

STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Lyle Stewart, Chair Thunder Creek

Mr. Ron Harper, Deputy Chair Regina Northeast

> Mr. Rod Gantefoer Melfort

Ms. Nancy Heppner Martensville

Hon. Darryl Hickie Prince Albert Carlton

> Mr. Len Taylor The Battlefords

Ms. Nadine Wilson Saskatchewan Rivers [The committee met at 19:00.]

The Chair: — Welcome everyone. Seeing as how it's now 7 o'clock, the chosen hour for the committee to begin its meeting, I will call the committee to order.

Good evening, and to those of you at home as well, I'd like to welcome you to the deliberations of the Standing Committee on the Economy.

Committee members, the meeting notice for this meeting outlines that we will be first considering Bill 148, *The Animal Protection Amendment Act, 2010*; then the supplementary estimates for the Ministry of the Environment, vote 26, and finally Bill 156, *The Freehold Oil and Gas Production Tax Act, 2010*.

I ask committee members that with leave we make a slight adjustment to the agenda: first looking at Bill 148, then Bill 156, ending with supplementary estimates for Environment in order to ensure a more efficient process. Does this revised agenda suit the members of the committee all right?

Some Hon. Members: — Agreed.

The Chair: — All right. That's agreed. I would now like to introduce the members of the committee. On the government side we have Mr. Hickie, Mr. Gantefoer, Ms. Wilson, and Mr. Chisholm sitting in for Ms. Heppner. On the opposition side we have Mr. Yates, Mr. Taylor, and Mr. Forbes sitting in for Mr. Harper.

Bill No. 148 — The Animal Protection Amendment Act, 2010

The Chair: — Committee members, the Assembly has referred Bill 148, *The Animal Protection Amendment Act, 2010* to our committee. This is what we will now be considering. By practice, the committee normally holds a general debate during consideration of clause 1.

Before we begin, Mr. Minister, would you please introduce your officials to the committee?

Hon. Mr. Bjornerud: — Thank you, Mr. Chair. Alanna Koch sitting to my left, deputy minister; Paul Johnson to my right, director of the livestock branch. Greg Douglas is behind me on this side here, chief veterinary officer; Rick Burton, assistant deputy minister; and Tim Highmoor, my chief of staff.

The Chair: — Thank you, Mr. Minister. Could I ask officials other than the minister to introduce yourselves by name the first time you speak to make the life a little easier for Hansard people. We'll now consider clause 1, short title, *The Animal Protection Amendment Act, 2010.* Mr. Minister, if you have any opening remarks, you may proceed.

Clause 1

Hon. Mr. Bjornerud: — Just briefly, Mr. Chair. I think all members on both sides are pretty well fully aware of the whole Bill, the amendments that we're making here. And I believe

there's an amendment to be presented here later into the evening here.

I'll just give a brief overview very quickly of what we're doing here. We're increasing the penalties to 10 years from the previous situation of where we were. The Bill proposes to increase maximum fines from 5,000 to \$25,000; maximum imprisonment from six months to two years for anyone convicted of animal neglect; all persons, not just those responsible for animals, will be held accountable.

An extensive industry consultation — I think there was 15 organizations that our officials had conferred with across the province — and everyone is very supportive of the changes that we're making tonight. So really I don't think there's a whole lot more to add, Mr. Chair, just that there will be, I believe, an amendment made further into the meeting.

The Chair: — Thank you, Mr. Minister. Are there any comments or questions on the Bill from committee members? Any comments or questions at all?

I understand that the committee has been provided with two proposed amendments to be considered with this Bill. Both of the proposed amendments are new clauses, therefore procedurally I will remind committee members that we will first consider the clauses and then move to a consideration of the new clauses you have before you at the end.

Clause 1, short title, *The Animal Protection Amendment Act*, 2010, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

Clause 3

The Chair: — New clause 3. I recognize Ms. Wilson.

Ms. Wilson: — I move the following amendment:

Add the following Clause after Clause 2 of the printed Bill.

Section 2 amended

3(1) Subsection **2(1)** is amended in the portion preceding clause (a) by adding 'and Part III.1' after 'In this Part'.

(2) Subsection 2(4) is amended in the portion preceding clause (a) by adding 'and Part III.1' after 'For the purposes of this Part'.

I so move.

The Chair: — Are there any questions on new clause 3? Do committee members agree with new clause 3 as read?

Some Hon. Members: — Agreed.

The Chair: — Carried. Is new clause 3 agreed?

Some Hon. Members: — Agreed.

[Clause 3 as amended agreed to.]

Clause 5

The Chair: — New clause 5. I recognize Ms. Wilson.

Ms. Wilson: — I move the following amendment:

Add the following Clause after Clause 4 of the printed Bill:

"New Part III.1

5 The following Part is added after section 23:

'PART III.1 Protection of Service Animals

'Interpretation of Part

23.1 In this Part, "service animal" means an animal that is trained to be used by:

(a) a person with a disability for reasons relating to his or her disability;

(b) a peace officer in the execution of his or her duties; or

(c) a person who is authorized by a peace officer to assist peace officers in their duties.

'Interference with service animal prohibited

23.2(1) No person shall harm, attempt to harm, touch, feed, impede or interfere with a service animal without lawful excuse or authority.

(2) No person responsible for an animal shall allow that animal to harm, attempt to harm, touch, impede or interfere with a service animal without lawful excuse or authority.

Offences and penalties

23.3(1) A person who contravenes section 23.2 is guilty of an offence and liable on summary conviction to a fine of not more than \$25,000, to imprisonment for not more than two years or to both.

(2) In addition to any penalty imposed pursuant to subsection (1), the court may order the convicted person to pay compensation to the person responsible for the service animal for loss or damage suffered as a consequence of the commission of the offence, in an amount that the court may determine.

(3) The person to whom compensation is payable pursuant to subsection (2) may file a certified copy of the order in the office of the local registrar of the Court of Queen's Bench at the judicial centre nearest to the place where the person resides.

(4) A certified copy filed pursuant to subsection (3) has the same force and effect as if it were a judgment obtained in the Court of Queen's Bench for the recovery of a debt in the amount specified in the order, together with any reasonable costs and charges with respect to its filing.

'Limitation on prosecution

23.4 No prosecution for contravention of this Part is to be commenced more than one year from the date on which the offence is alleged to have been committed".

I so move.

The Chair: — Thank you, Ms. Wilson. Are there any questions on new clause 5? Mr. Forbes.

Mr. Forbes: — I just have one question. First of all, I'd like to start my question by comments that I do appreciate the advance notice of the amendment, and I think the amendment really fits the spirit of the private Bill I put forward.

So I had an opportunity to check with some of the people that helped me with the Bill, specifically the canine unit, the police, and they're very happy about this. The guide dog users of Canada are very happy about this, and the CNIB [Canadian National Institute for the Blind] that I've talked to briefly were very happy about this. Now they haven't seen this and so I can't say, you know, the complete endorsement, but they were very happy about the spirit of this because we see this, being part of a larger Bill, really helps the spirit of the Bill. Keep it alive and current in the public eye, and that's very important.

The one question I have is in section 23.1, "In this Part, "**service animal**" means an animal that is trained to be used by ..." In the private member's Bill, both folks from the guide dog users and the police were concerned that there be recognized certification of this service animal because there shouldn't be any confusion between therapeutic animals and companion animals at this stage. So maybe that can taken care of in regulations or something, but the minister should be aware that this is one that ...

Service animals have specific privileges going into public buildings that other animals don't. Like, therapeutic animals are companion animals, and sometimes there is confusion between those types of animals. And while service animals actually do have little vests that you can identify that they have been trained

So going forward this is something to be aware of, something I didn't know but something they brought forward to me that they were very clear that it should be certified as service animals, not just somebody saying, my dog is a service animal therefore has all the rights. That's not the case. And that wasn't the intention of the private member's Bill. And so if that can be addressed, my question would be, could that be addressed or how might you deal with that issue?

Hon. Mr. Bjornerud: - My officials confirm that that could

be done through regulation that we address the issue that you brought forward.

Mr. Forbes: — Then that satisfies my concern, and I know it satisfies their concern. They're very happy to see this forward. And I just want to thank the minister in moving this forward like this because it really does mean an awful lot to people who use service animals. And so thank you very much. And I would support the amendment completely. Thank you.

The Chair: — Thank you, Mr. Forbes. Are there any further questions or comments on new clause 5? Mr. Chisholm.

Mr. Chisholm: — This is not specific on clause 5. I would just like to commend the member opposite for bringing to the attention of the legislature something that we were not specifically aware of and then co-operating to the point that we were able to put it together with a Bill that we did feel was important to move forward. And now hopefully together we have something that looks after more interests. So thank you.

The Chair: — Any further questions on new clause 5? Do committee members agree then with new clause 5 as read?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Is new clause 5 agreed?

Some Hon. Members: — Agreed.

The Chair: - Carried.

[Clause 5 as amended agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 148, *The Animal Protection Amendment Act, 2010.* Is that agreed?

Some Hon. Members: — Agreed.

[19:15]

The Chair: — Carried. I would ask a member to move that we report Bill No. 148, *The Animal Protection Amendment Act, 2010* with amendment. Mr. Gantefoer. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Committee members, the Assembly has referred Bill No. . . . Oh. We're going to take a little break. The committee can recess. Five minutes work for everybody? I believe we have our officials here from Energy and Resources, so if . . . Mr. Minister.

Hon. Mr. Bjornerud: — Just one thing, Mr. Chair. I just want to thank our officials that are here tonight, but there's three members that aren't here tonight that did a lot of work on this Bill, and I thought I would like to acknowledge them tonight. Doug Leask is one of our staff that's worked on this; Ernie Donnawell and Roy White and also Paul here tonight and Greg and everyone concerned. But this Bill, there was a lot of work went into it before we got to this point, and I want to join with the member in thanking everybody for their co-operation. This is how it can work when we really work together. So thank you.

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

Mr. Forbes: — If I could also thank the minister again and the officials. And also just that I think in comments made by the government side I also would like to acknowledge the Canadian parliamentary association because getting together with them, the member from Manitoba brought this to my attention. This is how this came about, so it's us working together. Sharon Blady, an MLA [Member of the Legislative Assembly] from Winnipeg, brought this to my attention. I want to thank her. I want to thank Robin East and Stephen Kaye of the Saskatoon police department.

The Chair: — Thank you, Minister and officials, members of committee for your extraordinary co-operation on this Bill. And I'll declare the committee recessed for five minutes while the officials get in place for Resources.

[The committee recessed for a period of time.]

Bill No. 156 — The Freehold Oil and Gas Production Tax Act, 2010

The Chair: — Thank you, committee members. Committee members, the Assembly has referred Bill No. 156, *The Freehold Oil and Gas Production Tax Act, 2010* to our committee. This is what we will now be considering.

By practice the committee normally holds a general debate during consideration of clause 1. Before we begin that, we have two substitutions that I'd like to mention, Mr. Elhard for Ms. Wilson and Mr. Furber for Mr. Harper. Before we begin, Mr. Minister, would you please introduce your officials to the committee.

Hon. Mr. Boyd: — Thank you, Mr. Chair. Committee members, I'm joined this evening on my right by Ed Dancsok, assistant deputy minister, petroleum and natural gas. On my left, Kylie Head, Crown counsel, worked on the Bill. Behind me on my right is Mike Ferguson, director of petroleum royalties; and beside him is Laurie Pushor, my chief of staff.

The Chair: — Thank you, Minister. Could I ask officials other than the minister to introduce yourselves the first time you speak for the purposes of making life somewhat easier for Hansard.

We will now consider clause 1, short title, *The Freehold Oil* and *Gas Production Tax Act, 2010.* Mr. Minister, if you have any opening remarks, you may proceed with that.

Clause 1

Hon. Mr. Boyd: — I have a few brief opening remarks. This legislation repeals *The Freehold Oil and Gas Production Tax Act* and replaces it with *The Freehold Oil and Gas Production Tax Act, 2010.* This legislation is being amended along with companion legislation, Bill No. 157, *The Oil and Gas Conservation Amendment Act.* I understand we're only going to be dealing with the first one this evening, but really the two are

related and certainly complement each other.

The centrepiece of the Bill is our efforts with respect to their process renewal and infrastructure management enhancements project, more commonly known as PRIME. This will help our government interact with the industry, the oil and gas industry. It certainly will help in terms of overall efficiency in service. It was originally announced in 2009, and this is the web-based information management system. That system will enable the collection, validation, and dissemination of volumetric infrastructure evaluation and royalty information, and all that information will be housed in a central, secure, and sharable digital format.

Becoming a registry partner was a priority of this government working in partnership with Alberta. This will provide, I believe, a better window from the industry to develop resources here in Saskatchewan. I certainly believe that it'll speed up the time frames. We'll be able to electronically receive, disseminate, and approve industry forms, reports, plans, surveys, maps, applications, records, statistics, and other information.

I think this will provide a much better playing field, I guess I would say, for the industry to operate here in Saskatchewan. Mr. Chair, I would be happy to take questions.

The Chair: — Thank you, Mr. Minister. Are there any comments or questions on the Bill? Mr. Furber.

Mr. Furber: — Thank you, Mr. Chair. And thank you to the minister and his officials for being here this evening to answer some questions. I just want to comment, if I could, and ask a question with respect to the central, secure, and sharable digital format that the information will be stored on.

Can the minister or one of his officials enlighten the rest of us in terms of what that might look like? Where it might be stored? And because of the potentially incredible value of the information that's likely to be stored here, can the minister provide some assurance that this information will be protected and through what system?

Mr. Dancsok: — Ed Dancsok, with Energy and Resources, assistant deputy minister. First of all, the first piece of the prime project is our involvement with the petroleum registry of Alberta, which will store and house all of the production information for the oil and gas industry. That will be stored on servers in Alberta and will be managed by the Government of Alberta on our behalf. We have become full and equal partners with them in that endeavour. That registry has been around for about seven years.

Other infrastructure and well information will be housed, and has not been fully developed under the project, but will be housed likely within Saskatchewan on our own servers.

Mr. Furber: — Do we know who will be doing the work? And has it gone out to tender already?

Mr. Dancsok: — The initial part has been tendered out. Actually it's a company by the name of Fujitsu which is an exclusive contractor with the department of Energy in Alberta.

So they are the ones that have been awarded this contract.

Mr. Furber: — Now in the minister's second reading speech on November 22nd, you had said that becoming a regulatory partner was one of the government's early deliverables. Can the minister comment on what future changes might take place with respect to this regulatory partnership?

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I'm not quite sure what you mean by future endeavours here. What we are wanting to do is, I guess I would say, create a sort of a level playing field. It is well understood in Alberta. The system, most of the companies that operate in Saskatchewan have some familiarity with it from Alberta. A lot of them are based out of Alberta or at least have an understanding of it from there. The system works pretty well, we feel. The industry certainly feels it works well.

In consultation with the industry through their associations that we had consultations with — the Canadian Association of Petroleum Producers, the Small Explorers and Producers Association of Canada, the Surface Rights Arbitration Board, and others — it was felt that this is a very good system. If we have a system that's alike, it makes for more streamlined operations for companies that are operating in both places or individual places for that matter. So this will provide, I think, the industry with a very streamlined process for, you know, extracting oil and gas in our province.

Mr. Furber: — Thank you. Now additionally in your speech you had mentioned or said specifically that the new Act is better organized and easier to follow, and it will bring consistency to the way taxes are being administered. What changes are going to occur in that case? And maybe you could explain some of the inconsistencies that occurred before that we're correcting.

[19:30]

Ms. Head: — Kylie Head, Crown counsel with the Ministry of Justice. Actually what we're talking about here is more of a symmetry in terms of the way the Act, the legislation is set out.

The original Act was just dealing with the freehold oil and gas and it was quite comprehensive. And then what happened some number of years ago — I forget the exact year; we'd have to look at the original Act — but I understand that there was sort of a part added very quickly to deal with the crude oil and it wasn't as comprehensive.

And so what happened is a lot of the crude oil provisions ended up going into the regulations rather than the legislation. So even though the two types of taxes are administered the same — the provisions, if you look, are actually the same — but on the one side a bunch of them are in the regulations and on the other side they're all in the Act. And so it just makes it very confusing for industry if you're just new and you're just starting out because you look at the Act and you think, well this regime must be totally different than the other regime. This doesn't have all the stuff. It doesn't have all the details. But when you actually get into it, you find out it is run the same.

So what we've tried to do with rewriting the legislation is make sure that the two are given equal treatment in the Act, and then we'll carry that forward into the regulations. So it's got parallel structure so somebody coming in will know it doesn't matter what type of tax I'm paying; these two are being administered in the same way and I should conduct myself accordingly.

Mr. Furber: — Perfect. Thank you. The legislation also alludes to penalty amounts moving to regulations that will — in your words again, Mr. Minister — make it easier to keep them at a more modern level where they will be more of an effective deterrent than they are currently. What changes are being planned or will be made with respect to penalty amounts?

Ms. Head: — Specific penalty amounts haven't been determined currently. That would be something that would have to be discussed with industry and developed over time.

If you look at the current Act, the penalty amounts for example are \$10 a day. Well if you're a big oil and gas company, \$10 a day, I'm sorry, that's not a deterrent. But because the penalties are in the legislation, it makes it very difficult to change them. You can't update them regularly. You can't open the Act just to change that one particular clause. And so as a result it's easy for it to become out of date.

So we've chosen just to move the amount of the penalty to the regulations. And then it could be reviewed, you know, on whatever basis the government sees fit in terms of what would make sense in terms of keeping it up to date.

Mr. Furber: — Any time you see penalty amounts, as a company they have some concerns. And so they'd asked me to ask the question, and I guess I'm looking for the minister's guarantee that he will work with industry to help determine what these penalty amounts will be.

Hon. Mr. Boyd: — Well certainly, as Kylie has indicated, that would be the intention of the ministry is to work with industry with respect to that. However, keeping in mind that there's a regulatory function here as well that has to be recognized and so the amounts have to provide for a deterrent. You wouldn't want them as a nominal sum like \$10 a day, but you would certainly want them reflective of what costs would be in comparison to back when \$10 a day was a lot of money.

Mr. Furber: — Now I had been approached by a few different groups with respect to the legislation. And a couple of the different groups were landowner groups, and they wanted just a general assurance that this doesn't sort of affect anything that would harm a landowner, or it doesn't make any changes that would harm a landowner.

Hon. Mr. Boyd: — I can provide them with that assurance.

Mr. Furber: — I certainly didn't see anything written in the legislation or in your speech that \ldots

Hon. Mr. Boyd: — I see nothing in, Mr. Chair, Mr. Member, in the legislation that should be of concern.

Mr. Furber: — Good stuff. Thank you, Mr. Chair.

The Chair: — Thank you, Mr. Furber. Are there any further questions or comments from committee members? Seeing none,

clause 1, short title, *The Freehold Oil and Gas Production Tax Act*, 2010, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 63 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 156, *The Freehold Oil and Gas Production Tax Act, 2010.* Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agreed. I would ask a member to move that we report Bill No. 156, *The Freehold Oil and Gas Production Tax Act, 2010* without amendment. Mr. Hickie. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Any comments from the minister or members? From members first, any comments on the Bill? Mr. Minister, would you have any final comments?

Hon. Mr. Boyd: — Mr. Chair, members, thank you very much for the questions this evening from opposition members, and thank you to the officials. And we look forward to Bill 157, the companion part of this legislation, in the not-too-distant future, I hope.

The Chair: — We can hardly wait, Mr. Minister, and I hope it doesn't have as many clauses. Thank you very much, Minister and staff. Mr. Furber.

Mr. Furber: — Thank you. And I'd like to thank the minister and his officials as well for their good work here this evening.

The Chair: — Thank you, Mr. Furber. The committee will recess for five minutes while we prepare for Environment estimates.

[The committee recessed for a period of time.]

General Revenue Fund Supplementary Estimates — November Environment Vote 26

Subvote (EN11)

The Chair: — Committee members, we are now looking at the estimates for the Ministry of Environment, vote 26, (EN11), outlined on page 13 of the Supplementary Estimates book. Before we begin I'd like to announce that Ms. Morin is substituting for Mr. Harper. Mr. Minister, would you like to introduce your officials and, if you wish, make an opening statement?

Hon. Mr. Duncan: — Thank you very much, Mr. Chair, and good evening to the committee members. I'd first begin by introducing the officials who are with me this evening. On my right is Wayne Dybvig, the acting president of Saskatchewan Watershed Authority. On my left is Jim Waggoner who is the regional manager at Yorkton and the project manager for the Fishing Lake project. And also seated behind me is Mark Wittrup. Mr. Wittrup is the ADM [assistant deputy minister] for the environmental protection and audit division of the Ministry of Environment.

As I think all of us know, the wet summer has left the lakes and wetlands in many parts of the province full or overflowing and primed for a significant flood event again next spring, even with an average snow pack. Fishing Lake reached record highs during the 2010 year and is currently at a record level for late fall. This high water level means there is a significant risk of flooding at Fishing Lake in the spring of 2011.

The Supplementary Estimates before you provides the Saskatchewan Watershed Authority with \$8 million to prepare for that flood and ensure long-term flood protection. The money will allow channel improvements downstream from Fishing Lake to hasten outflow when Fishing Lake is in flood stage. This channel will lower water levels before the spring runoff and, with the berms, provide long-term protection.

The Watershed Authority will also raise low areas of the berms to ensure flood protection in the spring, assist Fishing Lake First Nation to resolve flood problems on the reserve, and make preparations for emergency sandbagging in case that it is necessary this spring, principally for communities which are not currently protected by berms.

The berms were designed to provide 1 in 500 flood protection if the lake was at or below its spill elevation at freeze-up. Today the lake is a half a metre above its natural spill elevation. The lake must be lowered to ensure that communities have planned level of protection from the berms.

Construction of an outlet channel will get the lake lower by spring and reduce the flood hazard next spring and in future years. In combination, the channel and the berms will reduce the significant flood risk next spring and provide long-term protection for the communities around Fishing Lake. Mr. Chair and committee members, at this time we would invite any questions that members would have.

The Chair: — Thank you, Mr. Minister. Before we begin I would ask officials, the first time that they speak, would you please introduce yourselves for the purposes of helping out Hansard. We'll now take questions from committee members. Ms. Morin.

Ms. Morin: — Thank you, Mr. Chair. And thank you, Mr. Minister, for appearing before the committee this evening, and to your officials as well.

We have a very specific line item before us this evening, so I'll be directing my questions specifically to that. Could the minister perhaps elaborate on what the plan is in terms of the new drainage system that is being incorporated? And is there perhaps a map that one could provide to me so that I could see that in a more visual manner as well?

Hon. Mr. Duncan: — Absolutely. I will, Mr. Chair, and thank you to the member for her question.

I'll begin by outlining, I think, in a broad outline of where we would be focusing the additional funds should we have approval this evening and then ask the officials to maybe go in a little bit more details on the channels.

But of the \$8 million, approximately 4.5 million would be earmarked for the construction of channels from Hazel Lake to Newburn Lake; \$1.9 million would be put in place as an emergency response plan that would allow some site preparation in the event that those areas that aren't protected by berms currently in the spring, if there is the risk of flooding for those areas; 1.3 million would be used to raise low spots along the top of the berms that currently exist; and the remainder funding would be used to assist the Fishing Lake First Nation to address some of the internal drainage issues that they have within the reserve that has caused some problems on the reserve.

I'll maybe turn it over to Wayne Dybvig to maybe elaborate on the specifics about the channels.

Mr. Dybvig: — Thank you, Minister. Wayne Dybvig with the Watershed Authority. What the proposal is to construct a channel from the Hazel Lake — which actually joins to Fishing Lake; it's on the eastern side of Fishing Lake — and in three segments. And there's a series of lakes. Next from Hazel Lake, about four or five kilometres to the east we have Whitesand Lake and below that from Whitesand Lake down to Dog Lake and Dog Lake to Newburn Lake. And so there's three distinct segments of a channel that's being proposed, and the total length would be between 12 and 15 kilometres.

The channel itself is proposed to take the excess water off of Fishing Lake. The Fishing Lake would naturally drain to a certain elevation. It's naturally draining now, but not very fast. The channel that would be constructed would be operated to take that water that is above the natural spill elevation on Fishing Lake and remove that more quickly down to an elevation very close to the natural spill, but not down to the spill elevation itself. So the purpose of the channel is just to remove that excess water, put it into the channel, get it down to as far as Newburn Lake, and from there it'll flow naturally into the Whitesand River.

Ms. Morin: — So, Mr. Minister, you mentioned the different amounts that are going to be spent on the different projects that are involved with the \$8 million supplementary estimate that we're discussing this evening. And one of them was there's an allotment for Fishing Lake First Nation. You weren't specific on what that number was. Do you have that information in front of you?

Hon. Mr. Duncan: — The amount that would be earmarked to assist the First Nation is \$300,000. And that, of the lists that I itemized, that would make up the remainder of the \$8 million total.

Ms. Morin: — And so on that topic, Mr. Minister, obviously

this situation of the flooding regarding Fishing Lake area and such has had great effect on the community, and one of the communities obviously is the First Nations that are surrounding the area. So the proposal in terms of the plan to move forward now with respect to the \$8 million supplementary estimate that's being asked for this evening, are the First Nations in agreement with that? What are their thoughts on that? What kind of consultations have been done with the First Nations in the area?

Hon. Mr. Duncan: — I'll have Wayne Dybvig maybe speak to that.

Mr. Dybvig: — Yes, there's been ... Ever since the project was first initiated back in 2007, when the emergency berms were constructed, SWA [Saskatchewan Watershed Authority] has been working with the Fishing Lake First Nation on an ongoing basis, so in dealing with erosion problems on the existing berms and also now looking to make those berms permanent. We've been working with them to develop fish habitat compensation plans and on the emergency berms-related work. So we've established a working relationship with them and now in talking about the construction of a channel.

The First Nation itself is also experiencing flooding problems on reserve. Some of the buildings are in danger of being flooded from the lake itself. There's very poor drainage on the reserve. Adequate culverts have never been put in place on the roads, and there's water ponded in many places. And this is causing backup of water into home areas, flooding basements, and so they have a number of problems. And certainly they recognize that we have an excess water situation. And in discussing the channel proposal, originally there was a channel proposal talked about with them back in 2007, and that proposal was going to actually lower the level of the lake, the natural level of the lake, to be able to provide flood protection without berms.

Now with this proposal that we have berms in place, we don't need to have that extra drawdown of the lake. So they don't have as many concerns about the impact of this channel on the natural regime of the lake as they did previously. So they basically have indicated their support for this. The chief and council have indicated support for the channel, and what we have committed to is to make them aware of all the impacts that the channel will have. And we will address any impacts to treaty rights and provide appropriate accommodation, and they have agreed to work with us on that.

Ms. Morin: — Thank you very much. So what concerns does the First Nation express with respect to the current plant that's proposed? I am assuming that there are some, some concerns that are not being addressed. What are those concerns?

[20:00]

Mr. Dybvig: — Well I think, if I can continue, I think they are concerned with whether or not the natural regime of the lake will be impacted. And previously, when they were acquainted with how a drainage channel would work, they were concerned that removing water from the lake would make it more prone to drought. And now where the channel will be operated only under extreme flood conditions, they are satisfied that it's not

likely to have the same kinds of impacts on the water level and therefore would not increase their vulnerability to drought.

So they really haven't . . . You know, I think in general the First Nation is very committed. They have very strong values around preserving the natural character of the lake. So regardless, notwithstanding that the channel will not really impact very much the natural fluctuation of water levels, it is still having some impact on the natural regime. And I think that's where their basic concern comes. But in looking at the actual from the practical standpoint, the impacts that the channel will have, they have not expressed any major concerns about that.

Ms. Morin: — And what are the plans for dealing with what was described as potential flooding of homes and buildings, I'm assuming, on the First Nation? What plan is being proposed to address and mitigate those circumstances?

Mr. Dybvig: — The primary plan, as indicated, the major issue is the ponding of water around the reserve and the poor drainage. So the proposal is to pump some of the water out into the lake and also to install some additional culverts to properly drain the water away from some of the homes.

Ms. Morin: — So for the most part though, it's drainage of water away from the First Nation versus any direct impact of flooding to the homes. It's the area that's surrounding the First Nation that needs to have the drainage happen. Is that correct?

Mr. Dybvig: — That's correct.

Ms. Morin: — You also mentioned that through these discussions there has also been concerns raised about the natural regime of the lake and thereby the fish habitat conservation. You talked about the fact that there's a plan in place for the fish habitat conservation. Is the First Nation satisfied with what is being proposed with respect to the fish habitat in the lake then?

Mr. Dybvig: — Yes. In terms of the ... I had indicated the ongoing work that we have stemming from 2007 and the impacts that the emergency berms had on fish habitat. We've developed fish compensation plans, and they have been developed in close consultation with the First Nation. And we haven't finished that work yet, but in general our objective is to have them satisfied with the compensation and plan. And generally, we're pretty close to having that reached.

Ms. Morin: — So with respect to the original berms that were put into place, are a lot of those still currently in place, or are a lot of those going to be removed? Can you give us just a bit of an overview of what's happening with the berms that were originally established in comparison to the plan going forward? Are they going to be removed, or are they just going to stay in place with this additional channel development happening as well?

Mr. Dybvig: — When the emergency berms were built, we looked at what having those in place, what the long-term solution should be. And working with the local governments, there was general agreement that the berms should remain. And what the local governments requested is that we make them permanent. So that is what we've been doing, and we've been

seeking those approvals through DFO [Department of Fisheries and Oceans] to do that. So that's what we are working towards.

So what was constructed in '07 as emergency berms is still in place. And our intent is to work with that and improve on the structural integrity of the berms constructed then and make them permanent.

Ms. Morin: — You actually — how should I say? — you just led me into the next question that I was going to ask anyways, and that's with respect to DFO or Department of Fisheries and Oceans. Have they been made aware of the new plan that you're proposing here? And have they approved it already? And where are we at in terms of the discussions with the Department of Fisheries and Oceans?

Mr. Dybvig: — I would ask Jim to speak to that.

Mr. Waggoner: — I was conferring with the minister, so I didn't quite hear the question.

Ms. Morin: — I'm sorry. I was just saying that we had just talked about how we're looking for approval from the DFO with respect to making the berms permanent. I'm also looking at the proposed plan that's being proposed here this evening. Has approval been sought from the Department of Fisheries and Oceans? Has that already been received? And what is the status of the discussions if that approval has not yet been received?

Mr. Waggoner: — For upgrading the berms?

Ms. Morin: — For making the berms permanent, and also for the proposal for the plan of which the \$8 million is being sought this evening.

Mr. Waggoner: — Okay. Jim Waggoner, Watershed Authority with the Yorkton regional office. As far as upgrading the berms is concerned, no we have not yet received the authorization from DFO. The primary obstacle there is just having agreement on the fish habitat compensation plan which, once we have that in place, then I believe DFO will be issuing the authorization for that.

For the balance of the works, for just raising the berms and doing the maintenance, DFO has indicated that that work can be done under their current authorization. And as far as the channel proposal, we have not heard yet from DFO on that.

Ms. Morin: — Okay. So there are two . . . So in other words, the one project I guess that we can move forward on is the permanence of the berms. In other words, we can move forward on making the berms permanent according to Department of Fisheries and Oceans. Is that correct?

Mr. Waggoner: — Once we receive . . . once we are finalized a fish habitat compensation plan.

Ms. Morin: — Okay.

Mr. Waggoner: — But we can do the maintenance on the berms, which is raising them to the 531.6 that's part of this proposal. We can do that under their existing temporary authorization that they've issued.

Ms. Morin: — So you can raise the berms in the meantime, but the berms are not of any permanent nature until the authorization from the Department of Fisheries and Oceans has been received. And that's contingent on the fish habitat conservation plan.

Mr. Waggoner: — Compensation plan, yes.

Ms. Morin: — Okay. So what's the holdup or where is the problem with the Department of Fisheries and Oceans? And how long do they foresee it taking before there is authorization, or are there concerns that there may not be authorization?

Mr. Waggoner: — I think what the Department of Fisheries and Oceans wanted to ensure was that the input from the Fishing Lake First Nation was taken into consideration in the development of the fish habitat compensation plan. And just recently we have got confirmation from Fishing Lake First Nations that they are very pleased with the plan, and consequently I expect that the authorization from DFO will be coming out very shortly for the permanent upgrade of the berms.

Ms. Morin: — Can you provide us with some details of the fish habitat compensation plan? I don't know why I'm having such a difficulty with that expression. But anyways, can you provide us with some details on that so we can get a better snapshot of what's being proposed?

Mr. Waggoner: — Okay. What we're proposing is really to secure some valuable habitat that the fish utilize for spawning, and we want to secure it for the future so it isn't disturbed. And it's a quite a large marsh area that will be protected from any alteration in the future.

Ms. Morin: — So this area, is this on Fishing Lake itself or is it somewhere nearby? Can you give us just a bit of an idea as to where this is located?

Mr. Waggoner: — [Inaudible] . . . marsh and creek area, and it's a marsh that's adjacent to the lake. And so the fish utilize that marsh during the spring runoff primarily where they go up the creek and spawn within the marsh. But it is at risk of being degraded through agricultural operations or practices, and so we intend to, the plan is secure that land so that into the future so it can't be altered.

Ms. Morin: — Is that land currently Crown land?

Mr. Waggoner: — No. It's currently private lands.

Ms. Morin: — I'm sorry, pardon me?

Mr. Waggoner: — Currently privately owned.

Ms. Morin: — Okay. And so what is their proposal then? Is this something that has been discussed with the private owner as to a purchasing situation by the Crown, or can you describe what's being proposed there?

Mr. Waggoner: — We haven't talked to the private landowners until we get confirmation from DFO that that would be the accepted compensation plan, and then we would do so. If

we have difficulty in securing that property, we have a number of other options that we can fall to as secondary options should that one not be able to be completed.

Ms. Morin: — And so have the alternate options been approved by the First Nations? Because I'm assuming that due diligence has been done in terms of duty to consult with the First Nation with respect to this compensation plan, the one that's being proposed. But in the event the private operator's not willing to sell, have the alternate plans been discussed with the First Nation as well? And are they in favour of those alternate plans?

Mr. Waggoner: — The alternate plans have been provided to them. They didn't look at them in detail because they were so pleased with the number one option. They didn't have any objections to the alternate plans.

Hon. Mr. Duncan: — Mr. Chair and Ms. Morin, if I could just back up to one of your earlier questions about the \$300,000 that would be provided to assist the First Nation to address some drainage issues. What I think is also important to know is that, while this is just to address some drainage issues, as Mr. Dybvig has pointed out, around some culverts that would need to be upgraded, it doesn't address compensation for their housing that has been flooded.

But they have been encouraged to apply for compensation under PDAP [provincial disaster assistance program]. So that has been brought to their attention that they should, for that compensation . . . Because we're clearly not talking about that here. So they do know about the program and have been encouraged to apply for it. I thought I'd just mention that.

Ms. Morin: — Thank you, Mr. Minister. I appreciate the extra information as well. With respect to the new plan that's being proposed, clearly every time there is any type of alterations to this type of an area, the ecosystem is affected, as we've already been discussing. Has there been an environmental assessment done? Is that completed? And if not, what type of a completion date are we looking at?

Hon. Mr. Duncan: — It has not. Because we view ... Due to the high water levels and the considerable risk of flooding in the spring, we will be seeking an exemption under the emergency provisions of *The Environmental Assessment Act*. That currently is not in place, but that is ultimately the direction that we're going to move, is to seek approval for that.

Ms. Morin: — How much of a flooding problem was there at Fishing Lake this year? Clearly, I mean, the main flooding issue was in 2007. How much of a flooding issue was there at Fishing Lake this year in terms of how the area was affected?

Mr. Dybvig: — Right this fall we actually had about the same peak elevation on Fishing Lake as we had as peak elevation in 2007. So the difference being this time they were protected by the berms, but the flood level on the lake was basically the same — the major difference being that we got this peak elevation occurring late in the year. And last time it occurred in the spring and the lake was able to drain naturally somewhat over the summer. And so going into the following year, in 2008, there was ... the lake was ... [inaudible] ... all the way down to its

natural spill elevation and the berms were able to provide the desired flood protection.

And that's the main difference now is we've got the same amount of flooding, but it's occurred very late in the year. The lake will not be able to get down to its natural spill, so we've lost much of the protection that the berms could offer next spring.

Ms. Morin: — Okay. Is the Fishing Lake First Nation aware of the fact that this is going to have . . . that you're going to seek an application under the emergency provision in terms of an exemption without having an environmental assessment done?

Mr. Dybvig: — Yes. I think in our discussions with the Fishing Lake First Nation, one of the things that we've been very cognizant of is making them aware of the tight timelines, the emergency situation that we are under, and they're very much aware of that. And so they are also aware of the fact that we are seeking an emergency exemption under *The Environmental Assessment Act*.

Ms. Morin: — And do they have any concerns with that?

Mr. Dybvig: — I think some of the members have expressed not so much concerns of the process, but their general concern is that they want to ensure that the environment is looked after properly. And so in this situation, if we are successful in getting the emergency exemption, we will still be required to identify environmental impacts and undertake appropriate compensation or mitigation with the project.

[20:15]

Ms. Morin: — Okay. I think I might have some future questions on that, but I just want to do a little bit of research on that again myself.

There's been extensive amount of work that's going to be done under this new plan with the \$8 million supplementary estimate that is being proposed here this evening. We're looking at 4.5 million on construction; 1.9 million on construction of, I guess, the channels; 1.3 million to raise, I guess, you know, the ground level in some low spots, etc. So clearly there is a lot of work that's going to take place, and I'm assuming that that's going to proceed in the spring of 2011. Am I correct on that?

Mr. Dybvig: — Some of the work will proceed this winter and some will be done next spring.

Ms. Morin: — Have all of these projects been tendered?

Mr. Dybvig: — Some of the work has been tendered. We're just \ldots As far as the channel construction goes, we have not initiated the tendering process yet.

Ms. Morin: — Okay. Can you just give an example of some of the tenders that have been processed already?

Mr. Dybvig: — We've initiated some erosion repair on some of the berms, and we have, I think, two contractors working on that. Jim ... [inaudible interjection] ... Yes, two contractors working on that.

Ms. Morin: — Are those the only two tenders that have been successfully completed so far and therefore that's why the work is proceeding?

Mr. Dybvig: — Well that was a special bit of work that we started on in the normal course of work as sort of ongoing maintenance and repair of those berms. So that's why we started that work already. But any other work under the provisions of this work has not been started yet.

Ms. Morin: — So all the other tenders are currently being publicly tendered at this point. Is that what I'm understanding? There have been no other closure of tenders to this point?

Mr. Dybvig: — There has not been closure of tenders. No.

Ms. Morin: — So these are currently all open tenders at this point. Is that correct?

Mr. Dybvig: — The approach we are taking is that, because of the timelines, we are going to go to identify contractors that have the capacity to do this work. And we'll be inviting tenders, inviting bids, from a list of potential contractors and there's something approaching, I think, 18 contractors that have either indicated interest in pursuing this project or that we have identified as ones that we know have the capacity to do it. And we'll be providing tender packages to them probably within a week, and then they will bid on the project.

Ms. Morin: — And are most of these contractors from . . . Are these mostly Saskatchewan companies that you're going to be looking at inviting to participate in these tenders, or are they from out of province?

Mr. Dybvig: — I believe most of them are from Saskatchewan.

Ms. Morin: — And would it be possible to forward that information to me at some point as well, Mr. Minister, as soon as the tenders become open for bidding as to what tenders are being opened for tender and what the closing dates are and, you know, that type of information as well?

Hon. Mr. Duncan: — Yes. I don't think that would be a problem. We can outline the time frames for when those tenders would . . . just based on when the projects would actually begin. I'm not sure though, Mr. Chair, if that would be . . . because by this time, this committee will no longer be . . . The legislature won't be sitting, so if we could just forward that information directly rather than trying to table it with the committee.

Ms. Morin: — Yes. That would be great. I would appreciate that, Mr. Minister. And then we can . . . Instead of me trying to hunt you down, I can simply await the package when it comes. And of course we already talked about forwarding a map of the proposed drainage system that we are speaking of this evening then. I'm just going to see if my colleague has any questions.

An Hon. Member: - No.

Ms. Morin: — Not at this point? Okay. I think that concludes my comments for this evening. As I said, I do want to review some of these things and do a little bit more research on it. So, Mr. Minister, obviously I know how to get a hold of you if I

have any more questions going forward. Thank you, Mr. Chair.

An Hon. Member: — Mr. Chair?

The Chair: — Yes, Mr. Minister.

Hon. Mr. Duncan: — Sorry. Just if I could, just for clarification's sake, because I think when the member was going over the allocation of the dollars there was maybe a little bit of confusion perhaps with where the dollars are allocated. So it's 4.5 million we estimate for the construction of the channels, \$300,000 to assist Fishing Lake First Nation, 1.9 million to put in place for emergency response in those areas that aren't protected by berms, so it would be . . . we would ensure that we have the sandbags in place, the devices and also dollars for labour and the borrow pits in the event that in the spring those areas need flood protection; and then 1.3 million to raise low spots of the existing berms that are already in existence today. So that's the . . . Just wanted to be clear of the breakdown of the \$8 million.

Ms. Morin: — Thank you. Obviously my shorthand skills aren't what they should be. And I do appreciate the clarification because I did have one of those breakdowns incorrect. And on that point then, can you maybe just elaborate a little bit on the emergency response areas that we are speaking of? What areas are those? What communities are those? Just so I have a bit of information on that as well.

Hon. Mr. Duncan: — Yes, there was back in 2007, there were several communities along Fishing Lake that opted against having berms built. And I don't have the list, but if Wayne could or Jim could outline those.

Mr. Waggoner: — Well primarily it's the resort village of Chorney Beach, so that whole village did not opt for a berm, and they chose to build their own retaining wall. The retaining wall is built to an elevation below the elevations of the berms, and so they don't have the level of flood protection that the berms offer.

The other areas would be around the lake portions of the north shore of Buckhorn Bay and Saskin and Kuroki beaches. Some portions do have berms and others do not, and they voted against it. They are at risk of flooding from high events and erosion damage as well.

Ms. Morin: — So the resort village that you initially spoke of that built the retaining wall, with the emergency response allocation, what exactly would happen with that community if the water level rises to a point where their retaining wall is not going to be able to hold the waters back from damaging the homes in that community? What type of a contingency plan is being looked at for them then?

Mr. Waggoner: — The primary plan would be to simply fill very large sandbags with sand — and they're huge bags that would have to be put in there by equipment — and place it on top of the retaining walls to provide short-term protection against the high rising waters.

Ms. Morin: — So that's exactly what was going through my mind. It sounds like a short-term solution.

Mr. Waggoner: — An emergency response solution.

Ms. Morin: — Yes. So what is being proposed for a long-term proposal in terms of the, you know, a more permanent solution? Is there a challenge with the community coming up with an agreement to look at a long-term solution? Or can you just maybe give us some information on that as well.

Mr. Waggoner: — The resort village of Chorney Beach chose, on their own, to build the retaining walls to the flood protection level that they were built to, and so they haven't asked the province to, you know, add to that flood protection. What we are offering is that we would provide assistance in responding to an emergency situation that's very unique and rare that could happen next spring.

Ms. Morin: — Okay. Well right now it's being termed unique and rare. But we know that the retaining wall is clearly at a huge disadvantage from the berms that are already in existence, and we're looking now at making those berms permanent and in raising those as well. So is the ... It seems to me, put it that way, that we're looking at a potential, you know, 1.9 million or more in the future on an ongoing basis every year to have an emergency response in place if the water levels rise. So that's why I'm asking, is there some notion of a permanent solution for these communities? Or where does it ... What's the status of this? Put it that way.

Hon. Mr. Duncan: — Before the officials speak, I think ultimately the long-term solution is to gradually lower the level of the lake. We don't want to be, though, come this spring, in a position where, because these people decided either against the berms or decided to go their own route with the retaining wall, that if there is an emergency and they're at risk of flood, you know, we don't want to just say, you know, you decided to go one way in '07 so you're on your own. We want to make sure that there is some protection there. But ultimately, lowering the lake level is the long-term plan.

Ms. Morin: — That's exactly what I was looking for, Mr. Minister. Is there a notion that with this supplementary estimate allocation of \$8 million and the plan that's being proposed this evening, is there a notion that it will adjust the level of the lake water low enough going forward into the future that there won't be an emergency response plan even needed? That it would then be sufficient with respect to the drainage of the lake and keeping the lake level at a point where the homes and the communities wouldn't be in jeopardy?

Mr. Dybvig: — I think had we had the ditch available this year, that the level would, Fishing Lake would have drained to its natural level by the fall, so we would not be facing the situation of having to undertake preparations. So I think as the minister said, that it's really ... The key is the channel. When it's constructed, it will be able to lower the lake over the summer period from the spring runoff, and then the berms should be adequate to provide the necessary flood protection. And in the case of Chorney Beach, in addition, the retaining wall is only about 80 per cent complete. So once they get it complete, then they'll be in a different situation as well.

Ms. Morin: —. Okay. And the retaining wall would be high enough, in terms of what they're building, to accommodate the

level of the lake that we're looking at in terms of bringing that level down to. Is that correct?

Mr. Dybvig: — I think the retaining wall is a little bit lower than the berms for the peak elevation, but there would still be very adequate flood protection there once we get the lake level down.

Ms. Morin: — Okay. Thank you very much. Appreciate your answering my questions and providing the committee with the information that you brought this evening. Thank you.

The Chair: — Thank you, Ms. Morin. Are there any further questions or comments from committee members? Seeing none, environmental protection subvote (EN11) in the amount of \$8 million, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environment, vote 26, \$8 million. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2011, the following sums for Environment in the amount of \$8,000,000.

Mr. Gantefoer. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Any final comments from the minister or committee members?

Hon. Mr. Duncan: — Thank you, Mr. Chair. I just want to thank the committee and the members of the committee for her questions. And I want to also express my appreciation to the officials that are here this evening and also to those that have been working very diligently on this file for some time now but obviously are not here. So I want to just express my gratitude to them, so thank you.

The Chair: — Ms. Morin.

Ms. Morin: — Thank you, Mr. Chair. Mr. Minister and your officials — those that are here and of course those that aren't here — I want to express my gratitude as well for, first of all, coming out at this late hour and appearing before the committee, and all the work that you've done on behalf of the people of Saskatchewan on this and many other files. So thank you very much.

The Chair: — Thank you, Ms. Morin and Mr. Minister and officials.

Committee members, you have before you a draft of the eighth report — I assume we'll have before you a draft of the eighth report — of the Standing Committee on the Economy. We require a member to move the following motion:

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

Mr. Hickie. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would now ask for a motion to adjourn. Mr. Chisholm.

This committee now stands adjourned.

[The committee adjourned at 20:29.]