . What number would that be?

Fourth tier rate. Or does it depend? It depends on the volume as well?

Hon. Mr. Boyd: — Yes.

Mr. Lingenfelter: — And the price. And it's related to the price as well. So if oil's \$140 a barrel, it's quite different than if oil's \$40 a barrel.

Hon. Mr. Boyd: — Correct.

Mr. Lingenfelter: — And the percentage would vary as well?

Hon. Mr. Boyd: — Correct.

The Chair: — Mr. Trew.

Mr. Trew: — Thank you, Mr. Chair. I want to read something — it's very short — and then I have an observation from the Canadian Centre for Energy Information, and my question flows directly from that. What we think we could be saying about energy in Saskatchewan is as follows:

Alberta may produce more oil, but Saskatchewan is Canada's primary energy producer on a per capita basis. It has just over 3 per cent of the population but produces thirty-three and one-third per cent of the country's primary energy. Saskatchewan is one of the few jurisdictions in the world that produces energy from very diverse primary energy sources including coal, oil, natural gas, hydroelectric, uranium, wind, and biofuels.

That's dealing with energy potential. And I want to quote directly from the Canadian Centre for Energy Information, which says:

While the previous NDP government had launched an energy strategy . . . the Government of Saskatchewan does not have a published energy strategy. According to Floyd Wist, executor director of energy policy, there are currently no plans for a consolidated energy strategy document. Instead the government's current policy is to "look at opportunities presented by our resource base and promote development of those resources."

My question, Minister, is do you have someone in the ministry or are you looking at creating an energy strategy for Saskatchewan? Or are we going to just continue as we have for the last couple of years?

Hon. Mr. Boyd: — Mr. Chair, I guess I would say that I think the province has a pretty good strategy in terms of the industry. We look at it, as examples, SaskPower through the Crown and Central Agencies Committee has recently put forward a strategy in terms of what they feel is important in terms of power generation and transmission going forward in Saskatchewan. The Uranium Development Partnership has had significant discussions about energy production in Saskatchewan, again going forward into Saskatchewan. I would say that oil and gas royalty structures that we have in place have created a very stable industry in our province.

I would look to a quote here that I think illustrates the

industry's some degree of satisfaction, I guess I would say:

Forget the oil sands: Arguably the hottest chunk of real estate this year sits in the pasture and wheat fields of southern Saskatchewan.

. . . The Bakken now produces about 65,000 barrels per day.

. . . Glamis chief executive officer Trent Yanko. Technology has transformed the new Saskatchewan oil fields . . . "from something that was never even thought of to a major world-class play."

That was recorded in *The Globe and Mail* recently. I think that's one of many ringing endorsements that the Government of Saskatchewan is getting when it comes to resource development.

Mr. Trew: — Thank you, Minister. It just seems to be two different worlds because earlier again you said that land sales leads to strong exploration and production, and yet according to Stats Canada . . . I've got the numbers from 2004 when it was oil and gas, including exploration. The actual and intended capital investment in Saskatchewan in 2004 was 2.025 billion. In 2005 it was two and a half billion, nearly 2.6 billion. In 2006 it was 3 billion, 2007 it was 3.425. 2008, your first year of operation, it actually went up to 3.638 billion.

And then last year it collapsed to 1.997 or call it 2 billion. It's just under 2 billion. That's the lowest number on the whole entire chart going back to 2004.

And indeed this year that we're talking about, you're going to bounce up \$300 million roughly to \$2.3 billion which is lower than . . . It's above 2004 but lower than everything since 2005. So even in this year that's coming that you've portrayed in such glowing terms, you know, three out of the last four years, it's down.

Hon. Mr. Boyd: — I suppose, Mr. Chair, Mr. Member, we could exchange quotes all evening long, if you like. I think the industry though, it certainly is all indications that we see from industry players are that they're relatively happy with what they see in Saskatchewan.

Another recent quote:

. . . Petrobank's \$580-million deal with TriStar Oil and Gas to create Petrobakken Energy, by far the biggest player in Canada's hottest conventional oil play sent a subtle message to Edmonton: Alberta has not been competitive in the conventional oil field for some time . . . In Saskatchewan . . . more than 40 per cent of the fleet was active on Sept. 1, not stunning by itself but considerably better than the 16 per cent [that is] working in Alberta.

I think what you saw was, as a result of a very significant global economic crisis, sharp reductions in the price per barrel of oil from a high of somewhere in the neighbourhood of \$147, backed off significantly to in the \$60 range for a little while and has recovered gradually from there to — 60 approximately — to roughly where we sit today — 80 to 85 range, 86, somewhere

in that neighbourhood.

So I think it was pretty well known that the industry started constricting a little bit in 2009, based on the availability of capital and a whole host of other features, not unlike industry after industry after industry did. However, I think that Saskatchewan has done pretty good in comparison with other jurisdictions and we will be certainly inviting further industry comment with respect to their thoughts on the projects that they do here or anywhere else.

Another industry expert, another senior vice-president with Petrobank was recently quoted as saying, Chris Bloomer, "Oil is now coming from the ground at our new project, Southwest Kerrobert, that features a brand new technology in oil recovery that promises to extract hundreds of barrels of oil per day." Chris Bloomer noted that Petrobank has a similar project in Alberta that is going to be drawn out regulatory-process-wise for some time. He indicated in that speech that in Saskatchewan, Saskatchewan — and all credit goes to the officials within the ministry — were able to process their application in days. I think it was somewhere in the neighbourhood of 60? Fifty-six days. In Alberta at that point in time, he indicated in that particular speech that they had been working on a similar project and they had been . . . It was over a year and they still didn't have approval.

So to continue with his quote: "The regulatory process was drawn out, so that's why we like Saskatchewan. Things get done there." I think it, I think it indicates again that we can have a battle of statistics and quotations and everything else I suppose, but I think the industry is by and large relatively satisfied with what they are seeing in our province.

Mr. Trew: — Thank you, Minister. I know that in the early '90s, I know that NDP [New Democratic Party] ministers were very proud of that turnaround, that development time that you're talking about that Saskatchewan has enjoyed for 15 years now at least. And things do get done in Saskatchewan. It's the way that we do it. We value jobs and we value an industry that frankly is driving much of our economy.

Minister, Mr. Furber asked me to be sure to get to an area respecting oil and gas and mineral production, but primarily oil and gas. When there is the next jump, if I can describe it, the next kick-start of the industry, the next time it ratchets up which it hasn't done yet, company's are expressing concern about lack of good housing or available housing in, throughout much of the oil producing areas of Saskatchewan.

[20:00]

And I note again from the Sask government's monthly statistical review on housing — I'm just going to pick out oil because that's where, if there is still good news, that's where it should be — but I know that in Estevan in 2009, housing starts are down thirty-eight and a half per cent over 2008. In Lloydminster it's down, well it's virtually disappeared there; it's down 95.3 per cent. They've got six starts as opposed to 128 starts a year earlier. Swift Current, it's down 73 per cent.

It's just really potentially bad news. And my question is, what is the government, what is your ministry or the government plans

to make sure that we have an ability to in fact grow this important industry when the next up-kick happens?

Because I know from experience that it's difficult, almost impossible most, many days to get even a motel room in Shaunavon, and that's a historic reality of that area. Estevan is very difficult to find suitable housing, you know, for oil workers. And workers simply won't come, won't go where they can't bring their families in the longer term. You know, they won't come and set up shop. You might get some migrant workers. And we welcome them; I don't want to for a minute pretend I'm denigrating that. So my question is what is the government, what are you doing to help alleviate this potential, this current housing problem and the future housing problem?

Hon. Mr. Boyd: — Mr. Chair, I guess I would say that that question falls outside the purview of Energy and Resources, and I would invite the member to ask that question to the more appropriate ministry with respect to that.

In general though I think I would say that opportunity creates interest and it creates investment. We see that regularly in locations. I think the very fact that your question is prefaced by the comment that you can't get a hotel room in Shaunavon or you have great difficulty getting a hotel room in Estevan or Weyburn or other locations is an indication of an industry that is very, very strong.

The level of investment that we see in communities like Weyburn — investment not just in housing but in terms of the industry as a whole — is unprecedented. And I would invite the member, and I would be happy to accompany him if he likes, to drive down to Weyburn and Estevan and some of those locations and talk to people about the various issues. Certainly housing is a concern when you have a booming economy.

But generally speaking, I guess I would say is, we're confident that the industry recognizes those kinds of challenges, or certainly I think acquainted with issues of this type. I guess I would just say that I think it's an indicator of an industry that's very, very strong. Clearly any efforts in that area would be important to the government, but they fall outside of this ministry's responsibility.

Mr. Trew: — Mr. Chair, I just wanted to say that concludes my portion of the questions that Mr. Furber wanted me to ask. And I thank the minister, and of course I thank you for your chairmanship, but thank the minister and officials for this portion. And I know that I have colleagues, many of whom have questions, but thanks for my part.

Hon. Mr. Boyd: — Thank you, Mr. Member and Mr. Chair.

The Chair: — Okay. Mr. Vermette, I believe you want to go next.

Mr. Vermette: — Thank you, Mr. Chair, to the committee and to the minister and his officials for being here. I guess I'm going to ask some questions, and I'll go into the forestry estimates and talk about that. And we see in one of the, I guess, the line items, a cut of about 276 million in the forestry goods and services. Can you explain what has been cut?

Hon. Mr. Boyd: — I think what you're referring to is a \$2.56 million deferral of Community Development Trust Fund funding. It's a deferral. We are looking at . . . We're involved in discussions with communities about initiatives that they might want to look at. Big River is a good example of that, of things that we are discussing with them about the future of their community. And I guess I would say that these are discussions that are ongoing, and we look to projects, initiatives within forestry communities that would be valuable in terms of opportunities for the industry.

Mr. Vermette: — Thank you. Thank you for that. Now another line item says that salaries have been frozen. Now have any staff been cut, laid off, or notified that they're not coming back?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, there has been no one laid off. We've been able to achieve the reductions in staff numbers as a result of vacancy management. So there is, no one has been, received any kind of a lay-off notice.

Mr. Vermette: — Mr. Minister, I guess when I look at it from this side of it, if you're not filling positions that are vacant right now in an industry that needs some care and some attention paid to it, to see that process . . . and positions that are there, not filled to assist the forestry sector, and to see you deferring monies. And I think those dollars — and you can correct me here — where do those dollars come from for you to defer them?

Hon. Mr. Boyd: — I'm a little unclear as to your question, sir.

Mr. Vermette: — In an industry that very clearly could use the support of the minister, of the ministry, the departments, you have vacancies that you haven't filled. And could you not utilize people in that industry to assist the forestry sector in going and in moving forward, and why haven't you thought about this with a plan?

Hon. Mr. Boyd: — There has been no loss of jobs in the forestry sector in the department.

Mr. Vermette: — Like I said earlier, the vacancies that were there you have not filled. So you're just not filling them?

Hon. Mr. Boyd: — Yes. The positions that have not been filled within the Department of Energy and Resources are not related to the forestry sector. They're related to the areas of exploration, geophysical surveys and policy. Not related at all to the forestry sector. So there has been no loss of jobs in the forestry sector. The vacancy management has been in other areas of the department, not in the forestry sector. So there has been — and I want to say it one more time for the member's benefit — there has been no loss of jobs in the Energy and Resources department in the area of forestry.

Mr. Vermette: — Thank you, Mr. Minister. That's very clear then. Now as far as going to the dollars I was talking about, where did the dollars that you deferred, where did those monies come from?

Hon. Mr. Boyd: — The federal government was responsible for the Community Development Trust Fund — \$2.56 million is the figure, and it's been deferred into the future.

Mr. Vermette: — And I believe the, I guess, the agreement you would have had when they handed over the monies that went into the coffers of the provincial government, and you were to . . . I believe it was a five-year rollout plan. I'm not sure of your plan. So who authorized you and have they agreed? And are they, I guess do they agree with your department to defer any money that was given to help out the forestry sector in the communities that are mostly impacted?

Hon. Mr. Boyd: — The ongoing program is such that we have discussions regularly with the federal government with respect to this, and they have agreed with the deferral.

Mr. Vermette: — Okay, thank you. At this point, and I mean we're hearing different things — and it'll give you an opportunity, you know if you want to, with the forestry staff and the experience you guys have and some of our senior staff that are with you — can you explain, what is the plan in the forestry industry? Do you have a plan?

Hon. Mr. Boyd: — Well, Mr. Chair, I guess I would say that that may require more than a one-sentence reply. And if you'll indulge me without getting into debate about two minutes or six minutes or any of that kind of stuff, I'll be happy to have a discussion with respect to that with you.

We have released a framework for forestry industry development in Saskatchewan. It was released on May 6th of 2009. I have the release in front of me, and I think it outlines areas that we want to see development in Saskatchewan. Among policy statements in the framework: our commitment to review sustainable cut levels associated with forest management agreements, areas that come open for reallocation; preparation of northern resource development infrastructure plan; encouragement of new multi-stakeholder FMA [forest management agreement] and forest management certification; and continued research in value-added production, agroforestry, and biomass energy. And I think there are areas in, there is work being done in all of those areas in Saskatchewan. But as I said, Mr. Chair, I'd be happy to provide additional detail with respect to those areas in subsequent questions.

Mr. Vermette: — I guess, is that a document that's for the public, and we can have a copy of it? Could you provide me at your earliest convenience with a copy of it?

Hon. Mr. Boyd: — Well we will have one run off for you right now. It was released, a Government of Saskatchewan news release of May 6, 2009. They were released publicly. We have a young gentlemen here that can help us with respect to that. I'll give — I may need this one if there is further questions with respect to this, so I may not get — we have another one that we can use for copies to distribute to members of the opposition. I suspect that they would have it, but nevertheless it's available to you. It's certainly a public document.

Mr. Vermette: — I guess I'll go into a few other questions. It's been quite the discussion out there, and feelings . . . about the duty to consult and accommodate in the forestry lands that impact First Nations, Métis, and traditional land users, where do you see the forestry sector working with any, you know, in your Ministry working with trappers? And I guess trappers mainly, First Nations, Métis, along that line as far as forestry or

anything when you're allocating, what's the plan?

We know you do have some allocation left in the P.A. [Prince Albert] FMA, and I'm not sure how much and how much exactly. Maybe we could get from you how much is left, cubic metres is left?

Hon. Mr. Boyd: — Thank you. Thank you for the question. It's an important area that I think needs again some information with respect to this. Through the reallocation of their Prince Albert FMA, it was the view of the government that we wanted to provide allocation to various industry players, to First Nations and Métis people in our province. That was outlined at the outset of that discussion about the reallocation of Prince Albert FMA. There was a wide-ranging discussion at that point in time. There was a lot of consultation with the industry and First Nations and Métis people with respect to it.

And I think one of the overarching things that we wanted to accomplish was just not simply replacing Domtar, which was the holder of the entire P.A. FMA, with another large single holder of an FMA. We wanted to provide opportunity for other industry players and First Nations and Métis people to participate in this. So there was a broad discussion with the industry about where we were going. We asked for proposals to come forward from the industry and Métis and First Nations people. We were very pleased that they came forward in number with respect to proposals that they had.

[20:15]

And then we, at that point, started looking at the various operations, their scale, what their potential was in the future. We very much wanted to provide opportunity in the future for First Nations and Métis people. There was a great deal of work that went into this by the industry, by First Nations and Métis people, and certainly the ministry officials with respect to this.

And I think it was very good news in Prince Albert the day that the announcement was made. We made it there in front of some, I will say, two dozen, perhaps more than that, industry officials, Métis and First Nations people. That announcement provided for allocations for the first time in the history of Canada, I believe, for First Nations and Métis people, first time in Canada that any government . . . I believe that's correct. We will check that to be certain, but I think that is indeed correct. I believe we are, if not the first, certainly among the first ones that have provided this. And I think that that's very good news.

And I think, Mr. Chair, we have the list of it. It's again a public document. We would be happy to make copies for you if you missed them when they came out, but we're happy to provide you with that. And I've got — I'll try and restrict this, but — we've got a lot more information about this that we'd be happy to share with you in subsequent questions.

Mr. Vermette: — Okay. I want to go on. And now that you talk about the P.A. FMA and how exciting it was for First Nations and Métis and you asked for proposals and how, you know, you make it sound really, you know, it was a very exciting times and just wonderful for the industry. And yet, you know, the frustration in Big River, and I want to go to some of those concerns from Big River. You know, did you have any

discussions or your ministry have any discussions with the Big River mayor, the mayor from Big River?

Hon. Mr. Boyd: — As I said, the ongoing discussions involved a large number of people from the industry, from industry players, from Métis and First Nations people. At the conclusion of those discussions, there was an allocation made. We invited proposals from people, from industry, and from First Nations and Métis. We were very pleased to see that they came forward.

As I indicated in my earlier answer, what we wanted to do, which was very, very important, was to provide allocations to current industry players in Saskatchewan — ones that have investment in Saskatchewan, ones that have ongoing operations in Saskatchewan — and we also wanted to include First Nations and Métis people into that as well. And so there was an allocation made based on that.

And what we see is industry players saying things like this, Dave Knight, Tolko Industries:

We are pleased that the allocation process has now been resolved and look forward to working in partnership with the Province, other Companies, and with our First Nation partners in support of a viable forest sector in Saskatchewan.

In addition to that, there was a number of First Nations folks at the announcement. And they were . . . Well I'll let you judge for yourself. I would say they were pretty happy with what they saw, but I'll let you judge for yourself. Chief Steven Jim, Witchekan Lake First Nations:

It's definitely something big for our communities. For us we see this as a golden opportunity to move forward in economic developments that are available to us now [for the first time].

We see him going on to say in that same discussion, Chief Steven Jim, Witchekan Lake First Nations:

It shows that this government is serious about helping all Saskatchewan residents. You have offered a hand of friendship and cooperation that will not be forgotten. Even though there were some very difficult decisions to make, you did the best for the majority of the people [of Saskatchewan] and the Province as a whole.

I think that's pretty decent praise for the process and for what the outcome of that process was.

And I want to go back here again and say that we wanted to make sure that all of these industry players — and there's a list of them here, and I'll be happy to provide it to them, that received softwood, sawlog allocation, or hardwood allocation — First Nations and Métis people, industry players, we wanted to make sure that they had opportunity to participate in this, not by replacing one large FMA holder with another large FMA holder, which is what you're referring to when you bring up the topic of Big River and the proposal that came in quite late in the day from Eacom officials.

It was well into the process. We made it very, very clear on

numerous occasions to Eacom officials that we had to see a proposal if they were going to have any opportunity to participate in this whatsoever. The process started back in November of 2009. And yet by July, I believe, it was of 2000 — well into the future of the process — before we received any kind of proposal from the folks of Eacom.

So we were troubled by that first of all, and then we were also further troubled by the lack of clarity within the proposal. And also we were troubled by the fact that there was no . . . It didn't appear that they were prepared to work with Métis and First Nations people with respect to a large allocation — which they wanted the entire forest at one point in time, 1.2 million cubic metres is what they had asked for — which would have, which would have made it such that the Agency Chiefs Tribal Council would have got zero, would have made it such that C&C Wood Products would have got zero, would have made it such that Carrier Lumber in Prince Albert would have got zero.

Independent forest operators would have got zero. L & M Wood Products would have got zero. Meadow Lake Mechanical would have got zero. Meadow Lake OSB would have got zero. Montreal Lake Cree Nation would have got zero. NorSask Forest Products would have got zero. Northern village of Green Lake would have got zero. We saw that as an unacceptable outcome.

It was our view that replacing one large FMA holder, which was Domtar, with another one large FMA holder simply would not have been in the best interests of the forestry sector as a whole. And certainly I think that, in the quotes that I've provided you with, that all of the . . . there is evidence that the industry and First Nations and Métis people support that decision.

Mr. Vermette: — Thank you for that. And you know, you tell a nice story, and you figure people are going to buy that. Well the people in Big River do not buy your so-called story. And they're very frustrated. They feel like this government has turned their back on them, you know. What are you doing with Big River and the allocation to them?

And to say that you didn't know they have a state-of-the-art saw mill, that you didn't realize that maybe an allocation . . . to be there, that there was no discussions with them. All of a sudden some company that's willing to look at purchasing that came up and out of the blue and wants to get some wood and you didn't . . . Nobody had any conversation with the mayor . . . [inaudible] . . . as an industry and how they were impacted and how their community's been impacted by the closure of the saw mill. Nobody's seen this, in your ministry, or you as the minister are responsible. I find that really troubling, to be honest with you.

Hon. Mr. Boyd: — Well I guess the important points here are that that is a community we believe that has significant opportunity going forward. Just this morning the member responsible for the area and I met with some folks with respect to ongoing opportunities and potential for opportunities in Big River.

We have, within this agreement that was allocated at that point in time, there was 200 000 cubic metres of softwood volume

will be reserved for 18 months for the consideration and new proposals from company and forest communities. Specifically I think what this is saying is that there has been 200 000 cubic metres of sawlog volume that has been reserved if there were a proposal to come forward to restart that facility.

In addition to the 200 000 cubic metres of sawlogs, there is opportunity for a proponent of any facility to work with Agency Tribal Chiefs with respect to their allocation, a very significant allocation, and Métis people as well, Montreal Lake Cree Nation, and the northern village of Green Lake. So there is certainly opportunity for that.

We have had ongoing communication, most of it one way — us to Eacom, not the other direction — us to Eacom, outlining the various steps that they could undertake to get to a very significant allocation. I believe we are in the, between the 200 000 cubic metres that were reserved forestry communities. There is 200 000 with agency chiefs in hardwood and 200 000 in softwood. There's other, Montreal Lake has 95 000. Montreal Cree Lake has 200 000. So there's significant amount of allocation there that First Nations and Métis people are prepared to work with forestry companies or start-up operations to engage in.

There's also softwood lumber outside of the P.A. FMA. We've outlined that in communications to Eacom that they can get to some 770 000 if you look at all of these various combinations of allocation, if they're prepared to work with Métis and First Nations people. But that's the key here, Mr. Chair, is they have to be prepared to work with First Nations and Métis people. So far I'm told that there has been very, very little communication coming back from Eacom to First Nations and Métis people with respect to their allocations.

So we think that it was very important that the companies and the agency chiefs and the other First Nations and Métis people were able to participate in this for the first time in Saskatchewan's history. And we're going to check to see how frequently this type of thing has happened in other places in the Dominion of Canada.

But I guess I would say that, yes, we certainly understand and we respect the concerns of the people of Big River. There has been ongoing work and discussion with proponents. We are still . . . remain some degree of efforts being undertaken as late as this morning with proponents of various projects that we think have some viability for the community. The community of Big River has not been forgotten in these discussions at all, I would say. We're working with the Big River task force to look at various options within the community.

And I guess if we take what you're suggesting as a solution, we would have just simply given the entire forest to Eacom and said, to heck with all the rest of you. We're going to replace one FMA holder with another FMA holder. And while that may be the NDP position, it is not the position of the Government of Saskatchewan.

[20:30]

Mr. Vermette: — Well the minister can spin it any way he wants to. At the end of the day, it's very clear. You gave your

answer to Big River and they know exactly how you consulted with them. But we'll go further. You know, Mr. Chair, it's interesting. He talks about a company wanting to engage First Nations and Métis people about their allocation of wood. That's amazing. I wish you could talk to the rest of your government colleagues that are ministers and their departments and to deal with First Nations and Métis duty to consult. That really needs some work. So if you're worried that way, I wish you guys could adopt that throughout your whole government.

Ms. Ross: — Point of order.

The Chair: — Ms. Ross, point of order?

Ms. Ross: — I would encourage the members, as we see our time is quickly slipping away, to maintain the topic that is in discussion and the ministry that we are discussing this evening. Thank you very much.

The Chair: — And that would be the point of order is on the duty to consult, I would think. Mr. Broten or Mr. Yates?

Mr. Yates: — Mr. Chair, I would like to respond to the point of order. The estimate time is the time that the opposition will hold the government accountable, and if in asking questions a member feels he would like to make a statement about how it's been done, that has been acceptable and allowed forever in this Assembly. We are allotted a period of time. It should be up to the opposition in how it uses that.

The Chair: — Thank you, Mr. Yates. And for the members, give me one minute please to consult with the Clerk.

Thank you. To members, we'll make sure we add a minute on to the clock because of the ruling that's going to come forward.

Mr. Vermette, on the point of order, and Mr. Yates, is that your question seems to be very broad in its aspect where you're making a statement to government generally. Tonight we're on vote 23, Energy and Resources. And to Mr. Yates's point, to talk about what you want to talk about, the duty to consult, to the minister within his own vote of 23, I'll allow for that. And that's where the point of order is in good standing. Thank you.

Hon. Mr. Boyd: — Thank you, Mr. Chair. Mr. Member, I guess I would say that I think the Government of Saskatchewan is working diligently with First Nations and Métis people in all broad aspects. And I think that when you look to some of the things that First Nations people have said about the Department of Energy and Resources and the allocation process, I think it's a pretty strong statement that the government and government officials, ministry officials are on the right track with respect to discussions with the First Nations.

Chief Steven Jim went on to say, Witchekan Lake First Nations . . . And I see the member sort of saying, oh yes, well. Well I think that it's significant that an industry player like him or a First Nations gentleman like himself, the views of him and his First Nations group I think are pretty significant with respect to what's happening in the forestry sector, when he said, and I quote:

The populations of the First Nations bands have received

allocation numbers in the vicinity of 800,000 and will generate employment and benefits to hundreds of Saskatchewan's First Nations residents.

This is about economic development, this initiative. It's about trying to provide a hand up to people in northern Saskatchewan. I think clearly the recognition that the chief of a significant First Nations group in Saskatchewan has provided is a pretty good basis for discussions. I think it's a pretty good basis for ongoing relationship building with a First Nations group that — well you judge for yourself — appears to be pretty happy, I would say, with what has happened to date and largely is very supportive of the government with respect to the allocation process.

Mr. Vermette: — Mr. Chair, I want to make it very clear. I have not tried to put words in your mouth, so don't put the words in my mouth. I'll say what I have to say, so I'd ask the minister to respect me with that, please.

The Chair: — Mr. Vermette and Mr. Minister . . .

Hon. Mr. Boyd: — Well I guess I would just respond by saying I would never presume to be able to put things in the way that you put them in. I would want you to be able to express yourself in any way you choose and I would never be presumptuous enough to suggest that I would want to put words in your mouth.

What I am saying is that through this process, I think that the parties that were involved, in large measure I think were very satisfied with what we saw. We certainly understand the concerns of one community with respect to this, and that's why we are continuing to work very hard with the task force and with proponents of other options for the community that are coming forward. And I'm still, I guess, you call me an optimist, but I'm still optimistic that we will see something develop in a positive fashion for the community of Big River.

Mr. Vermette: — Thank you, Mr. Chair. I guess going back to this . . . and we look at the Prince Albert pulp and paper mill. The government's had any discussion, and what is the numbers in liability in, and what is the plan with the lagoon over there?

Hon. Mr. Boyd: — Well there has been a lot of discussion about that facility going back to the fall of 2007 when the Government of Saskatchewan made the decision that we would not follow through with putting at risk \$100 million of taxpayers' money with respect to the P.A. pulp mill. I think that that was a decision that we made based on a lot of things — the health of the industry, what we felt was the best interest of the taxpayers of Saskatchewan as a whole. And we made the decision that an ill-conceived deal on the eve of an election simply was not in the best interests of the people of Saskatchewan, and that's why we would not proceed with the MOU [memorandum of understanding] that the previous administration had signed.

What we said at that point in time was, is that we felt that this was not a deal that would be beneficial to the taxpayers of Saskatchewan, and I think hindsight has certainly borne that out.

When you see continued collapse in housing starts in the US [United States] which is largely where lumber and products were going and a large collapse in the price of pulp at that same point in time, I think that \$100 million would be gone by now, without question, and I think we would be at risk for probably a lot more than that by now.

And so that brings us to the point of, what were you going to do then with the P.A. FMA? We wanted to see in broad form the opportunity for people to, industry players to participate in the reallocation, and Métis and First Nations people. That's exactly what was done. We have had ongoing discussions with Domtar, with Iogen, with other industry players with respect to this. As late as yesterday I spoke to Patrick Loulou, the vice-president of Domtar that is charged with the responsibility of working with that facility.

There is an ongoing legacy, and I say legacy environmental concern there, do we have the . . . that is very, very real. That legacy environmental hazard did not happen under the Saskatchewan Party watch. In 2007 that facility was closed. On election day in 2007, that facility was still under the NDP's watch, not the Sask Party's watch. That environmental liability built up over a long, long period of time. That environmental liability built up over a long, long period of time, much of which time the NDP were in the Government of Saskatchewan.

So you're no doubt correct that there is an environmental liability there that at some point in time is going to have to be dealt with, and it's going to cost a considerable amount of dollars to deal with that. And we will get you an estimate in terms of what the most recent estimate that we have received from consultants with respect to that environmental liability is, but it is not insignificant to say the least, and it is an environmental legacy problem that we inherited.

The Chair: — Mr. Vermette, I believe.

Mr. Vermette: — I guess I'll finish up with my last comments then. And I guess I could appreciate the minister's comments about the past and it happened in 2007, but there was a lot of things that . . . Governments that take over the province and the affairs of the province take over debt and liability, just like the NDP had to take over a pretty bad debt when they took over 16 or so years ago that we refer to.

But anyway at this time, I would just like to thank the minister's officials and the Chair and the committee for the opportunity to ask some questions. And I know my colleagues have more questions, and eventually we can get to some of the answers that we need. Thank you.

The Chair: — Mr. Belanger, I believe you're next.

Mr. Belanger: — Thank you very much, and welcome to the minister and his officials. Just so the minister is aware that in 1999, under then Premier Romanow, he announced the program that involved many of the players he made reference to — Montreal Lake, Green Lake, Zelensky Brothers — a number of folks that were involved with forestry development. In 1999, the then premier Romanow announced a forestry partnership that would see significant investment into forestry. In 1999 there were three principles attached to that forestry plan. One

was that if you don't use it, you lose it.

So as a result of that, Weyerhaeuser at that time lost a huge tract of land — FMA lands — because they were not using it. They were simply sitting on that land. The second aspect of that allocation . . . If you weren't using, you're going to lose it. And the second part of the proposal was that you had to value add, Mr. Minister. You had to value add to your forestry opportunity if you wanted to take part in the unallocated or unused forestry — not unallocated but unused forestry. And the third component of that was that you had to have First Nations or Métis partners, period. Those were the three components.

So your proposal was not the first ever done in the Dominion of Canada, as you presented. This has been . . . this was done 12 years ago under the NDP. And further back, I might add. If you look at the partnership with MLTC itself, the Meadow Lake Tribal Council, their partnership with NorSask, that was even done under the former Tory administration prior to 1991. So this notion that you've made that this is the first time it was done in the Dominion of Canada is absolutely not true. And that's why I shook my head and that's why I challenged you, because for you to purport that to be is unfair to the industry players and the leadership provided to Saskatchewan over time. You're the third minister of the third administration to undertake this exercise, sir, not the first in the Dominion of Canada. Absolutely not.

Now on the allocation of Weyerhaeuser when they lost their forestry rights because they weren't using it, guess who got some of that allocation? The Northwest Wood Products, northwest communities forestry products got some. Green Lake got some of that allocation. Pinehouse got some of that allocation. Zelensky Brothers out of La Ronge got some of that allocation. And the intent then at the time was to position First Nations and Métis people so they can participate in their traditional lands or traditional territories from the perspective of First Nations or Métis, however you want to encapsulate that argument.

Now the problem that you created today, as indicated by my colleague, was in the haste to get rid of Domtar. If they weren't using their allocation, fine. You have every right to take that allocation back and reallocate it.

The problem was you made commitments to Big River, both the RM [rural municipality] and the town where the mill was, and you never went back there to confer with them and to consult with them properly. You said you were going to be back to consult with them and you never did show up again.

And what you did was you ended up, you gave allocations to the First Nations, to the Métis people, who we fully support getting allocated that wood. We support that, for the record. We think that Chief Jim is a fine chief, and every allocation that you gave had a lot of thought put into it and that ought to be supported by us as a New Democratic opposition. So nobody's arguing those points.

The problem is, is you left one player out and that was the Big River community. And when you don't consult with them . . . You had the mill there in Meadow Lake, or in Big River, and you took the forestry from them. You had mills that weren't in

the First Nations area and you gave them forestry rights.

Why couldn't you do two? Why couldn't you meld the existing mill in Big River with the allocation with the First Nations? That was their argument. First Nations and Métis people deserve allocation to wood and forestry opportunities. I'll agree with that 100 per cent. The problem was you created a rift between a community that has traditionally survived in forestry; and it's not just Big River. It's Canwood, it's Debden, it's all those neighbouring communities. And then what you did to create more problems is you ended up giving allocations to other folks that were deserving, but you created a major problem by not consulting with impacted communities.

[20:45]

Now the question I have is much like Domtar. In the future, if the First Nations or Métis people that you've allocated wood to, if they don't use that wood within a five-year or ten-year time frame, are you going to then try and put in the conditions that — it may exist now under your allocation process — that there has to be a time frame in which they have to use that allocation or they lose it? Is that part of the process that you've undertaken?

Hon. Mr. Boyd: — Yes, that is part of the process that we've undertaken. And I'm pleased to hear that the NDP, now their position appears to have changed but it is such that they are supportive, supportive of the First Nations and Métis allocation that has come forward here. Because what we had asked for, right at the very outset when we made the announcement that we were going to be changing the FMA, was that as a part of the criteria, it was going to be such that industry players were going to have to participate in commercial arrangements with First Nations and Métis people. The First Nations and Métis people asked for that, and they received that.

And then it was incumbent upon the industry players to engage in discussions with them, which they have done. And they have had many, many, many discussions, industry players have, with the First Nations and Métis people about their allocations and working out commercial arrangements between them, looking at business opportunities, business development, employment opportunities, and all of those kinds of things. And I think that's why, I think that's why you see that industry players are providing pretty glowing reports and the First Nations people are providing pretty glowing reports with respect to this.

It was not possible to allocate 1.2 million cubic metres to one proponent and have an allocation available for First Nations and Métis, let alone industry players. Because that's all there is. So if you gave it all to one player, like what our friend here is suggesting, we would have seen nothing available for the First Nations and Métis people. So what we wanted to do was provide that opportunity. And I think, if you look at what Steven Jim is saying, I think the hand — I'll paraphrase — the hand of government has been extended and it is a very, very good thing and is the best, after difficult decisions, the best thing for the majority of the people of Saskatchewan and the province as whole.

I think that speaks pretty well to a process and to an outcome that, while it doesn't satisfy everyone and I'd be the first to

admit that, I think it satisfies a very significant majority of people. I think that there is still great opportunity for Big River and communities in that area. And I would, I would . . . The member over here is shaking his head in disbelief.

Well while you can remain as pessimistic as you like, I would say that the discussions that we had with folks from Big River today was anything but pessimistic. They were very optimistic about the future and the opportunities that are presenting themselves now for that community. And I would invite that member to be patient with respect to this. We're also having to be patient with respect to a very, very significant downturn in the industry. I would just say as well though to the member and to the members in opposition, the Big River facility closed under the NDP watch. It did not close under Saskatchewan Party watch.

And my point is this, that in addition to that, when the NDP had some degree of opportunity to deal with Big River, what did they come up with? In the MOU, what did they come up with that they signed with Domtar, putting at risk \$100 million? Also within that MOU, what was there for Big River? I'll tell you what was there for Big River. There was the commitment that under the NDP that facility would not reopen.

So while you have this feigned indignation about the community of Big River, when you had opportunity and your government had opportunity to act, what did you give to the community of Big River? What you gave them was nothing but the shrug of your shoulders, there's nothing we can do for you. And the MOU clearly spelled that out and it said, this facility will remain closed, under the MOU that you signed on the eve of the election in 2007. And I dare say that's probably why, one of many, many, many, many reasons why the people of Saskatchewan decided to put you into the opposition benches where you richly deserve to be.

Mr. Belanger: — Well, Mr. Chair, with a latitude here for the minister, I hope you provide the same opportunity to me.

The Chair: — Well, Mr. Belanger, I did that already, so feel free . . . [inaudible].

Mr. Belanger: — Now let me explain this to the minister. The province of Saskatchewan under the NDP did not own that mill, so how could we shut it down? That mill was owned by Domtar or at the time, Weyerhaeuser, whatever company it is under. We never owned that mill. So how could we make a decision to shut it down, sir? We couldn't make the decision to shut it down; we don't own it.

And the second point I would make, the second point I would also make is that the people of Big River and of Canwood and of Debden, they're pretty upset right now and they're going to be upset for a long time. Memories don't fade. Because they were told before any allocation was made, they would be consulted and they'd have to be in agreement with that allocation. And they're also told, let us foster a positive relationship to position the First Nations and the Métis and the rest of the northwest corner in this whole concept of rebuilding — with patience, I might add — the forestry sector. Because we know forestry is going to take a long time to come back.

And that is why I asked you under the premise of my first question. And my point, my first point was, given the conditions of the allocation, what time frame are you allowing these folks? I'm talking about the proponents that ask for allocation to use that wood or lose it. Because if you give them X amount of time, sir, then you'd better make sure that you give them the adequate time to ensure that forestry rebounds.

Because what I think is going to happen is you're looking for an out. You made a major mistake. You took the wood away from the mills and from Big River. You made a major mistake because they wanted to be partners with the First Nations. But the First Nations and Métis people are on very good solid leadership you talk about. They want to be part of the equation for success. They want to be in there. And we support that notion. We've supported that from day one. And for you to suggest that any member of the NDP don't is totally false, totally false.

So instead of developing a partnership between the First Nations and Métis and impacted communities like Big River, you should have provided leadership by saying for however long it takes to be patient with the forestry turnaround, we will work hard to position all parties, industry, First Nations, Métis and — guess what? — the community of Big River should be part of those discussions.

What prompted you to make a decision at that time frame where you ignored Big River's need? Not only did you imperil Big River's future but you pitted them against First Nations and Métis people who didn't want that fight. What they wanted was leadership from you. And before you go on your rant about the environmental legacy left behind by the NDP over 16 years, the reason why you never had an environmental legacy is you weren't in government for 16 years . . . [inaudible interjection] . . . That's right. You know why you weren't in government for 16 years? Because you left a financial, a financial hole is what you left.

And my point being on the 16 years it is so easy for you to say all these problems existed because of the NDP. But you seem to forget pre 16 years the same statement that you and many of your colleagues make. Where does this 16-year time frame come from? Let me take you back a bit, sir. The 16-year time frame came from 1991 when the NDP took over from the provincial Conservative government that left this province over \$15 billion in debt. And that's why you and your colleagues talk about 16 years. You don't want to talk about 17 years. You don't want to talk about 18 years or even 19 years.

So before you go on about an environment legacy, sir, that environmental legacy was a direct result of the financial hole that some of your predecessors left this province in. When this province couldn't even pay, had a tough time paying salaries for their workers, you weren't around then.

So my point is, before you go on about your rant and raving of trying to pit First Nations against the non-Aboriginal community, of talking about environmental legacy and trying to misconstrue the position of my colleague or my party, I would highly recommend that you don't try and revise history, because it's not intelligent. It's not deserving and it's not proper in a venue such as this. You know it. I know it.

So I'd suggest, Mr. Minister, that if you wanted to revise history that you will get challenged by it. If you want to continue doing it, you'll continually get challenged by it. You are not the first to take an allocation from a large FMA holder and give it to the Aboriginal people. You are the third administration to do it, sir.

Hon. Mr. Boyd: — Well thank you for that history lesson, courtesy of the NDP. If I recall, back in those days you were a member of a different party, hon. member, a party that stood in opposition to the NDP and was very critical of the NDP in northern Saskatchewan at that particular time.

So I guess if you want to get into a long-winded debate about politics and all of that kind of stuff, I think history will show that I was never a member of another government other than this one. Never served in the cabinet of Saskatchewan other than under the Premier Brad Wall. Never served in another government.

So to somehow point the finger and say that the Sask Party is responsible for whatever may have happened a long time ago is pretty irresponsible, I think, and certainly disingenuous, to use your leader's phrase with respect to that. Because the fact of the matter is that I never served in a previous administration, and you know that to be true. And regardless of what my former affiliations were or anything of that sort, there was never a situation when I had the opportunity — like you did and your colleagues did — to have any kind of influence on this industry.

And when I say that . . . When you say that the NDP didn't shut down Big River, well you most certainly didn't reopen it again after the FMA . . . or after the P.A. pulp mill deal that you struck. In fact, within that agreement you were a party to making sure that it never would reopen again because that's what the conditions of the MOU said. So for you to say that you didn't shut it down, well it shut, it closed under your watch, and under your watch it was going to remain closed. And that's exactly what the FMA said.

In addition to that, the P.A. pulp mill closed under the NDP watch. The P.A. saw mill closed under the NDP watch. The Wapawekka mill closed under the NDP watch. The Big River facility saw mill closed under the NDP watch. The Carrot River saw mill closed under the NDP watch. The Hudson Bay plywood facility closed under the NDP watch. And Zelensky Brothers saw mill also closed under the NDP watch.

[21:00]

So I guess when it comes to looking at the industry as whole, now looking back, were the NDP policies successful? And I think history will be the judge of that. When you look at six very, very significant facilities in Saskatchewan — I think many people would say perhaps even the bulk of facilities in Saskatchewan — they closed under your watch, the NDP watch. No one else's. No one else's.

And that's why we thought, if we're going to take over a troubled industry, we're going to have to do something different than what the NDP did. We're not going to put \$100 million of taxpayers' money at risk, first and foremost — not going to happen under our administration. Not going to provide \$100

million to a company and not going to be a party to a deal that says simply, we're not going to even consider reopening Big River, let alone do it.

So I guess I would say that when you look at this, it was not possible to do what you're asking for, to do . . . [inaudible interjection] . . . Sorry?

Mr. Belanger: — Reopen those mills then if they closed under NDP watch.

Hon. Mr. Boyd: — Well we are working very, very hard to see if there is opportunities for the industry. And I think industry players . . . In fact this morning, industry players that were in town here and had discussions with us, they are saying that in order to reopen these facilities in the future, we're going to have to look towards doing different things. And I think that speaks to exactly what we need to do in terms of an innovative strategy for the industry, and I think that's why we're seeing that both First Nations and Métis people and industry players congratulating the Government of Saskatchewan for the steps that . . . have taken.

Is it perfect? No. Is there lots of work to be done? Absolutely there's lots of work to be done and we will undertake to do it.

The Chair: — Thank you, Mr. Minister. Seeing now we're at the time of conclusion which is 9:02 considering the start time this evening, we have now to move on to our next item of business. So I'll ask the committee members . . . I want to thank the minister and his officials as well for attending tonight. But do the committee members want to take about a five-minute break and reorganize? So we'll return back here at . . . How about we'll do it 10 after 9. We'll actually do that time is better.

Hon. Mr. Boyd: — Thank you, committee members, Mr. Chair.

[The committee recessed for a period of time.]

**General Revenue Fund
Environment
Vote 26**

Subvote (EN01)

The Chair: — All right. Good evening, everybody. And seeing now that we are back after the recess, I want to welcome members and officials to this evening for the committee work, the committee work in front of us.

Committee members, on the agenda now we are here to discuss main estimates for vote 26, Environment, outlined on page 59 of the Estimates booklet. I would just like to make a quick note though. If officials other than the minister happen to speak, would you please take a second to identify yourself. It's for the Hansard people, makes it easier for them.

Ms. Minister, would you like to take a second to introduce your officials and then give us an opening preamble before we take questions from the committee members.

Hon. Ms. Heppner: — Thank you, Mr. Chair. Joining me

today from the Ministry of Environment: to my right, Liz Quarshie, deputy minister; to my left, Lin Gallagher, assistant deputy minister of resource management and compliance; Mark Wittrup, assistant deputy minister of environmental protection and audit; Donna Johnson, acting assistant deputy minister of corporate services; Laurel Welsh, acting executive director of finance and administration; Jennifer McKillop, director of Aboriginal affairs.

Joining me from the Saskatchewan Watershed Authority are Wayne Dybvig, acting president, and Bob Carles, vice-president of stewardship. I think there's a few other officials as well, and as you had stated, if they are called up to answer some questions, we will introduce who they are.

The Ministry of Environment's budget for 2010-11 contributes to our government's overall priorities of controlling spending and balancing the budget to ensure that Saskatchewan's economy is even stronger in 2010. Overall the ministry's budget sees efficiencies of \$41.6 million, for a total budget of 185.8 million. This represents a reduction of 18.3 per cent compared to last year. The budget also responds to the government's commitment to address the size of the public service with a reduction of 41.9 full-time FTE [full-time equivalent] positions, most of which were vacant and will be achieved through attrition. The number of FTEs for 2010-11 is 998.4, a reduction of 4 per cent.

There is continued support in the budget for implementation of our results-based regulatory system, recycling, the Go Green Fund, and the province's climate change plan.

The budget includes \$15.3 million for the Go Green Fund, continuing support for our government's commitment to help Saskatchewan people, businesses, and communities go green. Two point six million of that Go Green funding will be used to establish the foundational elements of the provincial climate change plan, including the Office of Climate Change, the Climate Change Foundation, and the Tech Fund.

Right now *The Management and Reduction of Greenhouse Gases Act* is working its way through the Legislative Assembly. Currently staff from our climate change program are consulting with stakeholders on the regulations that will support this Act.

Other key actions supported by the 2010-11 budget are: the design and implementation of the provincial offset system to enable regulated emitters to meet their compliance obligations in a cost-effective manner; implementation of a provincial adaptation blueprint in partnership with other ministries, industry groups, and communities to support sustained economic growth through sectoral initiatives that address potential long-term impacts of climate change.

Together these pieces represent the implementation of a long-term, funded, and sophisticated approach to addressing the challenges of climate change, mitigation, and adaptation in Saskatchewan. I am very proud of the work that we have done on this file. It is a significant accomplishment.

On the recycling front, a \$21.7 million grant is being provided to SARCAN in 2010-11 to support their operation of the beverage container and collection and recycling program.

\$1.76 million in capital funding is being provided to enhance staff and public safety through the transition to a new public safety telecommunications project. This initiative came about as a result of the winding up of the FleetNet radio system the ministry had been using for field dispatch and public safety purposes.

In addition to program enhancements, the Ministry of Environment will be implementing some efficiencies in 2010-11.

The fire management budget is decreasing by \$30.6 million to reflect more refined forecasts and the impending completion of phase 2 of the aerial fleet renewal. Core funding of \$71.5 million remains and will be provided to ensure protection of people, communities, and the commercial forests, and to renew the province's aerial fleet. Reductions include \$10.3 million from the large and small fire budgets, which have been underutilized in recent years. The ministry will continue to manage fires based on the fire management strategy zones with priority on public safety, communities, viable commercial timber, and other values at risk.

The ministry will receive \$10.2 million in 2010-11 to continue phases 1 and 2 of the aerial fleet renewal program. This is a planned reduction of 18.1 million from '09-10 as phases 1 and 2 are wrapping up. Fleet renewal currently centres on continuing turbine engine upgrades to the CL-215 tanker aircraft.

An \$850,000 efficiency has resulted from adjustments to the forest fire management strategy zones. The ministry will be reducing the fire suppression priority in certain more remote timber supply areas. The protection of communities remains the ministry fire program's most important priority. The community protection zones are unchanged and existing ministry fire bases and staff all remain in place.

The forest service branch will reduce expenditures on general administration, forest renewal, wood supply analysis, Dutch elm disease, and the roads and water crossing inventory. Together these reductions will total \$1.9 million.

[21:15]

The ministry will continue to monitor for Dutch elm disease in buffer zones and will work with provincial park managers, municipalities, and landowners to ensure that diseased trees are removed. The ministry will also continue to offer technical advice to communities continuing to conduct their own Dutch elm disease management programs.

The stand tending component of the ministry's forest renewal program is being reduced by \$810,000. We hope to resume stand tending activities in 2011-12. In the meantime, renewal staff will continue to work on other silviculture activities.

Compliance and field services is strengthening its field officer capacity, streamlining management oversight, reconfiguring the number of director-level positions, and reducing the number of compliance areas from 12 to seven. This will result in expenditure efficiencies of \$805,000 and a reduction of seven management FTEs.

The municipal branch will see a reduction in funding of \$100,000 for surface water quality monitoring. This was a cost-shared program with the federal government and they have eliminated their funding. However, water monitoring will continue.

The ministry will not be renewing the First Nations Resource Management System Service Agreement for a total savings of \$291,000. The ministry will maintain a constructive relationship with the Federation of Saskatchewan Indian Nations.

The fish, wildlife and biodiversity branch will reduce expenditures by just over \$1 million, including a reconfiguration of the chronic wasting disease program, the transfer of the waterfowl and big game crop damage prevention programs to the Saskatchewan Crop Insurance Corporation, and the completion of some of the work on our hunting and angling licensing system.

I mentioned earlier that the budget contains funding for a results-based environmental regulation initiative; \$6.7 million is included in the budget to support the ongoing implementation of results-based regulation. The new results-based model of environmental regulation will improve protection of the environment while promoting innovative new tools in environmental management.

The ministry is implementing a new organization structure in 2010-11 that will allow it to deliver results-based regulation effectively by combining the best structure with the skills and the experience of our staff. Significant developments include the creation of a client service office to work with clients who require assistance through the application process, to assist with queries from the public, and to coordinate inter-ministry permits and licensing on behalf of clients.

A new compliance audit unit will conduct compliance audits of any person or activity regulated by the ministry based on risk, and a technical resources branch will coordinate technical reviews and provide central scientific support for the ministry.

In addition to the organizational changes, total funding of \$4 million is provided in the budget to transform and modernize the ministry's information technology and information management systems. The IT/IM [information technology/information management] renewal and modernization project will improve capacity and efficiency, increase service, and support more modern, collaborative business processes. Getting the results-based initiative to this point has meant a lot of hard work by many people from throughout the ministry, and I applaud their efforts.

On the Saskatchewan Watershed Authority's budget, their grant this year is \$4.414 million from the Ministry of Environment. The Watershed Authority has a number of other revenue sources and has a budgeted total revenue of \$25.866 million. The authority will spend some of its surplus that it has accumulated in previous years, and it has budgeted a total expenditure of just over \$31 million. The Watershed Authority budget will ensure the province continues to support programs needed to ensure a sustainable water supply to support our communities and our economy.

The authority will continue the multi-year \$7.5 million water availability study to develop essential information on surface and groundwater supplies to support the growing economy, population, and recreational demands for water in Saskatchewan.

Work will continue on our four-year \$11 million provincial green toilet replacement rebate program. This important initiative to reduce water demand and conserve water supplies was expanded effective January 1st of this year to include municipal and non-profit organizations.

Source water protection will continue with completion of the upper sewers, watershed plan, and continued implementation of the nine previously completed plans.

Planning is also under way in the lower Qu'Appelle and Carrot River watersheds. The Watershed Authority will be working to provide long-term flood protection for communities around Fishing Lake and the security necessary to allow those communities to recover and grow by obtaining regulatory approvals to have the emergency berms converted to long-term use.

During the year, the Watershed Authority plans to spend \$3.8 million on rehabilitation of our vital water management infrastructure. This will include construction of a new control structure for Makwa Lake and completion of repairs at Theodore and Rafferty dams.

The Watershed Authority has been working for a number of years to assist the federal government to achieve a long-term settlement of the First Nations flood claims at Pasqua and Crooked Lakes in the Qu'Appelle Valley. Significant progress has been made in negotiations, and we are optimistic that flood settlement agreements with Canada and the First Nations will be completed this year.

Our government is anxious to ensure that government funds are spent efficiently and effectively. In 2009 the Watershed Authority completed an assessment of core services.

Overall the 2010-11 budget addresses the government's commitment to deliver services to the residents of Saskatchewan in the most appropriate and effective manner possible. I'm look forward to working with the Ministry of Environment and Watershed Authority on delivering on our mandates.

And I thank you for your time this evening. I look forward to your questions. And I will apologize in advance for my voice. I'm not sure it's going to hold out for an hour and a half, but I will do my best.

The Chair: — Thank you, Madam Minister. Just for the members' consideration, we will be here till 10:41 tonight. So thank you. I believe Mr. Forbes has the first question.

Mr. Forbes: — Yes, I do. Thank you very much. And I appreciate the minister making opening remarks and her staff being here. It's great to see you all here. And there are a lot of questions, and I'll have some and I know my colleagues will, and we'll meet again to have some further questions.

But right off the bat I need to say, approximately \$35 million reduction, it's a huge hit. I think you said 19 per cent, 18 per cent cut, the budget was. So this is a significant thing in terms of a province that takes a lot of pride in its environment — clean land, air, and water — and so there will be challenges I think in this year coming up.

Right off the bat . . . And I know we'll have lots of questions about the fires, the forest fire preparation. But I have been checking your website, and I see that there are no fires burning in Saskatchewan or have not this year. Is that correct?

Hon. Ms. Heppner: — Correct.

Mr. Forbes: — Well that's good. Because you know, I look at the website here, and it's giving your website as of March 17th, 2010. And of course, you know, we took a lot of pride in that daily fire report being daily. And I would like to think that when we're checking up — and people in the North are really concerned about the fires — that the information is current. And so right off the bat I want to say that I was hoping that . . . Are there no fires been burning in Saskatchewan at all yet? We're at zero . . . [inaudible interjection] . . . Okay, there you go.

Can you tell me a little about the 41 people, 42 FTEs reduction. Where are they? What branches saw reductions?

Hon. Ms. Heppner: — The projected FTE reduction within the ministry is going to be found. There are vacancies currently within the ministry, and as I said in my opening remarks, we are hopeful that we can find the remaining of those positions found through attrition.

And I'll let my deputy minister follow up on the staffing. There has been significant staff changes within the ministry. We are refocusing our efforts to have a more . . . a complement of science-based knowledge within the ministry which . . . for various reasons. But one of the reasons is it goes hand in hand with our results-based regulatory system. We need that science base within the ministry.

So there has been a restructuring of how branches are set up. There's been new branches established. My deputy minister, to her credit, has been very busy in the last two and a half years looking at the ministry and how it operates and how it can operate better and has been doing a lot of the restructuring on the organizational side. And with that will come some vacancies and, like I said, a lot of it will come through attrition as well. But I will let the deputy minister follow up.

Ms. Quarshie: — Liz Quarshie, thank you. For us, as you very well know, in the last couple of years we've undertaken a results-based regulatory environment to streamline the regulatory environment and make it more efficient while at the same time enhancing environmental protection. Through the process of doing that, we had to hold back certain vacancies with the anticipation that within the new model we would deploy some of those vacancies to those particular requirements. So we do have quite a number of vacancies.

But we also know that overall in government we are not unique from that point of view, that there's going to be a significant attrition within the next four years. And we do have statistics

that clearly demonstrate that. So between vacancy management and the attrition rate, we will be able to accomplish that without undue hardship in terms of program delivery and where we need to go.

Mr. Forbes: — How many vacancies are there in the ministry today?

Ms. Quarshie: — Currently we have, I think, approximately about 90. Yes.

Mr. Forbes: — Are there any vacancies in the conservation officer complement?

Ms. Gallagher: — We have recently hired numerous field officers, but with the reorganization we've identified a couple of new positions. We want to enhance our education component to support the results-based system, so we have identified a few new positions that are vacant until we have the opportunity to staff them.

Mr. Forbes: — You've created some new positions?

Ms. Gallagher: — Yes.

Mr. Forbes: — Okay. And so how many would you have in total of conservation officers?

Ms. Gallagher: — So 146 field officers.

Mr. Forbes: — You refer to them as field officers. Am I incorrect to calling them conservation officers?

Ms. Gallagher: — They are conservation officers, but we identify those individuals who are working in the field and respond to calls and do some of the work that traditionally is associated with a conservation officer. We have other officers who work in different areas, which would be some of the enforcement pieces, so these are the folks that are actually operating in the field.

Mr. Forbes: — Have you maintained the position or funding towards Justice for the environmental prosecutor?

Mr. Gallagher: — Yes, we have.

Mr. Forbes: — And how much is that, the value of that?

Hon. Ms. Heppner: — The environmental prosecutor's funded by the Ministry of Justice.

Mr. Forbes: — So there's no funding coming from Justice . . . or from Environment. There's no funding, I guess is what you're saying. It's all picked up through Justice and you've worked that out, okay. Okay.

I'm just going to quickly work through some of the questions I have and then come back. I know that some have some very specific questions on forest fires here. I wanted to ask about, on page 61, land, and a reduction from 3.4 million to 2.7 or 2.8 million. What is the . . . Why is the reduction in that area?

Hon. Ms. Heppner: — It's a reduction due to a transfer of the

work that was previously being done through that branch. As I mentioned in my opening remarks, we'll actually have a branch called client services, which I think when people hear that a government ministry actually has a branch called client services, their ears perk up a little bit because customer service is not usually equated with what government does. But that's the way we're going to be structured.

So there were FTEs that were transferred from that particular branch into the new client services, which accounts for part of the reduction. So it's not necessarily a reduction overall. It's just a transfer of responsibilities and funding from one branch to the next.

Mr. Forbes: — I would see that in the next section under environmental support, under allocations, client services. Is that where I'm reading that?

Hon. Ms. Heppner: — Yes.

Mr. Forbes: — So that goes down there. You made a comment earlier about the reduction to the funding. There was 328,000 cut in terms of support for First Nations programming around, I think it's around the capacity, around . . . I think was in land. Is that right? There was a 328,000 cut?

Hon. Ms. Heppner: — Previously there had been an annual partnership agreement. Attached to that was \$291,000. That went to funding staff within FSIN [Federation of Saskatchewan Indian Nations].

Mr. Forbes: — Okay.

Hon. Ms. Heppner: — That will not be renewed this year.

Mr. Forbes: — And where is that represented in these . . .

Hon. Ms. Heppner: — Line item?

Mr. Forbes: — Yes.

[21:30]

Hon. Ms. Heppner: — On page 61 under environmental support, under allocations, it says Aboriginal relations. The reduction is shown in that line.

Mr. Forbes: — And then you had mentioned in your opening remarks that you had maintained the good relations with FSIN. So how will you . . . What kinds of initiatives, what will you be doing to maintain the good relations?

Hon. Ms. Heppner: — Well within the ministry is an Aboriginal affairs branch. The director is with us this evening. As you know, the province, the Crown, has a duty to consult with First Nations and Métis in the province, and that will not change. The Ministry of Environment is the most affected ministry when it comes to that. Obviously when anybody comes into the province and has a proposal for development as an example, the duty to consult is triggered by applications through our ministry. So there is a lot of work that is done through the Ministry of Environment.

I do have to say on that particular partnership agreement it was not a duty to consult agreement. There's actually a clause in that agreement saying that any discussions or interaction based on that partnership agreement did not constitute duty to consult. So it is not part of the duty to consult operations within the ministry. And we will continue to fulfill our obligations on the duty to consult file with First Nations, with FSIN. We also consult with individual First Nations and tribal councils and Métis.

Mr. Forbes: — So when you see a reduction like that and when I look at that though, you know, one point . . . about a million and you take away 855,000, you really . . . No, this is my math; just work with me on this. I know why you're going . . . that doesn't make sense. I'm left with 150,000 but yet you're telling me that the cut was about 280-some thousand?

Hon. Ms. Heppner: — 291.

Mr. Forbes: — 291? Or let me say another way: 291 plus 855 is more than one-point-some million, so I'm not seeing this straight with the 855 that's left in there that's . . .

Hon. Ms. Heppner: — You're right. The last year's allocation minus 291 does not equal what's in the budget, so I will tell you why it's there. There are additional FTE positions that are going into that particular branch, which obviously carries with it a cost for those FTEs so that we're staffing that branch more than it had been in the past. And then the reduction of the FSIN agreement.

In this budget as well, for 2010-11 it includes \$115,000 for building partnerships to identify and work on issues of mutual concern with First Nations and Métis people and will be used for agreements similar to those that we've developed with Agency Chiefs Tribal Council, P.A. Grand Council, and MNS [Métis Nation of Saskatchewan]. So there is still funding within that particular branch for working with First Nations on those issues.

On the cuts to FSIN of the 291, like I said, it paid for positions. And when we went back through budget analysis for this year, we took a look at the programs that we were paying for and also obviously in light of whether they were across the ministry, if they were doing what they were intended to do. And then we looked at programming in light of looking for savings, which is what we were supposed to be doing within our ministries.

And that 291 paid for staff within FSIN, and if you look at the mandate of the Ministry of Environment, I don't know that paying for staff within FSIN is part of that mandate. We will continue to consult with FSIN, and like I said, there is money within this branch for those very things, for building partnerships and working on issues where there's need to do those things. So the functions of that branch will remain.

Mr. Forbes: — I always felt that the positions over in FSIN, unless they've changed, but really were about developing capacity within the First Nations, really in many ways to support the kind of goals that you're talking about in terms of the science-based approach. Unless they've changed some of those things, it was really a way that, when it talked about stewardship, that they could bring something to the table and a

capacity to be partners with Environment. And so they were pretty important positions, and I think that in many ways the province will suffer if these kind of partnerships can't happen. So I'm curious if . . . Did you have an opportunity to talk with FSIN about these positions before they were lost?

Hon. Ms. Heppner: — I would like to say that, as I stated before, the partnerships will continue. The partnerships working with FSIN, MNS, tribal councils, individual First Nations — those will continue. That is part of the mandate of my ministry. We do have an Aboriginal affairs branch set up specifically for that. As for the staff within FSIN, it's my understanding that you had said that the need was there for science-based, and it's my understanding that they were policy positions, not necessarily science positions. And we will continue to have dialogue with FSIN on issues that pertain to duty to consult to make sure that they're involved in the process.

Mr. Forbes: — I think that I find your choice of words interesting, because when you talk about science — and I assume that you still have policy analysts within your ministry — they're not all . . . they haven't changed their names as science folks. Clearly, when people are doing policy, they have to take into account science, and I think at the FSIN they would, but they would also take in some of their unique world views. And so I think this is an important area.

So I don't quite follow your line in terms of saying that they probably . . . I'm not sure if you were implying they weren't science, that they didn't use science. Is that what you're saying, that they weren't using science in the policies?

Ms. McKillop: — Good evening. I'm Jennifer McKillop, director of Aboriginal affairs with the Ministry of Environment.

The partnership agreement with FSIN stemmed from a protocol agreement that was originally signed in 1994 between the ministry and the FSIN, which was basically a protocol agreement that established a relationship between the two organizations to identify and address issues of mutual concern. So the protocol agreement set up a bilateral task force, co-chaired by the vice-chief, lands and resources of FSIN, and the Ministry of Environment. And so the purpose of that bilateral task force was to identify those types of issues and then have staff from the respective organizations collaborate on resolving those issues.

The partnership agreement, the funding agreement began in 1999. And it was a very collaborative time between the ministry and FSIN, and the original staff from FSIN were actually housed within the Ministry of Environment. So that's sort of the history of the agreement.

As time went on, my understanding is that while some very good work was done under that partnership, the mandate of FSIN and the mandate of the Ministry of Environment, as duty to consult began to come on board, our obligations as a government are to First Nations themselves, to the local First Nations and chiefs and council and not to FSIN. So the FSIN positions became less about the supporting a mutually supported mandate and more about policy development for the FSIN on duty to consult, treaty-based interests and that type of thing where our obligation began to align more and more to our

relationships with First Nations directly. So that's sort of a basic history of the agreement.

Mr. Forbes: — Thank you. I'd like to move on to the fish and wildlife biodiversity line, the next page. I see another significant drop of funding. If you could give us an overview of the programs that were cut in that area, that would be helpful.

Hon. Ms. Heppner: — A lot of the reductions in this branch I mentioned in my opening remarks. There is internal transfers, so there was a loss of four FTEs within that branch, which those FTEs would have gone to another branch within the ministry. There's a reduction to the automated hunting and angling licensing system. There is a reduction to the waterfowl damage prevention program and a reduction to the big game crop prevention program. Those two prevention programs — the responsibility for that is now housed within the Ministry of Agriculture through their crop insurance program. So they're transferred out of the ministry entirely and are taken over by the Ministry of Agriculture.

There's a reduction to the chronic wasting disease program where we're changing the way that we run that monitoring program. Those are the big items for the reductions within that branch.

Mr. Forbes: — Can you tell me a little bit more about the chronic wasting disease? How are things in Saskatchewan? And when you cut funding, I'm curious about some of the places money was going to. I'm thinking of the vet college in Saskatoon that was being supported. Is it still seeing support? The same amount of support?

Hon. Ms. Heppner: — The veterinary college will still be the place where testing is done. Testing will continue to be done. We are focusing our approach on known problem areas. The program that was in place up until this fiscal year, anybody could submit a head for testing regardless of where it came from in the province. So if you're a hunter and you want to test a head for your own peace of mind, you could do that. You can still do that but there will be a charge for that as the hunter. What we are doing is focusing testing, as I said, on known areas instead of just across the province. We have tracked this and know where the pockets are within the province . . . [inaudible interjection] . . . I may have misspoke. If I could correct the record.

Ms. Gallagher: — Actually we are reducing the overall program areas where we're going to focus the Earn-a-Buck program, and so the actual numbers of heads we anticipate will go down. And so in the zones where we still are seeing chronic wasting disease and want to monitor on an ongoing basis, those areas are much reduced. So in order to manage the chronic wasting disease program, we had been requiring hunters to hunt extra animals so that we could reduce the populations and start to have a better monitoring program. We now have had subsequent years, many years of monitoring.

[21:45]

We've identified that the disease is not spreading very quickly. So our scientists within the ministry have been able to focus that down to several key areas where we'll test significant . . .

we want to test from a significance around science. We'll continue to test other areas on a less frequent basis. But when we've actually got into the numbers, we have identified that hunters have been bringing in fewer and fewer heads because there has been no linkage between chronic wasting disease and a human incidence.

So hunters' confidences around whether they need to test their heads or not is raising, so we're having less heads come in on an annual basis. So we'll actually be able to manage the program, have a scientifically valid monitoring program, and still reduce the numbers of heads that are being tested.

Mr. Forbes: — Just two quick questions. What is the charge that hunters will have to pay? . . . [inaudible interjection] . . . There is no charge? Okay. And what was the incidence of . . . how many cases of chronic wasting disease were found last year?

Hon. Ms. Heppner: — I'll try and track down those numbers for you. Since 2000, there's been just over 46,000 samples with only 279 positives. So it's a pretty low ratio.

Mr. Forbes: — Okay. As a year, you're grouping the last ten years together. What I'm trying to see, is there any trend?

Hon. Ms. Heppner: — Yes. I'm trying to find last year's . . .

Mr. Forbes: — Yes.

Hon. Ms. Heppner: — Found it. In 2009 total animals tested — which includes whitetail, mule deer, and elk — total tested were 3,273. And tested positive, there was 38 mule deer and 4 whitetail.

Mr. Forbes: — I also want to ask about the biodiversity action plan. That plan expired last year in 2009. What is the plan for getting that going again? I think we were leaders in that plan. And what is the status?

Hon. Ms. Heppner: — This year is International Year of Biodiversity. I'm not sure if I got the name of that right. And there's going to be a conference this fall, and it is our intention to release our plan coinciding with that.

Mr. Forbes: — So have you been consulting or what is . . . Will it follow much like the previous one, or will it be taking a different direction? I've not heard anything about it until you've just said that now. So I haven't heard anything about any stakeholder meetings.

Hon. Ms. Heppner: — Yes. It's the intention of the ministry that once we've put together our proposal that we would consult with stakeholders later on this summer or early fall before they release.

Mr. Forbes: — One of the things, and I actually said this in the estimates with Justice last night, that it concerns me that there seems to be an emphasis on consulting only with stakeholders and not engaging the public. And I think while stakeholders are incredibly valuable — they have an awful lot to say obviously about the issues at hand — the public wants to know what's going on too. And sometimes they're either retired people who

have just an interest or people who are amateur conservationists, but they don't get to participate because there's not a lot of advertising about this type of thing.

And I know sometimes we do things online, but it's not the same as going to a good old town hall meeting and talking about how the fish are doing. And so will you be doing something like that?

Hon. Ms. Heppner: — I, I think for the most part, share your position on making sure the public's aware of what government is doing. We should not be working in isolation.

And you had mentioned fish. And we are working on our fish management plan. And that was, there was extensive, I think, open houses that we did on that front because the stakeholder groups, there are named official stakeholder groups when it comes to fishing. But a lot of people fish, and they're just the average person who fishes. So we did hold open houses and information sessions on the draft fish management plan that we're currently working on for that very reason.

I can't say today what approach will be taken on the biodiversity, but when it's warranted for things like fishing, we have done open houses and like a good old town hall to make sure that the average person can come and voice their concerns and positions and give us ideas on what they see happening. Because a lot of times you can get the best advice from the people who are on those lakes fishing every day and see what's going on.

Mr. Forbes: — And they'll support what they know about. And if they haven't heard about it, then there's concerns.

I want to go quickly to just a couple of questions about the Watershed Authority. And so if you want to change seats here . . . My question, really quickly, is around the reduction. I guess there's three reductions. And of course we've talked about other income coming in to support some of these things, but the one that stands out for me really in big, bold letters is the reduction from 3.5 million to 866,000 for the water infrastructure rehab programs. That's a significant cut.

Mr. Dybvig: — Wayne Dybvig with Watershed Authority. This year, last year we had a grant of 3.53 million that included investment for infrastructure of about 3 million and about 530,000 for dam safety work. And this year it's showing as 866,000 which continues about 530,000 for dam safety. And then what Finance has asked us to do is to borrow the money that will be used for rehabilitation of the infrastructure this year. So they are giving us about \$350,000 to cover the interest and principle for one year, and we'll be borrowing about 2.7 million and then using about \$1 million from retained financial assets for a total investment of rehabilitation on infrastructure of about 3.7 million.

Mr. Forbes: — This is an interesting area because I know the auditors often cited the Watershed Authority around the upkeep of the dams, and so I don't know what the auditor will say about this type of approach. Have you anticipated that? You're borrowing money to maintain facilities that probably should be part of the core funding, so I think that that's a significant question.

Hon. Ms. Heppner: — You had said the auditor had concerns about not addressing infrastructure. We're actually going to be doing more work this year than we had last year, so the infrastructure is being addressed.

Mr. Forbes: — I appreciate that and that may be the case. I don't have that information in front of me, but I'm curious about the ability to, the approach of borrowing money to do core basic work that should be part of your regular mandate. This isn't building new dams. This is maintaining the old dams.

Mr. Dybvig: — I guess Finance has asked us to do it this way. Normally we have had a grant. And they have asked us to borrow the money, similar to what other Crown corporations will do to . . . well, for development of new dams, I guess. But this year we are borrowing the money. In terms of the amount of investment, we've probably invested about . . . We've increased the investment by about \$1 million in the last two years over previous years. So the investment actually has gone up, both in the rehabilitation of dams and also in the investment into dam safety activities.

Mr. Forbes: — Well I'll watch this one carefully because I do think it's important. And I've come to appreciate the good work of the Watershed Authority in how many dams we actually have in this province. People think that there aren't many dams in Saskatchewan. Yes, you've probably come to appreciate that too. I had no idea. And so when we have to upkeep these things, it's very important. And so we look forward to that.

I have just a couple more sets of questions, then my colleague wants to talk. But the one, I've got some burning questions about the Great Sand Hills. We were just out there, and people are concerned. What is the status of the Sand Hills report? How are we going . . . What is the plan for moving forward with that?

Hon. Ms. Heppner: — The assessment — because it was an environmental assessment sponsored by the ministry, I think, the way it was set up — so that had been done. The report went out for public comment and review. That has been returned to the ministry. We had advice from Justice that there was a duty to consult on this issue. So we are currently doing that, and once that is completed, then obviously we will go over all of that information and then issue the Minister's recommendations on the final report. But it is currently out for duty to consult.

Mr. Forbes: — Do you have a sense of timeline on this?

Hon. Ms. Heppner: — The duty to consult component should be done by the end of the spring, early summer I believe. And so the recommendations from the minister should be out shortly after that.

Mr. Forbes: — Are you prepared to talk about some of the . . . I guess there is a couple of key, or there's several, there's several recommendations in the whole report as it moves forward, but the couple or three that stick out in my mind are around the core biodiversity areas that were really important. Seeing as I now understand this is the International Year of Biodiversity, this would be a great year to announce even more work in the Great Sand Hills. Do you see that as a priority for the ministry?

Hon. Ms. Heppner: — I'm sorry, but I'm not sure what your . . .

Mr. Forbes: — Well you were . . .

Hon. Ms. Heppner: — On the specifics of what the recommendations may or may not be, obviously as I said, we're still in the middle of the duty to consult phase and I know that this has taken a while. It's one of the things that I ask for updates on quite often is the Great Sand Hills, but I don't want to pre-empt the consultations that are currently going on or what the recommendations would be before that final report comes out.

[22:00]

Mr. Forbes: — Are you then also telling the natural gas companies, the other companies that there . . . Is there a freeze on activity, or are they doing more activity than ever before in the area? What's happening on that side of the equation?

Mr. Olexson: — Hello. I am Todd Olexson. I am the acting director of the lands branch with the Ministry of Environment. In a general sense, there is an existing Crown mineral reserve in place for, you know, a large area in the Great Sand Hills. That Crown mineral reserve remains in place, and there's no additional activity in those areas.

In the rest of the Great Sand Hills that is not covered by that Crown mineral reserve, there is ongoing applications and the area is taken up for gas exploration. You know, the Ministry of Energy and Resources would be able to answer, you know, what dispositions they've let. But certainly if we get applications for areas where there is an existing mineral disposition, we would review those applications.

Mr. Forbes: — Have you been out to talk to the folks in the Great Sand Hills, the Great Sand Hills Commission, to explain what's going on? We were just out there a couple of weeks ago, and I know there's anxiety about the pace of which things are moving.

Mr. Olexson: — Again, yes. We generally have staff that attend each meeting. Certainly my staff person that goes to each meeting usually is Robin Hilt. He's the acting manager of planning for our ministry, and he would provide them on an ongoing basis with updates as to the status and bring back any information one way or the other.

Mr. Forbes: — I just have one last question before my colleague from the North asks a few and I think Regina Northeast has one. There is a huge shift within the department when you're talking about doing all these, the new environmental code, and all that work that's been done by outside parties, particularly Clifton. What kind of money have you set aside for Clifton this year in terms of contracts, or third parties?

Ms. Quarshie: — Sorry. Just to clarify, are you talking about the '10-11 budget or the . . .

Mr. Forbes: — That's the '10-11 budget, yes.

Ms. Quarshie: — Okay. He's helping us in the development of the code, but we don't have a contract yet. So the terms of reference are not defined. So I'm sorry I am not able to answer that, yes.

Mr. Forbes: — What did you spend last year with Clifton?

Ms. Quarshie: — Last year we spent about 270 or so, approximately.

Mr. Forbes: — You know, I was looking in the Estimates book and it seemed I came up with something much bigger than that.

Ms. Quarshie: — Sorry, that was the year before.

Mr. Forbes: — The year before it was?

Ms. Quarshie: — That's right.

Mr. Forbes: — And then this year was . . . So it was 700,000 the year before.

Ms. Quarshie: — Yes . . . [inaudible].

Mr. Forbes: — Last year was 200,000.

Ms. Quarshie: — Yes.

Mr. Forbes: — And what are you anticipating next year to be? You must have a ballpark figure. Or are you negotiating and you can't say?

Ms. Quarshie: — Well no. I'm sorry. I don't have a ballpark figure because code work is very specific and it's not intensive, similar to some of the previous work that we've done.

Mr. Forbes: — Work have been concluded in terms of the consultations or just doing . . . They're building . . . But they're consulting while they're building the code as well, I assume.

Ms. Quarshie: — Yes. The code development will require some extensive consultation, but we do have in-house resources to tackle that too and we've been doing that in-house.

Mr. Forbes: — So what budget would that come out of? What line would that come out of?

Ms. Quarshie: — The code development is being done under technical resources. What do we call them — technical resources team or something like that. Yes. They are part of the environmental protection group currently. Yes.

Mr. Forbes: — So out of that 1.23 million?

Ms. Quarshie: — So just, I'm going to step back just a moment and see if I could address your question here. Within the technical resources group, we have quite a number of technical people. The total budget is about 3.1 million — 3.1 million. Out of that would come part of the code development work and the consultation piece, so yes.

Mr. Forbes: — I'm having a hard time hearing you. Whether you could speak louder or . . .

Hon. Ms. Heppner: — If you look on page 61 under allocations, it says technical resources. There's a budget of just over \$3 million. The development of the code would be part of that.

Mr. Forbes: — And then the climate change piece would come out of . . . The consultations will come out of that budget, or will that come out of that as well? The technical resources when you're . . . Are you doing any more consulting around the climate change piece?

Hon. Ms. Heppner: — Yes, we are.

Mr. Forbes: — Yes. So where's that budget coming out of?

Ms. Quarshie: — Sorry, it comes out of the climate change budget. Yes.

Mr. Forbes: — Okay. Well I'm going to at this point let my colleague from La Ronge ask a few questions because I know we're going to run out of time here and you don't want to extend the hours. I just got here, though.

The Chair: — Mr. Vermette.

Mr. Vermette: — Thank you, Mr. Chair, to the committee and the minister and the officials. I've got a number of questions and I want to start out. And I know the duty to consult is a huge issue right now with First Nations and Métis and traditional land users, and it has brought up quite a bit of discussion. So within your budget — and I mean I know I'll come back to that — can you tell me what dollars are being allocated to duty to consult? And I mean I know it is the responsibility, and the Supreme Court of Canada made it very clear. The ruling came down. It is the Crown's responsibility to make sure First Nations and Métis people are actually consulted and accommodated. I want to see whereabouts your budget and what dollars you are allocating there.

Hon. Ms. Heppner: — It would be difficult for my ministry to put an actual dollar amount on what kind of resources go to duty to consult when you look at the activities of any particular branch. The duty to consult is triggered within various branches and it's part of our day-to-day operation. So it's not like in every branch there's a line item for duty to consult. It's part of how we run the ministry; it's part of our day-to-day business. There is an Aboriginal relations file. That budget is \$855,000 but, like I said, every branch works on this as part of our day-to-day operations so there is no line item per branch on duty to consult.

Mr. Vermette: — Okay, I'll go back to that. And I know whether it's trappers, whether it's First Nations, Métis, that is a huge issue for them. And I know it's generating a lot of conversation and I know the framework for co-operation that was previously presented to First Nations and Métis was 100 per cent rejected by both the organizations. We know that and I think there was a plan to go back to, whether it's a draft plan or a new version of it. And what, with the budget that's here, what money was allocated to that or will be allocated to helping them complete that task that they were asked to do?

Hon. Ms. Heppner: — The guidelines for consultation, duty to

consult, is housed within the Ministry of First Nations and Métis Relations, so you'd have to pose the funding questions on that to that ministry.

Mr. Vermette: — Then can you explain to me, you said if, if the duty to consult mechanism kicks in in your department, then you guys deal with that. Can you explain that a little more to me? Like I'm not sure how . . . Okay. If they're developing the plan but you deal most of it, that if something triggers the kick-in of duty to consult, then you're saying you initiate that or the process. Can you explain that to me and what dollars are used out of this budget to work with that, if it's possible to have that information?

Hon. Ms. Heppner: — The Government of Saskatchewan is currently working under interim guidelines while a new set of duty to consult guidelines are being worked on by the Ministry of First Nations and Métis Relations. So we work under the draft or the interim guidelines that are currently in place, as do other ministries that would be affected by this.

And again, some of these questions might be better posed to the Ministry of FNMR [First Nations and Métis Relations]. There is a \$3 million consultation fund within the Ministry of FNMR which First Nations and Métis can access for their participation in duty to consult whether it's with my ministry or another ministry that's affected.

Mr. Vermette: — I guess because a lot of the . . . Would it be clear . . . And I think you said earlier in your statements that whether somebody's looking for a lease or has to get the approval from the Environment or from one of your departments, they're at that point might trigger the duty to consult. Now when you said that, I thought about that. And listening to . . . And I don't know how this impacts and where in this budget maybe there's dollars that are going to address that. And you can tell me if there are those dollars. But a lot of concern was, when the framework for co-operation was rejected by both the First Nations and Métis, a lease . . . and I guess those lease, I assume, went through your department, some of your departments and they went ahead and were issuing leases.

Now any time they issued a lease or permission to go in an area, even if it triggers the duty to consult, if there's actually no agreement, then were leases still issued knowing you had no agreement or no framework for co-operation with First Nations and Métis people? But yet you are going ahead saying, if it had to initiate a mechanism that initiated the duty to consult, but there's no agreement, how are First Nations and Métis consulted before you issued any agreements or anything before you get your department . . . So what dollars in here would . . . and see that's happening?

Hon. Ms. Heppner: — As I said, while we wait for the guidelines to be issued from the Ministry of First Nations and Métis Relations, there are draft guidelines that we work under, internal procedures that guide the ministry so that we can continue on with our business. And as I said, as far as dollars go because it is normal course of business for the ministry, we don't have a line item specific to duty to consult within each branch of my ministry. It's part of what we do.

Mr. Vermette: — Okay, thank you. Within your departments,

would you be able to identify or provide me with the numbers at a later date, whatever. I don't want to put your people on the spot and give them some time. What are your numbers with First Nations and Métis, the Aboriginal population within your departments? And I'm not just talking about . . . I'm talking senior management right down. Do you have numbers? I would like to know that.

Hon. Ms. Heppner: — Some of that information is actually currently being compiled, and I will let the committee know through you, Mr. Chair, that we will get that information to committee members when it is ready. One of the, I guess, issues or difficulties with that is people have to self-identify so the accuracy is difficult to determine, but the information that we do have based on self-identification we will get that to committee through your Chair.

[22:15]

Mr. Vermette: — Do you have a time frame that you think this could be accomplished in?

Hon. Ms. Heppner: — It should be available by next week.

Mr. Vermette: — Okay, thank you. I want to go to . . . In your item here on one of the pages of the document, you talk about hunting, trapping, and revenue that comes in from anglers and fishing. When you're talking about the revenue that comes in for the trappers . . . And I know there's two groups. There's the southern trapping association and the Northern Trappers Association. Do they receive any grants, any monies in this budget? Will they receive anything?

And could you give me the exact details of amounts that they will be receiving or can apply to receive? Do you have those numbers that would be in your documents?

Hon. Ms. Heppner: — There is . . . Sorry for the delay. You had asked first about, I think, it was a bit of a two-part question about hunting and fishing and the licences and money. There's a 30 per cent, 30 per cent of fishing and hunting licence fees goes to the Fish and Wildlife Development Fund for wildlife habitat protection, purchase of land, that sort of thing. There is some funding through my ministry to the trappers' association. There's also funding, I believe, from the Ministry of FNMR. I don't have exactly the dollar figures with me. Can I get you the exact dollars? We're pulling numbers out of our head, and I'd like to have it a little bit more official so I can get that to you.

Mr. Vermette: — Yes, actually. And I think I concur that that would be a good idea because I'd like the actual number. You know, just to make sure and I know. So, no, it'd be nice if you could provide that.

Hon. Ms. Heppner: — I'll provide that to the Chair.

Mr. Vermette: — Thank you. I guess my next question, and I want to . . . And I know for the trapping industry it's very important. And I know that they . . . to receive their trapping licence, and I know there has been some regulations that have changed.

Back home when I met with the trappers, there's been some

concern raised with the regulations with 1971 where somebody was on their traditional trapline with their grandparents and at that age. Now they're required by regulations, and I don't know if that's reflecting if they're going to have to pay, if some of those fees that they're going to pay to take the courses that they have to take, will go into the government coffers? Or who's collecting the money at the end of the day? And who will receive the money when they have to . . .

Because of the regulations of the current government that you have now placed on them, they have to get hunter's safety . . . [inaudible] . . . Yet, they might have been on the trapline with their grandparents and their parents for 30-some years. Now they're required because of regulation. There's no grandfather clause. And I have individuals who've been on the trapline for 30-some years saying, I now have to come and, in order to get my fur licence — and they might have been doing that for years and years like I say — they have to now receive a hunter's safety or a certification in order for them to purchase their fur licence. And that's very frustrating to them.

But I'm wondering who's getting the money from the course that they're required to take and who receives that? And does the government receive any of those dollars into your coffers, and is that reflected in here in any way? Or are you assisting them in any way to get the course?

Hon. Ms. Heppner: — The licensing for trappers, their regulations came in I understand in the mid-1980s, so they've been there quite a while. I don't know that there's anything new that's come in. If you're aware, because as far as we know, the regulations have been there for quite some time.

There have been some changes made to make it easier to get that licence. You had asked where the money goes for the course that's taken in order to get a fur licence. It actually goes to the local instructor. None of that money comes to government. It goes to a local instructor for his fees for delivering the exam, but it's not government money.

Mr. Vermette: — I just want to be clear, and I guess give your officials time to check this, and maybe they can go back. I believe it's under, you know, your current department under the Sask Party government that the regulation was changed. So if you could look into that for me, and get that to the committee, that would be helpful because I think it's . . . I don't have the actual date, but I know that it was under the current government, and I believe you would have been the minister that actually when it was implemented. So it just recently came out.

Mr. Callele: — It's Kevin Callele. I'm the executive director with compliance and field services. There was a regulatory change that was made last year. It was really a housekeeping change. The previous regulations spoke to an age restriction when they had to take the course after a certain age restriction. And there was some problems. And I don't have the exact details of the problems that were associated with that, but there was a suggestion and recommendation to go to a specific year of birth, as opposed to like 17 years of age or 18 years of age.

So that was the change that was made in the regulations. So it was a year of birth. So anyone born after that particular year

would have to take the trapper education course in order to qualify for purchase of a trapper's licence.

Mr. Vermette: — And actually the regulation does say 1971 is the date. What I was trying to refer to was going back, that somebody who's been on a trapline 30-some years, and I don't know, and I realize it's a regulation change, but I was trying to compare to now that they're having to take the course and to be in compliance with the regulations. In order for them to receive their fur licence, they have to have that course. Well somebody who's been on the trapline for 30-some years now has to go and take the hunter safety course. And that's what I was wondering who is receiving the money for this course, and was it coming into the government coffers? Are you guys subsidizing any way, helping the trappers with this cost?

When you say, you know . . . And I know there was a grandfather clause. Prior to '71, they don't need to comply with it. After '71, if they were born, they have to. And yet some of those individuals, 30-some years have been on the trapline. They're now having to go out and take this course. So I was just trying to see if you guys are putting any money into the course, if there's any assistance for those ones taking the course when you're saying that you have changed.

And you talk about a housecleaning item. You've affected some trappers that have been there 30 years or so. So, I mean, to say it's just a housekeeping item, I'm just a little concerned with where it came from and who was consulted when you made those changes. I know this isn't the venue to do that, but it just goes . . . flows with the flow. And just thinking about the money and the trappers and what's there to assist them, that's where I'm coming from.

Mr. Callele: — Kevin Callele, executive director of compliance and field services. I will check to clarify to make sure that . . . You're referring to if they had a trapper's licence before, and they're born after that date, you're saying they still have to take the course. I will check that and confirm, and we'll get back through our minister's office on that.

As far as providing assistance, we do provide assistance to instructors. We provide training to instructors in the North so that they are able to put on trapper education courses in the various northern communities. A number of our officers attend those trapper meetings in the northern communities and assist the trappers. We also have a challenge test, a trapper challenge test, for someone that if they believe they can . . . they are competent trappers, rather than take the full-blown trapping course, they can take the challenge test as well.

Mr. Vermette: — Okay. Thank you for that, and I'll wait to get the information that you guys give to the Chair.

I'd like to go to the forestry and, I guess, fire management area. I have some questions. And maybe I'll give you guys time to bring in who you want at the table before I ask.

You've made some reference to some of the budget cuts that were in here and different ways that you presented earlier in your presentation. The minister, Mr. Chair, referred to some of those.

Are you guys aware and do you have the numbers of how many people within the workforce would be impacted with your cost saving measures you implemented? And how many people will suffer job loss from any of the budget cuts you have made in all sectors of the fire management budget? I'm not just talking about going out and fighting the fire. Right through, if you could please give me those numbers.

Hon. Ms. Heppner: — There were 3.4 vacant positions which are part of our FTE reduction. There are no, I hate to say real people, but real people as opposed to vacancies. There are no real job losses within the fire branch. It was 3.4 in vacancies.

[22:30]

Mr. Vermette: — Now I don't know . . . I know that you had the apprenticeship program in La Ronge and maybe in P.A. I don't know where else this was running. And I know there was partnerships because when I was at the school division and with GDI [Gabriel Dumont Institute], I know there was some good partnerships that developed where we had Aboriginal northern people apply and could get into the apprentice program as engineers. And I believe there was a number of them that were very successful.

My concern is hearing that individuals that are either finished or close to finishing, I don't know if you call it terminated or their program was . . . Anyway I know some of them have lost a job. Maybe you can explain that to me and how this budget impacted those individuals.

Hon. Ms. Heppner: — You might be able to provide us with some additional information. There have been no job losses within that branch. There is a program partnering with . . . You know, there's some First Nations on aircraft maintenance, engineering. And we're actually looking at hiring more within the ministry going into the season. So I'm not sure which job losses or program reductions you're talking about because I'm not aware of any.

Mr. Vermette: — I guess what I'll do tomorrow is . . . I know that there is for sure three. I will provide their names to you if they would like me to do that. I will contact them and provide those names to your ministry. So you can see that unfortunately three individuals have lost . . . And I mean, I know the program well. They did an awesome job. It was a good partnership. And maybe they'll have an opportunity to apply and receive a job, and that would be wonderful news for them and their families.

So at this point I will just provide those names to you. And if you can assist and somebody from your department, maybe there is an explanation why they had to do that. But I know the partnership was very positive, and I know that, you know, they have been impacted. One lives across the street from me, so I know that for sure.

Within the budget then, and I guess I want to go to the next question, a plan . . . And you talk about the forest fire management plan. And with a . . . We see a dry season, and the forest is dry. And I think with the harvesting that has not gone on, there's a lot of deadfall in the forest. And I think the conditions, if the right conditions come, what type address would this budget . . . And what's going to happen should the

concern and the fire be the problem that some people are anticipating? And what is the plan to address that? And how will this budget . . . and especially with the cuts and there might be reasons why. And I know previously the minister has made comments when questioned on some of them.

So I would just like to see what your plan is for . . . should you have to . . . and how this budget reflects a backup plan. And you know, currently we see the cuts. So can you just explain that part of it to me. It would be appreciated.

Hon. Ms. Heppner: — Thank you for that question. I can fully appreciate the concern when you look at this budget and see how many dollars were taken out of the fire branch. A large chunk of that is capital, and it's because we're coming to the end of phase 2 of the aerial fleet renewal. So we just aren't spending as much because we've done so much work already, and we're just finishing up phase 2. So a large chunk of that money is capital that we are not investing in because we've already made those investments.

On the actual fire budget, there is around a \$10 million reduction. In the fiscal year '09-10 as of March 31st, the fire branch, outside of capital money that was not spent, just operational money, there was almost \$20 million returned to the treasury. That was after a fairly average fire season. So there's \$20 million in '09-10 that was allotted to the fire branch which was not used.

And so the reduction going ahead into this budget year is a \$10 million reduction. So there's actually, going into this season, \$10 million more than what we actually used last year. So there is some extra money there.

The forecast going into this fire season — and, yes, it's warm and dry right now — the forecast is for a cooler, wetter summer after a warm spring, which averages out to be an average fire year. So based on the projections, the forecasts going into this fire season, and the fact that we actually have \$10 million more in the budget than we used last year, puts us in a position where we feel is a reasonable amount of money in that branch for firefighting. If the forecast changes — and we all know that weather reports are not always the most accurate thing — there is the option of going back for supplementary estimates or warrants.

There is in no way going to be a lack of funding within the fire branch. What we tried to do this year was have a more accurate forecast on the funding that would be needed for an average fire year. And like I said, it's actually \$10 million more than what we needed last year. And we're funding an average fire year. And if it's above average, there will be money for those fires. We're not going to be starving the fire branch. But it's based on an average year.

Mr. Vermette: — I guess at this point I've got more questions, but I know my colleagues want to ask a few questions, and we'll come back in another committee. But I'll turn it over, Mr. Chair, and just want to thank the minister and her officials for the information and providing the Chair with the information, leading it back to the committees. Thank you very much.

The Chair: — Thank you, Mr. Vermette. We're getting close

to the end here, Mr. Harper, so I'll allow at least one question for tonight. And if you want to make it two quick ones, that's fine too.

Mr. Harper: — My question will be short. Madame Minister, in your opening remarks, you mentioned Fishing Lake and some activity there, I believe, something around the fact that you're moving temporary berms to permanent status. Could you please explain that to me?

Hon. Ms. Heppner: — As you know — and I'll try to keep my answer short — as you know, there was berms that were put in place in an emergency situation as a temporary measure around Fishing Lake. They have now been there for some time. We have done consultations with the cottage owners on a plan going forward.

We do have an application in. The Department of Fisheries and Oceans — which we all love so much — are responsible for the authority to allow those berms to be made permanent. We do have an application with DFO [Department of Fisheries and Oceans] requesting that. People obviously are getting used to the fact that they're there. And it's part of the flood prevention measures that the ministry is undertaking or, sorry, Saskatchewan Watershed is undertaking to get permission from DFO to make those berms permanent.

The Chair: — One last question.

Mr. Harper: — Thank you, Mr. Chair. Are all the beaches at Fishing Lake protected by berms?

Hon. Ms. Heppner: — Not every area around the lake have berms there, but the ones that require the protection provided by berms have them.

Mr. Harper: — Thank you, Mr. Chair. Mr. Chair, I want to take this opportunity to thank the minister and her officials for being here this evening and for providing us the information in a very professional manner. Thank you very much.

The Chair: — And I too want to thank the minister and her officials as well for abiding by the notification to Hansard of who you are and your title. Thank you for that.

So seeing now that we're at the time, very close to the 10:41 mark, if I can ask for a motion to adjourn consideration of the main estimates for this evening, please. Mr. Ottenbreit. Everyone in favour?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried. Thank you to everyone tonight for coming, officials and those who tuned in tonight to watch as well, and have a good night.

[The committee adjourned at 22:39.]