



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Lyle Stewart, Chair
Thunder Creek

Mr. Len Taylor, Deputy Chair
The Battlefords

Mr. Rod Gantefer
Melfort

Ms. Nancy Heppner
Martensville

Hon. Darryl Hickie
Prince Albert Carlton

Ms. Sandra Morin
Regina Walsh Acres

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 14:45.]

The Chair: — Welcome everyone. Seeing it is now 2:45, the chosen hour for the committee to begin its meeting, I will call the committee to order.

Election of Deputy Chair

The Chair: — Good afternoon, everyone, and to those of you at home, I would like to welcome you all to the deliberations of the Standing Committee on the Economy. On the agenda today, we'll first be electing the Deputy Chair of the committee, and then we will move to a consideration of the estimates of the Ministry of Energy and Resources and, later this evening, the Ministry of the Environment. Do we have a nomination? Ms. Wilson.

Ms. Wilson: — I nominate Mr. Taylor to the position of Deputy Chair.

The Chair: — Ms. Wilson has nominated Mr. Taylor to the position of Deputy Chair. Any further nominations? Seeing no further nominations, I would now invite one of the members to move a motion:

That Mr. Taylor be elected to preside as Deputy Chair of the Standing Committee on the Economy.

Ms. Morin.

Ms. Morin: — Thank you, Mr. Chair. Mr. Chair, I'd like to move a motion:

That Mr. Taylor be elected to preside as Deputy Chair of the Standing Committee on the Economy.

The Chair: — Ms. Morin has moved:

That Mr. Taylor be elected to preside as Deputy Chair of the Standing Committee on the Economy.

All those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? I declare the motion as carried and invite Mr. Taylor to . . . well not to take the Chair, I guess, but to assume his position as Deputy Chair.

Committee members, I would now like to table the following document ECO 27/26, Ministry of Agriculture responses to questions raised at the May 13th, 2010, meeting of the committee regarding the federal government's realized net farm income, actual and projections, as well as the farm stress line.

Committee members, pursuant to rule 146(1) the following estimates were deemed referred to the Standing Committee on the Economy on March 31st, 2011. Main estimates vote 1, Agriculture; vote 23, Energy and Resources; vote 43, 144, Enterprise and Innovation programs; vote 83, Enterprise Saskatchewan; vote 26, Environment; vote 16, Highways and Infrastructure; vote 17, Highways and Infrastructure capital;

vote 84, Innovation Saskatchewan; vote 35, Saskatchewan Research Council; and supplementary estimates vote 23, Energy and Resources; vote 43, Enterprise and Innovation programs; vote 83, Enterprise Saskatchewan; vote 26, Environment; vote 16, Highways and Infrastructure; vote 84, Innovation Saskatchewan.

General Revenue Fund Energy and Resources Vote 23

Subvote (ER01)

The Chair: — Committee members, we are now looking at the estimates for Energy and Resources, vote 23, central management services, subvote (ER01) outlined on page 51 of the Estimates manual. Mr. Minister, would you like to introduce your officials and make an opening statement.

Hon. Mr. Boyd: — Thank you, Mr. Chair. Committee members, I'm pleased to be in front of the Standing Committee on the Economy to consider the estimates of the Ministry of Energy and Resources.

I'm pleased to introduce to the committee . . . They are officials from our ministry. Sitting to my left is Kent Campbell, deputy minister, Energy and Resources. To my right is Hal Sanders, assistant deputy minister of minerals, lands and policy. Behind us to my left is Ed Dancsok, assistant deputy minister of petroleum and natural gas. Seated next to him is Twyla MacDougall, assistant deputy minister of corporate and financial services; and then Laurie Pushor, my chief of staff; and then we have Bob Ellis, communications with the ministry.

Mr. Chairman, just a few brief comments with respect to the '11-12 budget. We have called it *The Saskatchewan Advantage*, and I submit that the title speaks to the enviable position of our province as a result of the diversity of our resources, our economic momentum, and the entrepreneurship and innovation of the people of our great province. Our new budget lays the foundation for continued growth of our province and continued enhancements to the quality of life for our citizens across the province. The resource sector plays a very important role in that.

I will remark briefly on the highlights of our ministry's activities and then outline a brief overview of the current state of the industry. Mr. Chairman, the 2011-12 budget in the Ministry of Energy and Resources once again provides us with the tools to help deliver on the Saskatchewan advantage.

Our expense budget for this year is just over 37 million, a 2 per cent decrease from last year. We are showing a net reduction of two positions. We will continue to manage our vacancies and are eliminating positions through attrition only. However we have added some additional staff to keep up with the demands around the review of horizontal drilling and well licensing applications. We are getting a very significant number of applications coming forward, and we want to make sure that we stay on top of that.

We maintain our rock-solid commitment to the province's

resource industries, and through this budget, the core programs and functions of the Ministry of Energy and Resources will be met. We are applying lean management principles across the ministry's various processes in order to ensure that we continue to provide timely and responsive service to our clients.

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

The major redevelopment of our ministry's oil and gas business process computer systems is now into its third year. Our process, renewal, and infrastructure management enhancement project, more widely known as PRIME, is dramatically transforming how our government and the oil and gas industry interact. By enabling more electronic communication with the industry, PRIME is improving our ministry's overall efficiency and service to the industry. In our 2011-12 budget, PRIME is receiving \$11.3 million in capital funding and 2.5 million in expense funding for the third year of the project.

On the mineral side of our ministry, we are seeing similar cutting edge initiatives taking place. The mineral administration registry Saskatchewan, or MARS project, will be live this year following the conclusion of the consultations with the mining industry. MARS will enable online allocation and administration of mineral titles. It will assist in the improved management of land dispositions and also contribute to better front line services for the industry.

In the coming year, we are maintaining the core forest development functions of our ministry as well, providing \$540,000 in forestry development work in partnership with FPInnovations.

On the research front, we don't have as much money available in our budget this year for energy initiatives, but we are still devoting \$3.2 million to energy industry research. That funding includes \$2.3 million contribution to the Petroleum Technology Research Centre for the world-renowned work that continues to go on with respect to carbon capture and storage and on enhanced oil recovery.

Finally we are making a major investment this year into our ministry's Regina-based subsurface geological laboratory. For decades the lab has been a major reference facility for the industry, academics, and research institutions and, as a result of this budget, will undergo a \$2.8 million expansion of its operations.

We believe that, through the measures in our ministry's budget and the provincial budget overall, we are helping our resource industries build on our province's momentum. I want to now briefly discuss the state of the resource sector and our views on what is important to the government to continue to support that excellent momentum that we see in the industry.

Our oil industry is strong. We witnessed a new record for drilling of horizontal oil wells and the second best ever year for revenue from sales of Crown petroleum and natural gas rights. The oil and gas industry saw a revenue of \$10.5 billion in 2010. The upstream oil and gas industry provided more than 29,000

direct and indirect jobs in 2010. Industry investment in exploration and development was \$3.3 billion last year. We are expecting to do even better in 2011.

Our mining industry continues to perform strongly with the value of mineral production estimated at around \$6.9 billion and mineral exploration expenditures in the order \$356 million. Over 30,000 people are currently either directly or indirectly employed by the mining industry.

Potash was of course very much in the headlines last year with people around the world gaining a greater appreciation of Saskatchewan's strategic resource. Potash sales increased in 2010 and are expected to grow even further in 2011. Our current producers reaffirm their commitments to more than \$12 billion worth of expansions to their existing mines by 2020. And other international companies have made major announcements of investment in our potash resource sector. The Saskatchewan Mining Association is forecasting an incredible \$43 billion of capital investment in Saskatchewan over the next 20 years and growth of an average of 1,500 direct jobs over that period of time.

And I guess I would ask, how was that achieved? Well I would submit that it was achieved by providing a stable, predictable royalty and regulatory regime that allows for reasonable prediction into the future. We've seen, I believe, a fair bit of discussion about this. We believe that it is important in terms of maintaining that royalty structure. We'll be interested in committee members' thoughts around this area.

We also will be interested in the thoughts around the area of forestry which is also very important to the Government of Saskatchewan. We are working with the industry to provide a competitive fiscal regime in Saskatchewan. Our forest industry has been through a very difficult time to say the least. It would have been and could be and has been in the past very tempting for governments to throw taxpayer dollars around in desperation. I would argue that it takes real leadership to make sure that we have an industry that is built on a foundation of real and competitive industry values. We have done that, I believe.

The NorSask mill in Meadow Lake just reopened last week. The Meadow Lake pulp mill is operating at capacity and has a major expansion under way. Meadow Lake OSB is operating at or near capacity and was one of the few mills that operated through the major downturn. We have strong operators now in Edgewood Forest Products who are working to restart the Carrot River saw mill this summer, as well the Hudson Bay plywood plant as well opening. Weyerhaeuser has reopened the OSB [oriented strand board] plant in Hudson Bay, and Carrier Lumber is redeveloping a saw mill in the Prince Albert area.

Of course we are very pleased, to say the least, at the new owner of the Prince Albert pulp mill beginning work towards reopening of that facility. And we are encouraged by the speed at which it is taking place with the new owner, Paper Excellence, looking to move forward the dates for the project restarting and reopening.

I note that this is an extremely important area to our province, and we feel that the forestry sector is now back on track. Even though we see housing starts still not very strong in the US

[United States] market. However we see an increased sales into the Asian market of China. And unfortunately with respect to Japan, following the terrible earthquake and tsunami, we see the likelihood of dramatic increases of sales into that marketplace. So, Mr. Chairman, I look forward to committee members' thoughts and questions.

The Chair: — Thank you, Minister. I would ask the minister's officials to kindly introduce themselves the first time they speak for the benefit of the folks at Hansard, and we'll now take questions from committee members. Mr. Furber.

Mr. Furber: — Thank you, Mr. Chair. First of all I'd like to welcome the minister and thank his officials for being here to aid in the answering of questions. Certainly the opposition appreciates the amount of revenue through our resources that are contributed to the finances of the province of Saskatchewan. They go a long way in benefiting every citizen in a variety of different ways.

I'd like to, if I could, just begin by going through the budget book and start on page 52. Could the minister's officials delineate for us the line of capital asset acquisitions, page 52, and explain the increase of nearly, well, three and a half or so million dollars, and what that's going to be allocated for or to, from 10.5 million to 14.102.

[15:00]

Hon. Mr. Boyd: — Kent Campbell will answer those questions.

Mr. Campbell: — Kent Campbell, deputy minister. That involves two specific projects. One of them is the expansion to the subsurface geological lab for, I believe, it's 2.8 million of that. And the remainder is an increase in capital funding for the PRIME project.

Mr. Furber: — What work is being done on the PRIME project?

Mr. Sanders: — Hal Sanders, for the record. Over the course of the next several years, the PRIME project will see a renewal of our entire oil and gas system where we receive reports from the industry and also our tombstone data that we have on every producing well in the province. So this next phase we're entering into this coming year is the adoption of the petroleum registry. So it'll be a complete shift from industry submitting reports directly to the ministry to submitting them online, and that requires additional capital expenditures.

Mr. Furber: — And the physical location of the capital will be in the city of Regina?

Mr. Sanders: — The capital expenditures is actually for system development work. The majority of that is being done in Regina. We do have a contract with Fujitsu that operates out of Calgary. That is one I contracted to work for us.

Mr. Furber: — And the work on the geo lab this year, could you explain sort of what's taken place this year on the lab?

Mr. Sanders: — The laboratory itself contains a core from all

of the well boring that goes on in the province. And over the course of a number of years, it requires an expansion just to be able to house the core. So this is exactly that, just adding to the facility to be able to provide room for well cores.

Mr. Furber: — So you're making the warehouse bigger?

Mr. Sanders: — Yes.

Mr. Furber: — Okay. Moving on to page 53, the petroleum and natural gas goods and services and salaries, could break down the increase from last year where we were expending \$7.928 million to the 2011-12 estimate of 9.315.

Mr. Campbell: — Yes. The majority of that relates to the increase for well licensing and horizontal drilling, processing of those applications. So we've allocated an additional eight FTEs [full-time equivalent] to that area and funding of 1.4 million.

Mr. Furber: — And the goods and services from 1.1 to 1.7?

Mr. Campbell: — Those are just the operating dollars associated with the salaries, so it's primarily salaries, some additional student employees as well, and perhaps some consulting. But it's essentially the operating costs associated with the additional staff.

Mr. Furber: — So the goods and services would be the desks and computers and cost associated with that.

Mr. Sanders: — Yes.

Mr. Furber: — Okay. Moving on to the mineral lands and policy portion, I note that under energy sector initiatives, under allocations, there's a decrease from 929,000 to 501,000. Could you explain what that decrease is due to?

Mr. Sanders: — The decrease is it's an area of the ministry that has money for specific projects. But the projects are identified on an annual basis. We've had that fund underutilized over the last couple of years, so we've just essentially reduced it to those areas where we're actually having continuing funding.

Mr. Furber: — Just for the benefit of the members of the committee, what would be a typical project in the past that would have utilized those dollars?

Mr. Sanders: — One example would be work being done on CO₂ sequestration, a particular project, looking at that specifically.

Mr. Furber: — So could you explain the process for applications to the program and what a typical application might look like, who it might come from, and who decides what the decision-making mechanism is for the dollars.

Mr. Sanders: — The applications typically come in from entities that are not private entities. It would be associations like the Petroleum Technology Research Centre or the International Test Centre for Carbon Capture may be another institution. So we look at essentially those types of institutions. There's no specific form for the application. They would put together a proposal that would provide the ministry with evidence of a

project that would be looking at enhancing either our oil and natural gas resources or our energy sector clean energy type activities.

Mr. Campbell: — We also do some ministry-directed projects under there, so for example, we pay our membership fees in the Petroleum Technology Alliance of Canada, Energy Council. The Interstate Gas Compact Commission would fall under there as well.

Mr. Furber: — Good. Now the one thing that I'd asked . . . and I'd asked about six questions at once, so forgive me for that. But the decision-making mechanism for these projects is what again? Sorry.

Mr. Campbell: — It's really an assessment of the ministry to make those recommendations. We don't have a formal application process. People are free to submit proposals. We can initiate proposals ourselves, but we do an assessment based upon what we think is the best for the sector.

Mr. Furber: — Certainly I appreciate the dollars being there, and I think that at this time in the world that it's a bit of shame that it's undersubscribed. I think everybody could agree that the vast majority of the oil that's pulled from the ground in Saskatchewan today is due to technology improvements, and certainly the research that's been done in Saskatchewan on oil and gas technology has been key to that success. So maybe the minister or the officials could provide information in terms of how we might better improve the subscription rate to the dollars. If it's only a matter of a lack of interest from organizations for competing for those dollars, is there a way that we can advertise as a province that there are some monies available?

Hon. Mr. Boyd: — Well I suppose there is a way you could do that. Generally speaking though, in the oil and gas sector the companies are pretty self-reliant and often don't come before government asking for any kind of assistance in these areas. They have considerable research and development budgets of their own, but we do provide assistance on occasion. But as I say, the industry is, generally speaking, pretty self-reliant.

Mr. Furber: — Thanks for the answer, Mr. Minister. However, Mr. Campbell had just stated that it's not generally industry that subscribes to the program. And so if it's researchers or organizations like the PTRC [Petroleum Technology Research Centre] that don't have the same budget as PetroBakken might or Crescent Point, is there a way that we can improve this moving forward to the benefit of Saskatchewan people? Because certainly research and development is key to the success in the future for the industry.

If you look simply at what was thought to be recoverable oil in around the minister's hometown, we have gone from 8 per cent or so recoverable to projections, if certain technologies work, up to 80 per cent recoverable oil that adds an incredible pool of oil to Saskatchewan for the benefit of Saskatchewan people. So certainly I'm hopeful that we might not see this undersubscribed in the future, and I would appreciate certainly any suggestions on how we might improve the subscription to the program.

Hon. Mr. Boyd: — The PTRC that you referenced, we already provide \$2.3 million to the PTRC with respect to funding for that organization. We are always interested in research projects should they come forward. And you know, I take your point that perhaps there can be more done to encourage research organizations to come forward, and we'll endeavour to look at that.

Mr. Furber: — I appreciate that, Mr. Minister, thank you. If we could now move to page 54 and . . .

Hon. Mr. Boyd: — I'm sorry which page?

Mr. Furber: — Fifty-four. Sorry, the next page. If you look at expenditures for lands, buildings and improvements, the estimate for 2010-11 was for just over 4 million. This year there's none. Could somebody explain why the reduction?

Mr. Sanders: — A number of years ago our ministry accepted the buildings that were formerly held by SOCO [Saskatchewan Opportunities Corporation], and they've been held in the ministry for quite a number of years. And just this past year they were moved back to CIC [Crown Investments Corporation of Saskatchewan]. So that's the difference that you see, the amortization on the buildings that were formerly SOCO assets.

Mr. Furber: — Thank you. And the office and information technology piece there that moves from 29,000 to 2.056 million, same question.

Mr. Sanders: — This is a result of the work that we're doing on the PRIME project, our information technology change over. And as we start building our capital in that area, then we have to then commit to amortization for the capital that's built up.

Mr. Furber: — Thank you. Now moving on to some other areas, certainly in the news in the last year and a half or so, we've heard many reports of problems with fracking for natural gas in North America. Certainly most of the news is in Eastern Canada. I'm wondering if the minister or his officials could explain — because I've been asked this question many times — how Saskatchewan's situation is different than that of Pennsylvania, New York, or Quebec in the shale gas that they're fracking for and some of the fracking that's done here and the lack of shale gas that we've got here that's being extracted.

Hon. Mr. Boyd: — A few things with respect to the shale gas projects that are taking place in New York State and the eastern United States and up into Quebec and other places, they are at a much shallower depth. And there's concern and I think perhaps even some evidence that indicates that fracking in those areas has interrupted water sources, and there's concern about that interaction obviously. And I believe it's New York State that has put some restrictions or maybe even a total ban, I'm not sure, certain restrictions for sure in terms of fracking.

In Saskatchewan it's a much different picture entirely. There are very few water sources, potable water sources, that are deeper than a few hundred feet in Saskatchewan, which would be well above any kind of oil or gas activity, so we don't see the same kinds of concerns or risks. But it's something that the ministry keeps, you know, monitoring to ensure that we don't see those

kinds of problems developing.

The new fracking techniques that are taking place in Saskatchewan are largely responsible for the increased production that we are seeing. But of course there's always risks, but we want to make sure that and we are making sure that we don't see those kinds of problems developing.

But I think anyone with a rural background would know very well that there are very few wells in Saskatchewan that are much deeper than a couple hundred feet for potable water. When you go much below that, you get into very brackish water with no value whatsoever, even to the point where it's unsuitable for livestock use.

[15:15]

Mr. Furber: — Thank you. I'm sure the folks that have asked me the question would appreciate that answer. You had mentioned in your answer that we are taking steps to avoid some of the issues related to fracking. What steps are those?

Hon. Mr. Boyd: — Well we're always monitoring and working along with the companies to ensure that we don't see any difficulties. The moment any kind of concern is brought forward, there are people that look into these discussions to determine whether or not there's a problem.

Mr. Furber: — Thank you, Mr. Minister. Now if you look at, as I'd said earlier, technology . . . it's been written in some of the literature that I've read that oil companies were literally days away from walking away from the formations around Kindersley because of an inability to extract oil to make a profit. And with horizontal drilling and fracking, multi-fracking, hydrofracking, that has changed things dramatically for that area. So again technology plays an enormous role in the oil and gas that's extracted in Saskatchewan. Certainly it's comforting to hear that you're monitoring and reacting to problems as they arise.

Now in terms of Saskatchewan's oil sands opportunity, I have heard and met with and been up there on a couple of occasions to tour the facilities and have met with the folks at Oilsands Quest in Calgary. Could the minister explain or his officials explain what the holdup to oil sands development is in Saskatchewan today.

Hon. Mr. Boyd: — First of all I'll go back to the member's comment of earlier that the industry in the Kindersley area was within days of being shut down. I'm not aware of anything of the kind. The industry there has always been managed very well by a capable group of independents right through to large companies. Very aggressive programs out there, many, many, many people employed in the oil industry. And we certainly, I don't think we would want to, Mr. Chairman, leave the impression at all that there is something awry in the Kindersley area because there certainly isn't. If anything, we're seeing much greater activity than we've ever seen before. Some of it's as a result of new technology. Other companies are still employing vertical wells. There's a lot of activity there, and I dare say we'll expect to see it a long, long time into the future, long time after any of us are around here.

With respect to oil sands development in the northwest part of our province, it has very, very significant potential in terms of the resource that's there. There is, you know, some billions of barrels of oil in place that have been identified. The challenge is with respect to technology. I would say, picking a number, approximately 50 per cent of the industry believes that it's achievable and the technology is there to extract this. And some of the industry, the other 50 per cent of the industry, doesn't believe that it's a viable project just yet. And the reason is because the resource is some seven, 800 feet approximately, 500 feet approximately into the earth's surface. When you start looking at the type of extraction methods that would be used, you're probably looking at horizontal drilling and likely steam assisted.

Now there's other work being done with other types, technologies. But let's assume that we're going to . . . The most viable technology is steam-assisted horizontal drilling. The concern is, is at that depth, 500 feet, without caprock above — and there isn't — that you may see escapes of steam rising to the surface, bringing oil along with it and creating a significant problem.

There is a clay belt within that 500-foot range that many of the folks in the industry feel is sufficient in depth to provide that barrier for the steam, and keeping the steam in check and obviously making this a viable opportunity. Now there is a lot of laboratory work going on with respect to it to try and simulate the reservoir to determine whether or not this is what we're going to see. But there is, I think, a considerable resource there. There's a considerable amount of interest there.

Oilsands Quest is probably the leading provider, you know, leading company at the moment there. They have undergone some fairly significant management changes in the last little while, but I think they're on track. I know that they're having discussions with a number of companies to work along with — perhaps in partnerships, joint ventures, other opportunities as well — to look at moving forward here. But of course these are privately held, publicly traded companies, and they'll make their own decisions about when they go forward, based on, I assume, their capital that they have in place and technology and other providers that are prepared to work along with them.

It's an interesting development, and I would say it's something that the Government of Saskatchewan is very, very interested in. The PTRC and the Saskatchewan Research Council have been involved to some degree in terms of helping to provide, you know, work with respect to the type of technology that will be needed to be put in place because it's deeper into the earth's surface, approximately 500 feet. It won't be a strip mining type of operation, simply too much overburden to look at that type of operation. It'll be a similar footprint on the surface as a result of that to what you would see in many conventional oil drilling applications — a very modest environmental footprint as a result of that, something we believe is obviously a very attractive feature of a development of this type.

Mr. Furber: — Thank you. I want to ask you about a couple of things. Certainly we've highlighted the importance of technology and the under subscription of a technological funding program or incentive program. Is there something that we can do to be proactive as a government to use some of those

dollars that are unexpended to seek out research for oil sands in our province?

Mr. Campbell: — We do have a couple of other initiatives that it's worth noting on the petroleum research side. One is the \$2.3 million that we give to the Petroleum Technology Research Centre, and that's sort of our primary energy research vehicle. The heavy oil program there involves a consortium of industry players who jointly select the priorities they want investigated.

Then academics at various universities, the SRC [Saskatchewan Research Council] are free to develop proposals to then help solve those problems, and the results get shared amongst the companies. So that's a flagship initiative, as is our Saskatchewan petroleum research incentive. And that is a tax credit that's worth about \$35 million over a five-year period, and companies can apply for that, and it basically acts as a credit against their royalties payable. And it involves either the application of a new technology in the Saskatchewan petroleum field or the application of a technology that's been applied elsewhere, but it'd be the first time it's been tried out in a Saskatchewan field.

So projects are eligible for up to \$10 million of costs with repayable amounts. Up to 3 or \$4 million out of that 10 would be refundable.

Mr. Furber: — That's good information. Now you have said that the rebate, the eligible rebate would have to use new technology or technology that was used in Saskatchewan for the first time. If you look at the THAI [toe-to-heel air injection] technology that PetroBakken uses or SAGD [steam-assisted gravity drainage] technologies, although they've been used in Saskatchewan before, would this apply — because of the special circumstances up in the oil sands — would this apply to any company that wanted to utilize a technology that has been used in Saskatchewan before and is not new, but it's used in a new way, in a different formation?

Mr. Campbell: — It would depend on the particular project, but it would have to involve something different, something novel. There'd have to be a rationale there why there'd be some research uncertainty.

Mr. Furber: — And the decisions again made on these projects and the rebate, where are the decisions made for these projects?

Mr. Campbell: — We make, the ministry makes that assessment on the validity of various projects.

Mr. Furber: — Mr. Minister, then do you have an opinion on whether or not, because of the uniqueness of Saskatchewan's oil sands, the lack of a cap which presents difficulty in using steam-assisted gravity drainage or toe-to-heel air injection technologies, is this something that Oilsands Quest or any other company could expect a refund for the utilization of these technologies?

Hon. Mr. Boyd: — Well they haven't come forward and asked for anything with respect to that. I suppose we could canvass the two players in the area to see whether there is any appetite for that, but it's not something that has been proposed to us.

Mr. Furber: — That wasn't my question. Is this something that you would consider?

Hon. Mr. Boyd: — Well we will always consider any of the various things that come forward. But as of yet, the companies involved have not made any kind of representation to the Government of Saskatchewan with respect to the types of technologies that you're talking about.

The THAI project that is in place is not in the oil sands area. It's in the heavy oil application area in my constituency around the Kerrobert area. It's a different type of application. I'm not sure whether it has application in the oil sands area or not. It may. But as of yet, the companies have not made any kind of representation to the government with respect to that. They are the ones that make the determination in terms of the deployment of their capital, and I suspect they feel that there's other uses for it that are a higher priority to them at this point in time.

Mr. Furber: — Certainly I understand that the THAI technology is used in another place in Saskatchewan. That's why I'm asking — one, that it's not new; two, that it's not the first time it's used in Saskatchewan; and three, that is this something that the minister would consider providing a refund for. Now . . .

Hon. Mr. Boyd: — If and when the application came forward, we would consider it like every other one.

Mr. Furber: — Perfect. I'm sure they'll be glad to hear that. Now could I get some detailed information with respect to conventional and non-conventional oil production in Saskatchewan for the last 10 years if you've got that?

[15:30]

Mr. Dancsok: — Ed Dancsok, assistant deputy minister, petroleum and natural gas. All of the production in Saskatchewan is considered conventional for one thing. So over the past ten years, the conventional production in Saskatchewan has remained relatively flat.

Mr. Furber: — Sorry, do we have numbers here today?

Mr. Dancsok: — Absolutely. The production numbers for 2010 have just been assembled, and the initial estimate is at 154.2 million barrels for the year.

Mr. Furber: — For the record, can we go back five years or so?

Mr. Dancsok: — Absolutely. In 2005 it was 152.9. 2006, it was 156.4; 2007, 156.2. 2008 was a record year at 161 million barrels; and 2009, 154.8; and again 2010, 154.2.

Mr. Furber: — If nothing else, it's incredibly consistent. Is there a projection somewhere for the 2011 year or '11-12, whatever would be applicable to this budget.

Mr. Dancsok: — The number that was used for 2011 was 156.5.

Mr. Furber: — And do projections move out farther than this coming year? How far in advance or how far ahead are projections made for production?

Mr. Campbell: — Actually, yes there is. If you look in the budget summary book on page 45, it talks about the medium-term non-renewable resource forecast assumptions by fiscal year which goes out for five years.

Mr. Furber: — Is that as far ahead as they'll go?

Mr. Campbell: — Yes.

Mr. Furber: — We've referenced the PTRC a number of times already in this estimate session. For the benefit of people who might be watching, other than providing funding to the PTRC, what is the relationship between the Government of Saskatchewan and the Petroleum Technology Research Centre?

Mr. Campbell: — We are one of the primary funders. We also have one seat on the board which I sit on. And then we're also involved in the management committee, and we are free to observe at the technical committee meetings where the industry proposes proposals. And they get selected based upon the proposals that get put forward by the academics and research community.

Mr. Furber: — Thank you. I apologize to move back a bit. Is any company contemplating work in the oil sands? Have any of them asked government for anything over the last number of years? Is there some funding or infrastructure or something that they've asked government for?

Hon. Mr. Boyd: — Well I would say that, you know, we meet with the . . . There's basically two companies that are involved in the Northwest: Oilsands Quest and PetroBakken, I guess they're calling themselves now. We've met with them, Oilsands Quest, on a number of occasions; Petrobank and PetroBakken on a few occasions. They've never really come forward with what I would call an ask necessarily of government.

I think they're certainly looking to government at some point in the future for infrastructure needs, when they reach the stage where development is actually taking place. That may mean road construction. That may mean the bringing in of power, perhaps natural gas, services of that nature, telephone. But in terms of them coming forward and saying that they want government dollars to help them get up and running or anything of that nature, I don't believe that the discussions ever went there.

Mr. Furber: — In my tours of their facilities, they referenced a couple of specific occasions where they'd asked government for assistance. One was with infrastructure in relation to roads and bridges. They explained the great difficulty that they have in hauling equipment to their project because they have to go through Alberta to do it. Certainly that would negate a lot of the benefit for communities like La Loche in terms of providing services to people moving equipment back and forth. But it also creates a great added cost to a company that is essentially starting up and has ceased or at least slowed down their operations in northern Saskatchewan a couple of different times because of capital issues. So the infrastructure piece was one.

They've also told me that they had asked government for some help with telecommunications and had approached both the government and SaskTel to provide some remote communications for them, which was another cost they thought government might help them with. Are these two items something that the minister's aware of?

Hon. Mr. Boyd: — Well as I indicated in my previous answer, yes. There is always discussion about potential need in the future — roads, telecommunications, things of that nature. There has never been a formal ask by them with respect to that. What it becomes, Mr. Member and Mr. Chairman, members, it becomes a bit of a chicken-and-an-egg situation. When do you, as a government, pull the trigger on a very, very significant capital cost of building a road into a development that's not at the development stage yet, that is not at the production stage?

And so we are watching this and speaking with the company. Oilsands Quest being the leading company there, we talk to them on a regular basis. They accompanied us on our recent trip to China to talk to potential investment sources there. We were with them for the better part of three days or longer, talking about their needs going forward. Their needs, I would say, are more related to technology assistance and perhaps a technology provider, perhaps a large industry player partner, and additional capital than they are with respect to those challenges that you have identified.

And as a result of that, we are, as I said, we're watching. We're monitoring. We are certainly prepared to move forward at some point in time when we see it move beyond the stage of exploration through to actual production. Once we get to that stage and we are comfortable that the technologies are working and that there is a viable project here, we will have to — as a government and as the people of the province of Saskatchewan — will have to seriously entertain those needs at the moment.

But there hasn't been any kind of a formal ask. Yes, I mean there always is the sort of, you know, it'd make it easier for us if we had a road. Well that's nice. It's multi-million-dollar, tens of millions of dollars. So while we certainly wish the companies very well and we are standing by, when we get to the production stage, we don't build roads into the North on a wish. We want to make sure that there is a viable project in place, and at that point we would be prepared to move forward.

But there is, albeit with some significant challenges, a road in from the West, and that provides them with the necessary access to their facilities for bringing in equipment and supplies and things of that nature. They have a landing strip there as well. At least they have never identified it as a barrier at this point in time to them going forward. Their barriers are more related to technology and capital.

Mr. Furber: — If you look at what is happening now with Alberta's oil sands, with folks in Europe and the United States, especially California, and if you look at what they're saying about oil sands — oil and whether or not they should be consumers of it — certainly there's a huge backlash because of people's perception that it's an environmental problem.

Is the government doing anything, the Government of Saskatchewan doing anything or contemplating doing anything

to ensure that there is a social licence worldwide for Saskatchewan's oil sands, considering the great difference in how it would be extracted compared to Alberta's?

Hon. Mr. Boyd: — Well I guess I would say once again we're in a similar situation, a bit of a chicken-and-an-egg situation. When do you pull the trigger on any kind of an advertising campaign or any kind of a public awareness type of campaign prior to actual production? I think we would want to see some actual production moving forward before we got too engaged.

But I would place this caveat. The Premier of Saskatchewan has on a number of occasions — in venues across the country and in Washington and Chicago and some other places in the United States — spoken about the oil sands opportunity that there is in Saskatchewan. He's talked about it in general terms in terms of the type of development that we expect it to be, the type of environmental footprint — albeit very, very modest environmental footprint — that we would expect in this area. I think he's taken it on head-on. I have on a number of occasions as well spoke at various venues across Canada and the United States with respect to this.

You may have heard the Premier speaking about the importance of North American oil security going forward. When the whole question of dirty Canadian oil, that moniker, was being bandied around by, generally speaking, left wing groups in North America.

I think that the Premier took it on head-on and said you need to think about the security of supply in North America. You need to think about conflict-free oil in North America, supplies that are readily available, a reliable supplier. And I think that that message resonated fairly significantly with people in the United States for sure. And I think that's why we saw the CODEL [congressional delegation], the Senate delegations coming up to Saskatchewan to take a look first-hand at the type of development that we were expected to see. And when you saw, I think when you see lead senators like Lindsey Graham out of South Carolina stepping forward and saying that he's comfortable with the type of development that we would see here in Saskatchewan, I think that speaks volumes given his senior position in the Senate of the United States.

So we are, in a way, we are in quite an enviable position with respect to this, I would say, because the very nature of the resource being deeper into the ground, it will not be a strip mining type of operation that we are likely to see. We'll see very likely — and, you know, the technology hasn't been proven out yet — very likely steam-assisted horizontal drilling and using not a water source from the surface, not draining a river or draining a lake or anything else like that. There is an aquifer, a deep aquifer there that is brackish water but water suitable for, obviously, for generating steam. So that's the type of development that we expect to go forward.

[15:45]

But I guess, you know — and I would certainly entertain your thoughts on this — but how far do you want to go with respect to an advertising campaign or a public relations campaign? Would you, would you have ministers or the Premier engaged in a European tour to talk about this? Or would you want to

have a more extensive North American tour? Or would you want to put millions of dollars into an advertising campaign for a project that has no production yet? I think that would be, I think that would be a question that the taxpayers of Saskatchewan would be interested in.

Our position is, is that we will continue to speak in the venues that present themselves with respect to the type of development that it is, taking on the questions and concerns about the issue, but we're going to make sure that we actually have some production before we start talking about moving oil out of that area.

Mr. Furber: — So here's the problem that the Government of Alberta has. They waited till there was a great production in the Albert oil sands, and they forgot to build a social licence for their oil, and now there are a number of regions in the world who won't accept it. Certainly, I think, it's callous to characterize the people who oppose the development of Alberta as left wing because, the last time I looked, Arnold Schwarzenegger didn't resemble anything that was left wing.

So I think the hyperbole that the minister uses is unfortunate here today because it is of vital importance to Saskatchewan's future that if the oil sands are produced and if we're able to extract the billions of barrels of oil that exist in northern Saskatchewan, if we have no market for that oil, it's useless. And so I think it's important that the minister would signal that he is interested in building a social licence at every opportunity instead of providing some hyperbolic rhetoric in the Chamber here today.

Now in terms of diamond mines at Fort-à-la-Corne, I'm wondering if the minister or his officials could provide an update on what's going with Shore Gold's project?

Hon. Mr. Boyd: — Thank you, Mr. Member. As I indicated, I'm not quite prepared to just let that go by without some degree of comment. In terms of social licence, the province of Saskatchewan will continue to do as we've been doing. The Premier has turned down very few occasions, nor have I turned down very few occasions, to speak to a North American audience with respect to oil sands development, the type of development that we expect to see in Saskatchewan, the kind of environmental footprint that we would see associated with a development of this type.

And I don't think it's a stretch of the imagination at all to call the left-leaning Democrats leading the charge in terms of saying dirty Canadian oil, and frankly anything that comes out of California most often raises the eyebrows of a lot of people in North America, I would dare say.

So I think that the Government of Saskatchewan continues to build the case fairly well for development in Saskatchewan. You do not see the criticism about Saskatchewan. It's largely criticism of other places with respect to this, and I'm not going to get into the game of bashing another province with respect to this. They made their decisions. We'll make the decisions as a government in terms of the moving forward and presenting that social licence.

I don't see large-scale protests or anything of that nature in

Saskatchewan about oil sands development. I think I recall one small protest out front here where there was barely a handful of people who had concerns about it. I think that, upon speaking to them, I think some of their concerns were not well founded and we attempted to correct the record.

There will always be, though, no matter what kind of development, there will always be some people who are opposed to it, that feel that there are other sources of energy that we could be using that they feel more appropriate or that are more environmentally friendly or all of those types of things. And that's a legitimate protest. I have no problems with it whatsoever. I recall one occasion, Mr. Chairman, while speaking to — I believe it was — the John Gormley show, where a caller called in and said, I just don't understand why the Government of Saskatchewan . . . This was a winter day some 25 or 30 below outside, not a breath of wind. And some caller calls in and says, I just don't understand why we just don't shut off the coal-fired plants and go all towards wind energy.

The very obvious question was before us at that point: what amount of wind energy would you be generating on a day at 25 below with no wind? And I think the experience in Britain this past winter certainly highlights that where, at the coldest day of the year, the wind energy system went down. You'd be producing zip, and I dare say that a lot of people in Saskatchewan, when it's 25 below out, would be certainly wondering about what the Government of Saskatchewan was doing if we didn't have the reliable energy sources that we do to generate under those circumstances.

So while I would say that there are always opponents to development of any type — whether it's the construction of a house in a new development or whether it's a new business going forward or oil sands developments or potash developments or anything else — I think, generally speaking, society has made the decision that development is not necessarily a bad thing. Has to be monitored and watched, and that's the role with respect to Energy and Resources, the role it plays in terms of the development of our energy resources here in Saskatchewan.

With respect to Shore Gold, again it is a type of a development that we think has pretty significant potential. They have most recently found a diamond worth some \$100,000 plus — you know, very, very, very exciting. Again there's a bit of a technology challenge here with respect to that. I see some of the women in the group here indicating a \$100,000 diamond would be something fairly desirable, and I suspect it would be. They often aren't given out, I don't expect. But it's a technology challenge as we understand it. The diamonds are at a depth that has to go through an underground water supply, an underground . . . I'm not sure whether it's a river or lake, so there is a significant technology challenge that would have to be met for a shaft to be sunk through that. That, I think, is important.

In an effort to provide the industry . . . the diamond industry that is, in Saskatchewan, we introduced a diamond royalty system that was largely heralded by Shore Gold and others with respect to its introduction feeling that it helped provide them with production support and stability going forward for them to make the decision about going after these very precious

diamonds.

Mr. Furber: — Has the government been approached for any assistance from Shore Gold?

Hon. Mr. Boyd: — Not to my knowledge.

Mr. Furber: — Now if we could move to forestry, could the minister or his officials delineate the entire division of the Prince Albert FMA [forest management agreement], every group that has some claim to it and what the total number of cubic metres is?

Hon. Mr. Boyd: — Thank you, Mr. Member, for that question. This is a very important area for development here in Saskatchewan, an area that's been very, very challenged over the last number of years. If memory serves, I think there is a number of mills, and we'll get the exact number and where they were located across Saskatchewan and when they closed. And I'll dare say that the vast majority of them closed under the previous administration. So restarting that industry was pretty important to us.

Mr. Chairman, you would recall and I think the people of Saskatchewan would recall in great detail, just prior to the last election, the government of Lorne Calvert decided in their wisdom to put at risk \$100 million of taxpayers' money to restart the industry. Now you know, we had the legitimate debate, I think, whether or not we felt that that was a good thing or not. It was part of the election campaign. We made our position very, very well known that we would not support a project of that type going forward. The government on November 7th of 2007 was decided, and the people of Saskatchewan agreed with us with respect to that.

The \$100 million that was put forward in an MOU [memorandum of understanding] was withdrawn, and then we got to work in terms of what we were going to do with the industry going forward, keeping in mind of course all through that time frame very, very . . . a marketplace that was dropping off like a stone in terms of the housing starts in the US as a result of the mortgage difficulties that were being experienced down in the US. Housing starts dropped off from well over a million housing starts to a few hundred thousand housing starts, and dramatic reductions in the amount of product being sold into that marketplace as a result of that.

We felt that it was important that, moving forward, that we if we were going to ever see, in our view at least, a viable forest industry in Saskatchewan, we needed to ensure that we had players that had, what we believed, the ability to move forward, companies that had already operations in Saskatchewan. We also wanted to include, for the first time in a long, long time, the opportunity for First Nations and Métis people to be involved in the allocation of the resources, the forest resources going forward.

We made it very, very well known to the industry that that was going to be a priority of the government, the redistribution of the forest management agreement that was held previously by one entity, Weyerhaeuser transferred to Domtar. That didn't work all that well, frankly, for the people of Saskatchewan because you were essentially held at bay by one company.

So we felt that it was important that we had other players involved in this. As a result of that, there was considerable, very, very considerable amount of discussion between Agency Chiefs, Montreal Lake, the northern village of Green Lake, and small companies, independents, right through to larger forestry companies. And we were able to come up with the realignment, I guess I would call it, of the forest management agreement that I think has been very, very well received. We have the quotes from the Agency Chiefs and others with respect to their thoughts on the forest management agreement and the companies themselves, independents and others.

[16:00]

So the allocation was put forward, and we put out a press release with respect to this on December 26th of 2009. Wood allocated to forest companies and First Nations from the Prince Albert Forest Management Agreement . . . I'll be happy to provide the member with the breakdown. We can read it into the record, and I'll also provide him a copy of it. Agency Chiefs Tribal Council, in no . . . Well I guess it's in alphabetical order, yes.

Agency Chiefs Tribal Council received 200 000 cubic metres of softwood sawlog allocation. They also received a hardwood allocation of 200 000 cubic metres as well. C&C Wood Products of Carrot River received 75 000 cubic metres of softwood sawlog allocation. Carrier Lumber of Prince Albert received 175 000 cubic metres of softwood sawlog allocation. The independent forest operators were also allocated 150 000 cubic metres of softwood sawlog allocation and 12 000 cubic metres of hardwood allocation. L&M Wood Products was allocated 75 000 cubic metres of softwood sawlog allocation. Meadow Lake Mechanical Pulp received 95 000 cubic metres of hardwood allocation. Montreal Lake OSB received 600 000 cubic metres of hardwood allocation. Montreal Lake Cree Nation received 200 000 cubic metres of softwood sawlog allocation and 40 000 cubic metres of hardwood allocation. NorSask Forest Products of Meadow Lake received 175 000 cubic metres of softwood sawlog allocation. The northern village of Green Lake received 15 000 cubic metres of softwood sawlog allocation. All these totalled 1.065 of softwood sawlog allocation and 947 000 cubic metres of hardwood allocation.

The current allowable harvest as generated by the province of Saskatchewan through the Department of Environment and also independent evaluations, the allowable harvest is 1.269 of softwood sawlog allocation and 948 000 of hardwood. In addition to the allocations as I've laid out, there was 200 000 cubic metres of softwood sawlog allocation to be reserved for a period of time for the proposals to come forward with respect to the community of Big River.

Now if you go through that list, fairly extensive list of — 1, 2, 3, 4, 5, 6, 7, 8, 9, 10 — 10 different groups, it is the first time in Saskatchewan's history that they have received an allocation, first time. I think it's very, very important. We've seen some very, very good things happening as a result of that.

We've seen the development of the Sakaw Askiy Management group to address the forestry needs going forward. I think that they have had very, very productive discussions. I attended the opening of their office in Prince Albert here approximately 10

days, two weeks ago. I think that that points to a very, very bright future, and we are starting to see that happening with companies reopening, companies starting up again, additional shifts being put on in Meadow Lake and other places, and of course now the anchor to all of that is the development and redevelopment of the Prince Albert pulp mill.

Paper Excellence has come forward, and they're very close to closing the agreement with Domtar with respect to the project there. We understand it's days away from completion, the closing, which is incidentally moved up a few weeks. They have indicated to the Government of Saskatchewan that they want to move forward very, very quickly and get the plant up and running again.

This provides a very significant anchor to the whole forestry sector because, when you see these milling operations restarting or operating, they have wood chips and sawdust and everything else that they will be moving in the future to this facility, restarted facility, at Prince Albert. This is a development that will involve literally hundreds of construction jobs for Prince Albert — very, very good for our province. It will involve the direct investment of some 150 to \$200 million of capital of the company themselves, not of the taxpayers of Saskatchewan. Not one red cent of equity is going into this project from the Government of Saskatchewan. There's some training dollars for First Nations to engage them more fully in the future which I think is very, very justifiable and also is very good in terms of engaging the First Nations into this type of project.

So we will see not \$100 million of taxpayers' money being put at risk here, but the company putting some 150 to \$200 million of their money into this restarting of this facility, a dramatic turnaround, I would say, for the industry — something that we very, very much welcome in Saskatchewan.

We're starting to see the turnaround in terms of the industry, very modest but some increase in terms of housing starts in the US. We also see an Asian market coming forward and developing. I think that it is extremely important. China is buying more and more wood products from Saskatchewan all of the time, and Canada. We're also seeing, you know, as a result of tragic circumstances in Japan but an emerging market there for lumber products coming out of Saskatchewan as well. So that anchor tenant is very, very important.

In addition to the restarting of the pulp mill which will not be conventional craft pulp . . . I think this is an important thing here that we need to keep in mind. That's what was proposed for the past. It never happened. There was never pulp came out of that Domtar facility. Even in the dying days, nothing was being developed there. But this is a dissolving pulp — different, a higher end product, more value added to it which results in the increased investment that Paper Excellence is putting into the facility.

I think that that's very important because it's a much different marketplace that you're looking at where this pulp, dissolving pulp will be going into the marketplace at. This product will be used in a higher end product, a rayon, a fabric for the textile industry, the clothing industry — a much, I think, a much more buoyant market, a market that is much different than you would see in terms of a craft pulp mill. And I would say the stability of

that industry is better and provides for greater opportunities for Saskatchewan forest products in the future.

So that is, I think, an important feature of this forest management agreement that we want to keep in mind here. It will result in a few hundred jobs in the future in Prince Albert, and I think that's why you're seeing the mayor of Prince Albert and others saying that they feel that this is a very, very exciting and important development for Prince Albert.

I think that the taxpayers of Saskatchewan certainly welcome the very significant turnaround between \$100 million of taxpayers' money as opposed to 150 or \$200 million of an independent company coming into Saskatchewan and investing in our province, which I think illustrates in spades the type of very positive business climate that we have here in Saskatchewan, where a company is prepared to put at risk a significant amount of capital with respect to that.

In addition, not only do we have the dissolving pulp mill here, but in addition to that we're going to see a biomass facility generating power there that I think is a very, very important component of this agreement as well — again a new development in Saskatchewan, generating power from waste products in the forestry sector that will be either bundled in the forest and brought in to the biomass facility or the use of by-products at the mill itself going in to generate power; again a green energy source for Saskatchewan, renewable energy source for Saskatchewan, something that we feel is a priority for our province as well.

So, Mr. Chairman, I would say that this is, as a part of this Prince Albert Forest Management Agreement, I would say that this has resulted in the types of development that we are seeing coming forward and being put in place today that are very, very important.

And I would also go on to say that Paper Excellence I believe is a very, very good company. They have a tremendous track record in Saskatchewan. They were invited into Saskatchewan, incidentally, by the previous administration for the Meadow Lake pulp mill. They have a good track record there of employment and environmental stewardship. We expect that that will carry forward here in Saskatchewan as well.

If you look back on the \$100 million of taxpayers' money that was being planned to be put at risk, one only has to ask themselves the question, what would have happened to that \$100 million when we saw a continued loss of housing starts in the United States? The graph was pretty stark, just bumping down year after year in terms of housing starts in the United States.

I submit, Mr. Chairman, that that \$100 million would have been gone in the first year, and there would have been a call very likely for an additional amount of money on the taxpayers of Saskatchewan during that time frame when, if you were going to restart using that \$100 million of taxpayers' money in a period of significant downturn, one can only expect that you'd have been looking for a lot, that you'd have been called upon as a government for much, much more in the future. And when you're \$100 million in the glue, it'd be pretty hard to say no to the next ask which would have inevitably come before the

people of Saskatchewan.

Mr. Chairman, that forest management agreement I think is historic in terms of what it has done for our forestry sector and what it will do in the future. Thank you.

Mr. Furber: — For the benefit of people watching at home, I'm sure they will have noted that I asked simply for the division of the FMA in Prince Albert.

And so the minister was asking earlier where the air would come to blow windmills at 25 below in Saskatchewan. I think that the answer is pretty clear today; they'd just have to open the door here.

Hon. Mr. Boyd: — I think you're the one speaking at the moment.

Mr. Furber: — Thank you for your interjection. Now just to be clear, just to be clear, the minister noted, and I want him to be clear on this, that the Agency Chiefs Tribal Council was allocated 200 hardwood and 200 softwood. Is that your answer?

Hon. Mr. Boyd: — That is correct. There was also some discussion around small pulpwood. There wasn't an allocation but there was a bit of an understanding with respect to that. We have, I would say, a very good relationship with Agency Chiefs with respect to this. I think that it's important to note that that relationship is very strong. We have a number of quotes with respect to this.

And frankly, Mr. Chairman, my last answer was very, very long and detailed. And I think it was important to have it on the record for the committee and for the people of Saskatchewan to note that what . . . I'm not surprised, frankly. I'm not surprised the NDP [New Democratic Party] wouldn't want to talk about this. The abysmal record in terms of the forestry sector that was in place up to November of 2007 speaks for itself with respect to it.

[16:15]

So I'm not the least bit surprised that you wouldn't want a detailed answer with respect to the forest management agreement and what has happened in Saskatchewan as a result of that forest management agreement, changes that we are now seeing happening in our province. So I'm not the least bit surprised at all that you wouldn't want that kind of detailed answer. But I think, frankly, the people of Saskatchewan are owed that kind of response in detail so that they understand clearly what has happened with respect to the events leading up to the last election and since then with respect to the forestry sector here in Saskatchewan.

And I would want to also ask the member opposite the . . . Just make this submission, I guess I would say, that when it comes to forestry I think we have a pretty good track record. And it's pretty clear here in Saskatchewan. We see the reopening of facilities. We see the restart of facilities here in Saskatchewan. We see the forest allocations to companies and First Nations groups here in Saskatchewan for the first time in the history of this province. I think it's also very, very, very good to see that.

Now, committee members, you might also want to take a look at the most recent NDP platform with respect to forestry and what it says. You know what it says? The word forestry is not even mentioned in your platform document. The word forestry is completely absent, completely absent from your policy documents. Not one word of mention with respect to it, which I would dare say that a lot of people in Saskatchewan would be very interested in noting that. Where has the member from Prince Albert Northcote been? I suspect he was one of the authors of the policy document, or at least he would've had input with respect to it. He has suggested on a number of occasions that the forestry sector was important to him and his constituents, but not a single word of mention of forestry in your platform document. Nada. Nada. Not one single word.

You know what you do have though? You have what looks like a crayon-drawn picture of a tree on the front and I guess that serves as the forestry policy for the NDP because there isn't one word of mention in that policy document. So I guess when it comes to forestry, the NDP doesn't have a lot to say because they certainly weren't prepared to put it into their policy document, which is apparently where you're going to lead your way into the election campaign with upcoming this year.

Mr. Furber: — Thank you, Mr. Chair. I'll be happy to take any questions from the member opposite after the election in November. Certainly he can ask as many as he wants in question period and in this committee.

Now with respect to his revisionist history: the agreement, he says that it's the first time that these groups have had an opportunity at the FMA. Well that's because of a deal that was signed between Weyerhaeuser and the Progressive Conservatives, a group where he sat as a member at the time. So it's interesting how he is a revisionist historian. And certainly he talks about the record of the previous administration with respect to forestry and comparing it to now. Well the value of outputs from Saskatchewan now is half what it was in 2007.

So certainly I won't take any lessons from the member from Kindersley because this is the same member who, in his fight for the leadership of that party, took a two-week welding course and called himself an electrical engineer. This is also the same member who projected that he was off by \$2 billion on potash and came to this very room just a couple of years ago for supplementary estimates on SaskPower where they were asking the people of Saskatchewan for more money to borrow at SaskPower. With all of his officials, and came here for supplementary estimates — the only reason you're in supplementary estimates is to ask for more money — and thought that they were actually going to borrow less money.

So there is no way today that I'm going to take a lesson from the member from Swift Current on track records when his is as abysmal as there is in this Assembly.

Now if he would, I would appreciate, because we ask these questions on behalf of the people of Saskatchewan, some answers that don't take 43 minutes to answer. He said that there was no allocation to Agency Chiefs, but they had an understanding. Could he explain sort of what that understanding was?

Hon. Mr. Boyd: — There was an allocation to the Agency Chiefs, that 200 000 cubic metres of softwood sawlog and 200 000 cubic metres of hardwood.

And when you're into revisionist history, you should at least have your facts correct. I never sat one day in government prior to 2007. So to make the assertion that somehow or another I was connected with the past allocations is just factually incorrect, and I think the member knows that.

Mr. Furber: — Well it was certainly your party that did it, that signed the agreement.

Hon. Mr. Boyd: — And your party that had occasion to make any changes they wanted over 16 years, and in fact made changes, but at risk — \$100 million of taxpayers' money.

Mr. Furber: — So I'd be pleased if the member would answer the question.

Hon. Mr. Boyd: — I'll be happy to answer the question when I get around to it. You present some facts. We want to make sure that your facts are accurate before the committee. I think it's important to note that this member has not a very stellar record when it comes to presenting facts before the committee or before the legislature, for that matter. When it comes to the oil industry, I think it's pretty clear here in Saskatchewan that people can expect . . .

Mr. Taylor: — Point of order, Mr. Chair.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much. I think the minister has just impugned the reputation of a member of the Assembly, and I would ask, Mr. Chair, that you seek an apology from the minister.

The Chair: — In response to the point of order, we've just witnessed a very lively exchange from both sides. I think possibly the point could have been made that both characters were impugned during that exchange. However I do find, although there may have been grounds for a point of order by Mr. Boyd as well, I do find that the point of order is well taken. And we'll just lower the level of rhetoric to some extent in this committee. And we encourage lively debate, but let's not let it get personal.

Mr. Furber: — So I assume the minister's going to answer the question about that there was no allocation but an understanding.

Hon. Mr. Boyd: — No, there was an allocation to the Agency Chiefs: 200 000 cubic metres of softwood sawlogs, 200 000 cubic metres of hardwood.

Mr. Furber: — You had given that answer, and then you had said, but there was also an understanding on some other . . .

Hon. Mr. Boyd: — Well the Agency Chiefs were looking for additional . . . And I think it was with respect to the undercut. Is that correct? . . . [inaudible interjection] . . . With respect to the small wood pulp fibre, that was something that was not a part of

the allocation process. They made a, I think, a pretty good case for looking for additional allocation with respect to that. That wasn't a part of the FMA discussions at that point in time. But we've had ongoing discussions with the Agency Chiefs with respect to that small log softwood, which would generally speaking go into a pulp facility.

Mr. Furber: — A couple of things. I didn't hear the amount there, and how does that fit into what you described as the allowable being 1.269 and 948? I realize that those were softwood sawlog allocations and 948 in hardwood. I'm interested in seeing where that fits and what the amount is that was allocated.

Hon. Mr. Boyd: — I think it's important to note there's a distinction between the softwood sawlogs and the hardwood and the small log softwood. We're talking about three different things here. The allocations, softwood sawlog allocation is for sawlogs obviously, and the hardwood allocation is for that. Outside of that, there is a small log pulp component that isn't of value, in terms of it isn't of value simply because of its size for sawlogs. So that's outside of that current allowable harvest that is 1.269 million cubic metres.

There's been 660 000 of it allocated to the new pulp facility, dissolving pulp facility in Prince Albert. We have reached an agreement with respect to that with the Agency Chiefs. I think that they made a very good case for being allocated a portion of that, and then that has been, through commercial agreements, worked out with the P.A. [Prince Albert] new facility.

Mr. Furber: — Just to be clear for the record, there's 200 hard, 200 soft, and 660 in the other?

Hon. Mr. Boyd: — No, 660 of small log softwood has been allocated to Paper Excellence. And the discussion was around a number of approximately 400 000 for Agency Chiefs of that similar product.

Mr. Furber: — Sorry, what was to Agency Chiefs?

Hon. Mr. Boyd: — The Agency Chiefs received in their allocation 200 000 of softwood sawlog allocation in the Prince Albert Forest Management Agreement. And they also received 200 000 cubic metres of hardwood allocation. Then outside of that forest management agreement, there is small log softwood which generally speaking would only have value in a pulp mill operation. The Agency Chiefs made the case for about 400 000 of that volume. In addition to that, we've also put forward 660 000 of that similar product, small log pulp, for the Paper Excellence facility.

Mr. Furber: — So in total in the P.A. FMA — I just want to be clear on this — I understand the 200 hard, 200 soft, and the small log softwood allocation . . . When it was decided that Paper Excellence would receive 660 that was the small log softwood piece? And what is their total in the P.A. FMA of the small log softwood timber in cubic metres?

[16:30]

Mr. Campbell: — So if you, if you added up all the softwood sawlog numbers before, you would have come to an allowable

softwood sawlog harvest of 1.2 or 1.3 million cubic metres. So the 660 is incremental to that. So if you add the 660 to 1.269 million, that gets you the total softwood cut on the P.A. FMA. So I guess that's 1.9, roughly 1.9 million? . . . [inaudible interjection] . . . Yes. And then the total hardwood, there's no pulpwood on the hardwood side. So the total hardwood cut is the 948,000. So it's roughly 2 to 1 softwood to hardwood.

Mr. Furber: — Okay. So we've got 1.949. And did I hear the minister right when he said that 660 of that is allocated to Paper Excellence?

Hon. Mr. Boyd: — Yes. And that's of small size . . .

Mr. Furber: — I know what the logs are for. They're generally only useful for making pulp. And so the case that the Agency Chiefs presented, and let me be perfectly clear, it was to be utilized . . . The case they presented, what was the basis for their argument for the usage of the small log softwood?

Hon. Mr. Boyd: — Well I think that, you know, traditional territories, discussions around that, certainly the feeling by Agency Chiefs that this was an important resource that had value. And frankly the Government of Saskatchewan agreed with that.

Mr. Furber: — That's great. You had said that a portion of the small log softwood had some sort of agreement for its utilization after it was allocated. Can the minister explain what that is?

Hon. Mr. Boyd: — Sorry, I missed your question.

Mr. Furber: — You had stated clearly that there were groups who were going to utilize the small log softwood who were in agreement with people who had been given the allocation. Who is going to be utilizing the small log softwood, and what were the arrangements that were made to get there?

Hon. Mr. Boyd: — Well the Agency Chiefs were certainly very happy about it. And I think they're on the record with a number of quotes indicating that they felt that they were dealt with very, very fairly with respect to the Prince Albert Forest Management Agreement and also with respect to the small log pulpwood.

Mr. Furber: — I mustn't have made myself clear. I'm interested . . . You had said that there were some agreements with the allocation of the small log softwood that was allocated to Agency Chiefs. There were some agreements that were made already to utilize that softwood. What are those agreements?

Hon. Mr. Boyd: — Well those are commercial agreements between the Agency Chiefs and the forestry companies. But we are aware that there has been extensive discussions between Montreal Lake, Agency Chiefs, and various forestry companies with respect to their allocation. I understand that there has been some commercial agreements that have been met, have been struck between the Agency Chiefs and, I will just say, various parties. I don't think we want to disclose them for commercial reasons. But they have made agreements we're aware of with various groups to harvest both softwood sawlog, a part of their allocation. I think there's some hardwood perhaps in that as

well and also the softwood, small softwood pulp that is there.

Mr. Furber: — Thank you. Now you had mentioned that Métis people were taking part in this FMA, and certainly I've heard from a couple of the locals in Prince Albert. Could the minister explain how much they're getting as a percentage or compared to the allowable that Métis people will be utilizing under this agreement?

Hon. Mr. Boyd: — The northern village of Green Lake received 15 000 cubic metres of softwood sawlog allocation. Also contained within the independent forest operators are some Métis companies that would receive some allocation as well. So it is relatively modest. What we asked though, the companies and the various groups to come forward with proposals, and then the allocation was based on the proposals that came forward.

Mr. Furber: — So did the minister receive requests from Métis organizations that aren't commercial, or had he received any at all outside of Green Lake's? And if he did, were they picked over for the other folks who received allocation?

Hon. Mr. Boyd: — Not to the best of our knowledge. The northern village of Green Lake came forward and, contained within the independent forest operators, they came forward with their proposal.

Mr. Furber: — So it was only Green Lake that was the only Métis organization that wasn't commercial that came forward and asked for some allocation?

Hon. Mr. Boyd: — As far as we know, yes.

Mr. Furber: — I certainly don't mean to be argumentative, but who else would know?

Hon. Mr. Boyd: — Sorry. Who else wouldn't of . . .

Mr. Furber: — Who else would know? You're saying as far as we know, but I'm hopeful for something more definitive.

Hon. Mr. Boyd: — We will, Mr. Chairman, double-check to ensure that. To the best of our knowledge at the table here right at the moment, we don't recall any other group that came forward, but we will certainly check with respect to that.

Mr. Furber: — I appreciate that. And when might I expect that answer, Mr. Minister?

Hon. Mr. Boyd: — Perhaps the next opportunity we have discussions.

Mr. Furber: — Again I don't mean to be argumentative, but the last time I was given that answer it took 13 months to get the information from you. We had just tabled in this session today some information that was asked for, I believe, May 13th of 2010. So I'm hopeful that the minister might provide me with a date that's more reasonable than 13 months or 10 months.

Hon. Mr. Boyd: — We will endeavour to get it to you before the close of this session.

Mr. Furber: — I appreciate that. Thank you, Mr. Minister. Now the FMA agreements, can the minister detail for us how long those agreements are for? If they're all universal in their length or if they're different, I'd appreciate that information.

Mr. Campbell: — FMAs are provided on a 10-year renewable term basis, so essentially the term is 20 years. But it's the Ministry of Environment that administers those agreements, so perhaps they would be a better, more appropriate person to ask questions about the specifics of the FMAs.

Mr. Furber: — The best of your knowledge today that they're universal in their length, and they're all sort of 10-year increments up to 20 years.

Mr. Campbell: — The timber supply licences are uniform. Each FMA is slightly unique, but that's the general principle.

Mr. Furber: — Thank you. I appreciate that. Now the minister had mentioned that there are 200 000 cubic metres reserved for the Big River area. Could he detail for the people today what that wood looks like, if it's soft, hard, or small log softwood? And how they might access the 200 000 cubic metres, whether or not . . . Let's just start there, thank you.

Hon. Mr. Boyd: — It is for 200 000 of softwood sawlog. It has been set aside for the potential for proposals to come forward from Big River, perhaps their forestry task force or other entities that might want to come forward. There is, I would just say, some discussions taking place around that at the moment that are somewhat encouraging, but we'll await decisions with respect to it.

Mr. Furber: — Now the decisions for a successful proposal will be made where?

Hon. Mr. Boyd: — The decisions for a successful proposal would be made jointly by the Ministry of Energy and Resources and the Department of Environment. I'm going before the entire cabinet of Saskatchewan for obviously a ratification of it.

Mr. Furber: — Okay. Are there any conditions or criteria other than environmental ones that exist currently with an application for the softwood?

Hon. Mr. Boyd: — Well we have certainly tried to be as accommodating as we possibly could with respect to this. We realize that the decisions that were made earlier weren't necessarily what the community of Big River was optimistic and hopeful for. We have had occasions since to sit down with the forestry task force. The ministry has had a number of discussions with respect to it. I think that, as I say, I think there's some discussions that are at a stage where we're optimistic about a potential proposal coming forward.

Mr. Furber: — I appreciate that, Mr. Minister. Is there preference given to the forestry task force over a commercial entity, considering that one would speak in their own interest on each occasion? But the forestry task force I think is widely seen by the community as representing community interests directly, and a commercial entity would obviously be acting in their own best interests. Is there a preferential treatment given, or is the minister currently working with one group right now that we

might see a resolution here?

Hon. Mr. Boyd: — I think that I would just say that any proposal we would hope would have the support of the forestry, the Big River forestry task force. And I think that if a proposal came forward, my sense of it is, is that they would be supportive of it simply because of the fact that we would see development and the reopening of potentially that facility there or maybe a different facility in the future.

Mr. Furber: — The minister would accept proposals that would see the saw mill at Big River utilized?

Hon. Mr. Boyd: — Well if there is a proposal come forward — to date there hasn't been — but if there is a proposal that came forward, we would evaluate it and make decisions at that point.

Mr. Furber: — Now I appreciate the information provided here today. Certainly I'd like to ask, if I could, about some proactive steps again being taken by the Government of Saskatchewan with respect to mountain pine beetles. I know that just this week we've seen some information that would suggest that they're making their way well across Alberta, central Alberta. And so maybe we could get some information for people in the forestry industry about what's being done by the government.

Hon. Mr. Boyd: — Mr. Chairman, with respect, that is more appropriately answered by the Ministry of Environment. That is not an area that Energy and Resources is engaged in.

Mr. Furber: — Fair enough. I appreciate that. I'll make sure it gets asked of the Ministry of Environment. It's my understanding that they're here next.

Now I think I've got one last question with respect to the allocation. Does the minister know whether or not sawlogs will be used directly for making pulp at the Prince Albert facility?

[16:45]

Hon. Mr. Boyd: — I suppose there's always the possibility. However, I think it's the position of the Government of Saskatchewan that we would much prefer seeing chips being utilized and also the softwood, small softwood that's available and has been allocated to the facility.

But there, you know, I think we have to be a little bit careful here. There's always the possibility, given harvesting time frames and also, you know, various circumstances, that you may see a small amount of that happening. But I would say that it's certainly the . . . In discussions with Paper Excellence, it's their view that they would want to move in a direction different than that. But there's always a small possibility of something of that nature happening.

There's also the undercut that could be potentially involved in that, and that's why you also see that Meadow Lake Mechanical received no softwood sawlog allocation. They received some hardwood allocation but no softwood, and neither has Paper Excellence.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. Just seeing the clock running down here closer to 5 o'clock, there were a few questions that I wanted to ask. So with the indulgence of the committee, I might change the direction here for a couple of minutes. To the minister, who's very familiar with the work of Enterprise Saskatchewan and the sector teams: has the ministry been in touch with or worked with the energy sector team, the biofuels sector team, or any of the sector teams currently engaged in making recommendations to cabinet on energy or resource issues?

Mr. Campbell: — Yes, we've been involved in that process. We have a senior official from the forestry side, the mining side, and the energy side who serves as a resource to the committees. So we feed in through that way to make sure that we're aligned. So if you look at the natural gas incentive that we introduced last June, that went through the Enterprise sector team first before that initiative was introduced, as an example.

Mr. Taylor: — Continuing on the example, in the budget and coming out of the budget I guess is a biofuels package including a mandate for biodiesel. Was that another example of consultation with the ministry prior to the development of the mandate recommended by the sector team?

Mr. Campbell: — The lead on biofuels is with Enterprise Saskatchewan itself, so there was some consultation in terms of reviewing the recommendation, but that was all developed primarily by Enterprise Saskatchewan people.

Mr. Taylor: — Okay. Also Enterprise sector teams have recommended, in the past, development of First Nations purchasing, development of First Nations strategy for employment, and development of First Nations industries in the resource sector. Would that be an example of some consultations with the ministry as well because the ministry has the greatest number of contacts through the course of the year with industry players?

Mr. Campbell: — Yes, that is. We have had discussions in that regard, and then we liaise with organizations like the Saskatchewan Mining Association and individual companies as well, so if it's issues related to First Nations engagement or infrastructure, training, those types of things, we do tend to be involved because we have a natural linkage with the industry and the companies.

Mr. Taylor: — Do you find in the consultation with industry that industry feels that their voice is getting through the sector teams and through to cabinet?

Mr. Campbell: — Well certainly, you know, we have a positive working relationship with the industry. Most of the issues that they would raise directly with the committee would not be necessarily in relation to issues that we deal with. So my general sense would be yes, they are. They do find it useful as sort of an additional window for them in addition to talking to officials at Energy and Resources as well.

Mr. Taylor: — Okay. Running across all of the resource sectors, one of the recommendations that has come forward is the removal of the fuel tax for every activity that is used in the production of something or another. I don't have the

recommendation in front of me. That recommendation has not yet been dealt with by cabinet, to my knowledge, but is that a recommendation that the Minister of Energy and Resources would be supportive of and advocates for at the cabinet table?

Hon. Mr. Boyd: — With respect to that, I think I would say that the enterprise sector teams come forward with various recommendations. On occasion government accepts those recommendations; on occasion we decline to accept those submissions. And that has not been dealt with at this point in time. Perhaps in the future we'll take a look at that, but nothing's on the table at the moment.

Mr. Taylor: — And just one last question. Last year there was changes to the ethanol industry. Activities to remove the rebate took effect and then activities to restore the rebate took effect. The ethanol industry has responded I believe quite positively to the second of the two moves. Can the minister update us at all on the state of the ethanol industry in the province today, and are there further changes planned for the ethanol sector in the coming year or two?

Hon. Mr. Boyd: — Mr. Chairman, with respect, I would say that those questions are more appropriately placed to Enterprise, the Minister Responsible for Enterprise in Saskatchewan. That is not an area of responsibility of Energy and Resources.

Mr. Taylor: — All right. I appreciate that. That's really all the questions that I had at the moment.

The Chair: — Mr. Furber.

Mr. Furber: — Thank you, Mr. Chair. I want to ask, if I could, a question with respect to surface rights and surface rights groups. I've been in conversation with a couple of small groups, including CAPLA [Canadian Association of Petroleum Land Administration], with respect . . . [inaudible interjection] . . . CAPLA, and their intimate dealings with surface rights and surface rights issues. Is there any support provided by government for surface rights groups in Saskatchewan?

Hon. Mr. Boyd: — No, there is not, Mr. Chairman. Mr. Member, the government has a quasi-judicial role in terms of the Surface Rights Arbitration Board, so I think it would probably be inappropriate for a government to fund groups of this nature.

And just as a follow-up with respect to the question asked earlier with respect to fibre for other Métis groups, there was no other request made of fibre during the P.A. FMA consultation processes.

Mr. Furber: — I appreciate that answer. Thank you. Now with respect to surface rights groups and CAPLA's request, they contend that you can't both work on behalf of a corporation and be responsible for surface rights as a land person. You can't do both jobs at once. Their comparison is with respect to a real estate agent who provides counsel to both a purchaser and a seller of the same property. It's their contention that this is a situation that goes on in Saskatchewan today. I'm wondering if the minister has any answers as to how CAPLA might further their cause to make some changes with respect to that relationship with land people.

Hon. Mr. Boyd: — Well I'm not sure I want to advise them on how they might want to proceed with respect to it. I think they'll make their own decisions with respect to how they might want to proceed. And it would be purely speculative, I think, in terms of what we might want to offer.

I would just say that this is an area that the Government of Saskatchewan takes very seriously. We want to see a harmonious relationship between landowners and oil or gas companies going forward. Generally speaking the relationship is pretty good, I think I would say, where there's . . . But there are always occasions when one side or the other feels that there are, something has not gone according to what they anticipated would happen.

And I think it's an important role of the Surface Rights Arbitration Board to adjudicate those circumstances. And I think that that role is taken very, very seriously by the Surface Rights Arbitration Board to ensure a degree and an assurance of impartiality with respect to this.

I think, you know, it's I guess a circumstance where at the end of an arbitration process, usually both sides are satisfied and dissatisfied at the same time to a certain degree. And if that's the case, you probably had a ruling that was, you know, somewhat appropriate. I think this is an important area though, and it shouldn't be misunderstood that the Surface Rights Arbitration Board has within its mandate the authority to adjudicate these circumstances and make decisions with respect to it.

The ministry does not play a role in that in any way. They make the decisions independent of the ministry with respect to the hearings that they undertake. I think that, you know, landowners, generally speaking, are a very reasonable group, and I think that oil companies are a very reasonable group. Occasionally there are disputes, and that's the role of the Surface Rights Arbitration Board to adjudicate those. And they take it very seriously, that role.

The Chair: — Thank you. It's now 5 o'clock. It appears as though we'll be coming back to continue debate on these estimates at a date in the not too distant future. Any final comments for this afternoon, Mr. Minister?

Hon. Mr. Boyd: — No. I would just want to thank committee members for their questions and also thank officials for their assistance in answering those questions. A good discussion, I think, was had.

The Chair: — Any comments from committee members?

Mr. Furber: — Certainly want to take this opportunity to thank the minister and his officials for their diligent work here today and for providing very comprehensive and timely answers. Thank you.

The Chair: — Thank you. Committee members, we will now recess and return to consider the estimates for the Ministry of Environment at 7 this evening.

[The committee recessed from 17:00 until 19:00.]

The Chair: — Good evening committee members. This evening we have Mr. Elhard sitting in for Mr. Hickie, Ms. Eagles for Ms. Wilson, Mr. Michelson for Mr. Gantfoer, Mr. Nilson for Mr. Taylor, and we also have Ms. Heppner and Ms. Morin. I think that covers our committee members.

**General Revenue Fund
Environment
Vote 26**

Subvote (EN01)

The Chair: — We are now looking at the estimates for the Ministry of Environment, vote 26, central management and services (EN01), outlined on page 59 of the Estimates booklet. Mr. Minister would you like to introduce your officials and make an opening statement.

Hon. Mr. Duncan: — Thank you very much and good evening, Mr. Chairman and members of the committee. We're very pleased to be here this evening to discuss the estimates for the Ministry of Environment.

Joining me this evening, to my right is the deputy minister, Liz Quarshie. To my left is Donna Johnson, the acting assistant deputy minister of environmental support. I'm also joined by Kevin Murphy, acting assistant deputy minister of resource management and compliance; Bob Wynes, executive director, forest service branch; Sam Ferris, executive director, municipal branch; Kevin McCullum, chief engineer of the technical resources branch; Kristen Fry, finance and administration; Jennifer McKillop, director of Aboriginal affairs. Also joining me this evening are Wayne Dybvig, the president of the Saskatchewan Watershed Authority, and Bob Carles, the vice-president of corporate services at the Watershed Authority.

The 2011-2012 provincial budget is a balanced budget that will continue the strength of Saskatchewan's economy and make life more affordable for Saskatchewan people. The budget is about building on Saskatchewan's advantage to create a better quality of life and more opportunity for all citizens of this province. The Ministry of Environment's budget for 2011-12 supports government's priorities for environmental protection and resource management, helping to make Saskatchewan the best place to live, work, and raise a family in Canada.

It represents an investment of \$189 million to help protect the environment and to promote sustainable use of natural resources to enhance economic and social benefits and to help Saskatchewan people and communities to go green. The ministry's total appropriation for 2011-12, including its capital funding, increases by 1.7 per cent to \$188.9 million, up from \$185.8 million in 2010-11. The ministry's expense budget increases by 3.5 per cent to \$180.5 million.

In 2011-12, the ministry continues to respond to the government's commitment to reduce the size of the civil service by eliminating 23 full-time equivalent positions which are either vacant or will be achieved through attrition. The ministry has reduced its full-time equivalent positions by 4.6 per cent over the past two years, and will reduce by a further 10.4 per cent over the next two years to meet the government's target of a 15 per cent reduction over four years.

There is continued support in the budget for the implementation of results-based regulation, recycling, forestry, the Go Green Fund, and the province's climate change plan. The new results-based model of environmental regulation will improve protection of the environment while promoting innovative new tools in environmental management. The results-based model focuses on the health of the environment, communities, and our economy.

In 2011-12, the ministry plans to continue its transition to results-based regulation by continuing with the legislative and regulatory amendments, value stream mapping, developing the Saskatchewan environmental code, modernizing the information management systems, and addressing the ministry's readiness for change. To support these efforts, the 2011-12 budget includes \$4.4 million to continue to transform and modernize the ministry's information technology/information management systems.

As part of the multi-year information management plan, the ministry will develop a series of software applications that integrate all existing ministry programs into a common repository, centralizing the collection and storage of environmental management data. This IT/IM [information technology/information management] renewal and modernization project will improve capacity and efficiency, increase service and support, and support more modern collaborative business processes. The transition to a results-based regulation has taken quite a bit of time, work, and effort by many people throughout the ministry and is still a work in progress.

Total grants of \$22.4 million are being provided in this budget year to Sarcan to support their operation of the beverage container collection and recycling program. This represents an increase of \$700,000 from the '10-11 budget year, and will ensure that Sarcan is able to maintain its current service levels and to address its increased operating costs.

The 2011-12 budget also includes \$1.6 million in new funding for spruce budworm and mountain pine beetle. These are two major threats to forests in Saskatchewan and pose a significant threat to forest management. They have the potential to kill extensive areas of spruce, fir, and/or pine trees, thereby threatening the sustainability of the commercial wood supply, raising the fire hazard, and reducing the value of trees to our communities and tourism industry. The funding provided in the 2011-12 budget will help to manage the spread of these diseases and to reduce the extent and severity of any forest damage.

The budget also includes \$15.3 million for the Go Green Fund representing the final year of the four-year, \$40 million additional commitment to help Saskatchewan people, businesses, and communities go green. In 2012-13 the funding for go green will return to its base funding level of \$7.5 million.

Go green funding of \$1 million will support the boreal water project in 2011-12. This project is aimed at monitoring water quality in the northern part of our province which hosts some of the highest quality fresh water resources in the world. These areas of the province are subject to near and long-range transport and deposition of acidifying emissions from industrial activities within and outside of Saskatchewan, and this project

will enable the province to monitor and protect these precious resources.

Go green funding of \$2.6 million will also 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 Technology Fund. The administrative framework that will foster investments in low carbon technologies by large emitters and encourage research and demonstration projects to reduce greenhouse gas emissions to meet the provincial target of 20 per cent reduction from 2006 by 2020.

In 2011-12, the ministry's wildfire management branch 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. Core funding of \$68.5 million will be provided to ensure protection of people, communities, and the commercial forest, and to renew the province's aerial firefighting fleet.

This funding level represents a decrease of \$3 million, which is the result of more refined forecasts and the impending completion of phase 2 of the aerial firefighting fleet renewal program. The ministry will receive \$8.331 million in 2011-12 to continue phase 2 of the aerial firefighting fleet renewal program. This is a planned reduction of \$1.9 million from the '10-11 budget year as phase 2 is nearing its completion.

Fleet renewal efforts are currently focused on continuing the turbine engine upgrades to the CL-215 tanker aircraft.

The Saskatchewan Watershed Authority's grant in 2011-12 remains stable at \$4.4 million. The Watershed Authority has a number of other revenue sources and has budgeted total revenue of \$28.5 million.

We are just entering now a period of significant flood risk for communities all across this province. With luck, a slow melt will keep flood peaks down. However, the government is not leaving the fate of Saskatchewan communities to luck. The government provided the Watershed Authority with an additional \$22.9 million in the fourth quarter of last year to deliver the emergency flood damage reduction program. Work on that program is continuing into the current fiscal year. Watershed Authority officials are working hard to help communities prepare for the spring runoff. Currently more than 450 municipalities and individuals are receiving assistance in developing flood protection. The Watershed Authority is also working to provide a long-term solution to flooding at Fishing Lake and to address the flood issues at Waldsea, Houghton, and Deadmoose lakes.

The infrastructure which ensures a sustainable water supply is essential to our economic growth and the health of our towns and cities. To ensure continued capacity to provide a sustainable water supply, the Watershed Authority will invest more than \$4 million to rehabilitate water infrastructure. The authority will also provide technical support to the south central enterprise region's feasibility study for a new water supply channel from Lake Diefenbaker to Buffalo Pound Lake. And studies under the water availability study will improve our knowledge of groundwater resources and collect information on

water use.

Through the provincial toilet replacement rebate program, the Watershed Authority will invest \$4.1 million in rebates to encourage the residential sector as well as municipalities, institutions, non-profit organizations, and First Nations to install low-flow toilets. As of December 31st, 2010, the program has supported the replacement of over 25,000 toilets, which will save more than 635 million litres of water per year. And that number will further increase as more toilets are replaced.

Better knowledge of water use and water supplies as well as active water conservation measures are important to support our growing population and economy. The Watershed Authority will work with watershed communities to complete the Carrot River watershed's source water protection plan. Nine watershed and aquifer plans have now been completed, and the Watershed Authority will continue to provide financial and technical support to watershed associations to help them implement these plans.

Overall the 2011-2012 budget builds on the quality of life of Saskatchewan residents by creating conditions for economic growth and more opportunities for the future, and positions both the Ministry of Environment and the Saskatchewan Watershed Authority to deliver on their mandates to protect our water, air, and natural resources to ensure sustainable use of these resources and to lead management of the province's water resources to ensure safe drinking water sources and reliable water supplies for economic, environmental, and social benefits for all Saskatchewan people.

Thank you, Mr. Chair, for allowing me an introduction. And we look forward to the committee's questions.

The Chair: — Thank you, Minister. And before we go to questions, could I please ask the minister's officials to introduce yourselves the first time that you speak this evening just to help our friends at Hansard get your name straight. And now we'll go to questions. Ms. Morin.

Ms. Morin: — Thank you, Mr. Chair. And thank you to the minister for the opening remarks and to your officials for being here at this late hour of the evening yet again. We've encountered this a number of times in the past, and the officials are always in very good spirits and humour to do this at these hours.

I wanted to start off, Mr. Minister, with questions about the Dutch elm disease program. Last year the government of course cut the Dutch elm disease program which was approximately — what was it? — \$1 million I think it was initially. And there was \$100,000 that was then announced that was going to be put back into the program to monitor the buffer zones. That would be 10 per cent of the original program amount. And so I'm wondering, Mr. Minister, if you could let us know what type of success that met, just monitoring the buffer zones, and what the thoughts are going forward for this year.

[19:15]

Hon. Mr. Duncan: — I want to first of all thank the member for her question. Under the funding that was retained in last

year, the member's correct that the government continues to monitor in the six buffer regions. And there was a, in comparison from 2009 to 2010, there was a decrease in the number of elm trees in those buffer zones that were identified and removed. It was 179 trees that were identified and removed in 2009 in the buffer regions and 133 this past year.

Ms. Morin: — So from the 133 that were removed this past year, those were removed at the expense of the municipalities and of the individual landowners. Is that correct?

Hon. Mr. Duncan: — Of the trees that were removed in 2010, it was about half-and-half in terms of trees that were removed by the landowners, where the trees were identified, and the other half were removed by the province.

Ms. Morin: — Thank you for that. And what is the plan going forward for this year? I'm not sure how to identify whether or not there's any funding for the Dutch elm disease program this year — maybe you could point that out in the budget — and what the plans are of going forward for this year with respect to the program itself.

Hon. Mr. Duncan: — The plan will continue as it was last year with the province allocating \$100,000 and monitoring within the six buffer regions.

Ms. Morin: — And can the minister just point out which line item is housing the \$100,000 budgeted for the Dutch elm disease program for this year?

Hon. Mr. Duncan: — Just one moment. Sorry I don't have my actual budget book right in front of me. The allocation would be found in the insect and disease control allocation that you would find on . . . not sure which page of the budget it's . . . on page 63 of the Estimates, the line item of insect and disease control, \$2.175 million. And the \$100,000 is within that amount.

Ms. Morin: — Okay. Well why won't we stay with that line item since we're already at that point? Can we also just describe . . . Well let's go back to the Dutch elm disease and finish the questions on that first. So of those individual landowners that had to remove trees, was there any situations where the trees were removed by the province and the landowner has been billed and hasn't yet paid those bills? Or has that all been taken care of in terms of those liabilities?

Hon. Mr. Duncan: — That process would have completed in late March in terms of removing the trees that were found to be infected. We haven't made a determination whether we're going to bill the landowners that didn't do it themselves or absorb that cost. And going forward we haven't made that decision as well. But being it was the first year, a bit of a transition period, we'll determine that going forward.

Ms. Morin: — And the \$100,000 was to monitor the buffer zones. And what is the cost to the province in terms of the actual removal of the trees?

Hon. Mr. Duncan: — \$28,000.

Ms. Morin: — Okay. And so sticking with the line item of

insect and disease control, can we also perhaps elaborate a bit on what the province's plan is with respect to the mountain pine beetle? I know that my colleague asked that in the previous committee, and the minister referred it to this committee. So I'm going to ask that on behalf of the colleague who isn't here, but clearly that's something that we would all like to know about anyways.

Hon. Mr. Duncan: — Thank you to the member for the question. I'll maybe provide a little bit of a background, and perhaps Bob Wynes from the ministry can provide a little bit more detail. But in terms of mountain pine beetle . . . And the line item that the member's referring to will include for both spruce budworm and mountain pine beetle, but maybe we'll start with the mountain pine beetle.

Certainly seeing the devastating effects the mountain pine beetle has had in other provincial forests and seemingly moving from west to east, this is something that we are concerned about. That's why on the mountain pine beetle we are allocating I believe the number this year is \$363,000. That's nearly close to double what we've done in previous years.

We're going to continue to provide aerial surveying of northwest Saskatchewan where that would be the first entry point in the northern part of the province, as well as Cypress Hills with the lodge pine pole . . . or lodgepole pine that is found in the Cypress Hills. We're also going to be working with the national agency in providing some funding to coordinate research around areas of the life cycle of the mountain pine beetle as well as what the source of the mountain pine beetle that's being found in Cypress Hills, what its entry source is.

The new funding that's going to be provided is working on a federal-provincial level to determine a strategy to prevent the movement of it across the provinces, research on the way that the beetle has adapted to a different species of pine. Particularly, I don't know if you saw the article that would have, that just appeared in some of the local media just in the last days, where research is finding that it's starting to move into different species of pine, or the potential to. So we're going to be providing some research dollars on that, as well as I've been told that there is some new technology that's being developed in terms of the aerial surveying that's being done that's being able to . . . The thought is that it's being able to do a better job of surveying than existing technology. So I believe we're going to be doing a pilot project using this new type of technology, as well as public education similar to what people would see with Dutch elm disease about the precautions that people need to take.

But maybe if Bob Wynes could maybe speak to more of the specifics and the dollar amounts that we'll be doing.

Mr. Wynes: — Certainly. Yes. Bob Wynes, I'm the executive director of the forest service.

Just a little bit of the history, if I may, just to elaborate a bit. This problem has arisen from BC [British Columbia]. They've had a very severe impact in BC, and it's going to greatly affect not only the forest but of course subsequently the forest industry. We had a major flight of beetles over the mountains into Alberta, and they reached essentially halfway across

Alberta even to the edge of the transition zone with Jack pine. So there has been some exposure to the mountain pine beetle to Jack pine as early as 2006. So this, although the media is kind of picking it up now, it's not really new, although the research has really focused on how it's doing and that because that has the major implications for eastern spread of mountain pine beetle.

The only lodgepole pine we have in the province is in the Cypress Hills. And just to give you an idea, we've been monitoring . . . Part of our surveillance for mountain pine beetle, we have been, Ministry of Environment's been doing the surveys, including in the provincial parks. So we've been surveying Cypress Hills and working with provincial parks. They've essentially been doing the individual tree removals.

But just to give you an idea of the magnitude, there has been two detections in Cypress Hills in 2006, three in 2007, 23 in 2008, 133 in 2009, 190 in 2010. So those are essentially individual trees that are affected. So we're not yet measuring it in hectares. We're still measuring it in individual trees, which is excellent news. We've had great co-operation with parks in terms of removing those trees. I just got word yesterday that the last of the trees we're removing this winter have been piled and burnt. So we're doing our best to stay on top of that in collaboration with parks.

One of the questions that arises is whether . . . Our belief is the mountain pine beetle has kind of always been there in the Cypress Hills, and this is essentially a flare-up of an existing population rather than a new introduction. But it's kind of difficult, without getting into a lot of genetic work, to confirm that.

So I mentioned this major flight of beetles over the mountains in 2006. There was another flight over the mountains that even reached farther into Alberta. It's actually very amazing a very small beetle the size of a grain of rice can actually travel that far. It's hard to imagine. But it actually penetrated farther into Alberta, into the transition zone between Jack pine and lodgepole pine, into Al-Pac's FMA. And so we've been working very closely with the federal government. And our entomologist, Dr. Rory McIntosh, has been well engaged with Alberta, the federal government, and BC experts on the subject, looking for options.

There's a number of things that we have done. The most immediate risk, frankly, is somebody transporting logs from an infected area into Saskatchewan. So we've really focused regulation changes a couple of years ago, making it illegal to move logs from mountain pine beetle infected areas, other jurisdictions, into Saskatchewan.

Interestingly there's a big . . . [inaudible] . . . good for industry to take opportunity when the blue stain that infects the trees as a result of the infection of the beetle, killing them, actually creates a blue stain, and they've been marketing logs as denim log homes. So there's been a big demand for movement of blue stained wood.

So one of the things that we're trying to be very diligent about is not having that product moved with the bark on it, or it needs to be treated. So there's a little bit of firewood you'll see right

here in Regina. At every Petro-Canada gas station, there's bundles of mountain pine beetle killed pine, but it's been treated. It's been certified to have been treated so that it's, even though there's a little bit of bark on it, it should be safe from mountain pine beetle. So there's a number of fronts that we've been working on from the research.

We've spent a huge effort in terms of . . . The Ministry of Environment in co-operation with parks has filled in some of the gaps in the inventory. Meadow Lake Provincial Park for example, we've been doing an inventory. And that's been important data to do stand susceptibility mapping in collaboration with Alberta and particularly the federal government to look at which stands are most susceptible. What are the most likely corridors for movement into Saskatchewan so that we can focus our surveillance work.

Ms. Morin: — John has a couple of questions.

Mr. Nilson: — The money that you have allocated for the mountain pine beetles you say is about \$363,000. How much of that is the research money, and how much is the removal kind of money? Or maybe from what you said probably most of the removal was in the parks budget and not in your budget. So the question is, how much is research, and is that going to the forestry centre in Prince Albert to fund our scientists there or is it going out of province?

Mr. Wynes: — Just to clarify, none of our budget is going towards the actual removals. We're providing technical support. We've got two staff members whose salary actually is not part of the insect and disease budget; it's part of the forest service program line. So the money that you see in insect and disease is money that's actually spent on control.

The forest centre as such no longer exists in Prince Albert. It's been replaced with . . . That contract was ended. There is now a contract with the Saskatchewan Research Council, but that's a bit of an aside because they're not involved in the mountain pine beetle work. We've been working much more in collaboration with the federal government. The Canadian Forest Service essentially has the office out of Edmonton, covers the Western provinces, so we've been mostly working in collaboration with them on this issue as a federal-provincial. And they've actually kicked in a significant amount of money — like a one-time grant of \$263,000 in 2008 for example — to support work that's happening in the province. So it's been a very collaborative project.

The money that's in our budget is going for surveillance, some new surveillance trials. Public education is one of the key things we want to pick up on, especially around the transport of pine with bark on it is a huge risk. The research on Jack pine, the only place you can really do that is in Alberta because that's where the mountain pine beetle is infecting Jack pine trees, so you're kind of obligated to do that there. I don't want to wait until it gets here so we can do it here in Saskatchewan, obviously.

It's been a combination, and I can't provide you a breakdown of, you know, this many dollars and, you know, actually in Saskatchewan versus Alberta, but the research we've been contributing to is directly applicable to our situation here in

Saskatchewan.

[19:30]

Ms. Morin: — Thank you very much for the response. I appreciate the information that you always bring to the committee, and you certainly enlighten us to the depth that we hope to achieve, that you have, some day quite frankly.

I'm going to move on to another line item and that is the wildfire management line item. When one looks at the 2010-2011 estimates — actually 2009-2010, my apologies — we can see from the 2009-2010 that the estimate at that point was 102 million in '97 and then from . . . in 2010-2011 it was reduced considerably to 71.5 million. And then this year we see a further reduction again to 68.477 million which amounts to a 65 per cent reduction, Mr. Minister.

So I'm wondering if you could perhaps provide us some information on why there is such a dramatic reduction from the 2009-2010 budget to what it is now which is, like I said, from 102 million down to \$68 million and how those cuts have been achieved, Mr. Minister.

Hon. Mr. Duncan: — Thank you for the question. Just to I guess address the previous years and going forward, part of the reductions that would have taken place would have been for planned reductions in terms of the capital, the fleet renewal, when those payments would be needed. I can tell the member that certainly our ministry and the branch try to do the best they can to forecast the firefighting season. In fact, over three of the last five budget years, we've returned over \$20 million back to the treasury in terms of underutilized budgets. And in fact, the '10-11 budget year that has come to a close will be under budget in this year as well in terms of underutilization in terms of the amount of forest fires, largely because of the fact that the forest fire budget was not needed as much as was forecasted.

Ms. Morin: — So how did you achieve that dramatic decrease in funding, though? Because I mean clearly there would have been some staff cuts. There had to be some dramatic shift in the forest fire management strategy to achieve a reduction from just a few years ago, from 2009-2010 of 102 million down to what it is for 2011-2012, which is 68 million. That's a dramatic decrease.

So how has that decrease been achieved? Because clearly the concern is that if we aren't as fortunate as we have been say in the last year, and there is a dramatic increase in fires, particularly in northern Saskatchewan, how does one then manage those, that increase in fires, if we have such a dramatic shift in terms of staff and potential equipment to be able to deal with those fires? So I'm wondering if you could just elaborate on how this reduction has been achieved.

Hon. Mr. Duncan: — Well I would say first of all that we have been very fortunate the last couple of years that we haven't had as many forest fires that would have required as large a budget as were budgeted before. As I said, over the last I believe three of the last five fiscal years, over \$20 million has been returned back to the treasury in dollars that were not needed because of shorter fire seasons or smaller number of fires.

I would say that, I mean, it's always difficult to forecast what's going to happen in terms of forest fires. We do our best to try to forecast that number. And I think as people have seen with the potential for flood, should events arise that additional funds are needed to deal with a massive increase in forest fires, we'll address that at that time. But certainly we'll do our best to forecast for this year.

And the capital budget, which may be a bit of a . . . separate from what you're talking about, but the capital budget is a 10-year plan that started well before the change in government. And as I said in my opening comments, phase 2 is, we're hoping we're near completion of phase 2 of that. So that's all been a scheduled rollout of capital dollars, and obviously that's easier to forecast the type of infrastructure that you're going to need.

Ms. Morin: — I do know from some calls that I've received, Mr. Minister, that there has been job losses due to the change in funding for forest fire management in the province of Saskatchewan. And so a lot of the concerns that I'm hearing from those individuals, for one thing, they were quality jobs that were in the North which are so precious and difficult to find.

And second of all, the concern is that since those individuals are no longer employed through the forest fire management strategy, that they then will not be available when needed if so. So then those dollars that would be needed to deal with any additional fires would end up going likely to people coming in from out-of-province. As we've seen with the flood situation in Saskatchewan, there were a lot of individuals from outside of the province that were brought in to help cope with that.

So having said that, so I'm wondering if you could maybe provide us with some numbers for the staff complement that existed in 2009-2010 when the budget was estimated at 102 million versus the current staff complement when the budget forecast is for 68 million.

Hon. Mr. Duncan: — Just for clarification, sorry, you wanted the staff complement beginning in 2009-10?

Ms. Morin: — The staff complement for the 2009-2010 fiscal year versus the staff complement as it currently exists.

Hon. Mr. Duncan: — Going back to budget year '09-10, we believe the staff complement would have been 380 FTEs, and with this budget it's 354.2 FTEs, and I'll also add the reduction of 16 FTEs. All of those positions were vacant in the past year.

Ms. Morin: — Okay. Thank you, Mr. Minister. I also would like to move on to another line item which is regarding the Fish and Wildlife Development Fund which falls under the FTE staff complement line items.

We can see from last year that it's been reduced by approximately 12 per cent. Now it wasn't too long ago, I believe it was March 29th, there was a press release that was issued advising people of the threat to our water bodies regarding the northern snakehead fish. I know the minister himself was advising individuals not to release these fishes into our water systems, which are native to China and Siberia, I

believe that is.

Now apparently the ministry stumbled upon this because they were available for sale in Saskatchewan pet stores if I'm correct about that. So we know from the minister's press release and from his news conference that this is a very aggressive fish that can quickly dominate over walleye and northern pike, etc. So am I correct in recalling that this was voluntary compliance that the minister was asking for in that press release and news conference? Correct?

Hon. Mr. Duncan: — Yes, that's right. It was voluntary. What we found out through this is that the . . . For example our conservation officers didn't have the ability to require that this fish be turned over to their control, so that was . . . all of that had to be done on a voluntary basis. I'm pleased to say that we've had very good response from pet stores that had contact with the fish, and we'll be moving to change our regulations to ensure that we have more authority to look after an invasive fish species.

Ms. Morin: — So we have these situations where we're having to do more monitoring and now we're going to have some, pardon the pun, but some teeth to it in terms of the regulations for the compliance officers to be able to enforce that. And yet, like I said, we're seeing a 12 per cent decrease in the staff complement. Can the minister explain why there is a decrease in the Fish and Wildlife Development Fund?

Hon. Mr. Duncan: — Thank you to the member for her question. Just for clarification, the member will see from the Fish and Wildlife Development Fund, the allocation under subvote (EN07), that dollar amount has not changed. And in fact for that entire branch, I'll just refer the member to the vote 26 page on 59. The two reduction is FTEs that . . . It's just that the Fish and Wildlife Development Fund will not be paying for those. The funding for those salaries will not come out of the Fish and Wildlife Development Fund. It will be paid for by the ministry. So it's not a reduction in people; it's just a reduction in where the funding for those positions come from.

Ms. Morin: — Okay. So because I did refer to the fact that we are under . . . We're speaking of the line item under staff complement. So what the minister is saying is that there is a 12 per cent reduction under the Fish and Wildlife Development Fund for staff complement, but that those individuals would now be paid out of the ministry itself. Is that the case?

Hon. Mr. Duncan: — Yes, that's correct.

Ms. Morin: — Okay.

Hon. Mr. Duncan: — If I could just . . . which the member and perhaps Mr. Nilson, as the former minister, may know that that has been a long-time irritant of ministry staff being paid out of the Fish and Wildlife Development Fund. And so just for clarity, those positions are still there; it's just that those positions aren't being paid by that fund.

[19:45]

Mr. Nilson: — I just have a question about that. I understand what you're saying. In this, in that light, this is progress is what

is the point, so congratulations on that. But one of the questions that's come up though, as it relates to this fund and the legislation that's before the House now, is that the ability to use the money for other than sort of capital projects appears to be the main purpose of the legislation. And so can you tell us how that fits with this line? Or is it will you show contracted out professionals that might be paid for through the fund as FTEs, or will they show up as something else?

Ms. Quarshie: — Liz Quarshie. Mr. Nilson, I'm not sure if I understood the question, but I'll try and take a stab at it. And if I'm wrong, please let me know.

So the program as it exists currently has not changed. So the monies, 30 per cent, you know, 30 per cent of the funding — you know all this already — 30 per cent of funding goes into the FWDF [Fish and Wildlife Development Fund]. And that's still the case, and the money is used for different programs and so on.

The legislation you're talking about has not passed yet. I mean it's a proposal, a play to devolve the program and make it independent. And we're not there yet, so currently we're still operating in the same way.

Mr. Nilson: — Okay so if that's the proposal, and it's been moving through the steps so it most likely will get to where it is unless somebody has some big questions about it, but the question becomes, will those funds be used for something different than that they have been for many years?

And I ask that question very specifically because it appears that the way the legislation is written is it's set out in a way that allows for the professional staff that might now be hired in the department, you could actually contract with an NGO [non-governmental organization] or some other place to do the same kind of work that might've been done in the department before. And if that's the case, I think that there are many people throughout the various organizations that are involved with the fish and wildlife area that they'd be quite upset.

Ms. Quarshie: — So as I indicated earlier, the program has not changed. But the intention, once we're able to make the changes that we want to make to the program, is to have within the legislation of the, I think we're calling it an advisory committee. I may not have that completely right, but something to that effect. And the intention is to give them the autonomy or the authority to make certain recommendations and decisions and bring that to the minister and the ministry's level for decision making. So they would have the ability to be more involved in terms of the scope of the program than they do currently.

Mr. Nilson: — Okay, well I mean my read of it — and I'll just put it on the record so see if I've got it right — is that it looks to me that your goal of 15 per cent reduction of civil servants across the board affects Environment more than most other places because you run a very lean ship. Okay. And so that as a result, one of the only ways you can meet that goal which, you know, I don't necessarily agree with, is to figure out other ways to get the work done.

And so when I read that legislation, it looks as if you can end up

with this advisory board actually doing some of the work of the biologists and water specialists and others who have worked within the department for many, many years and have it then funded another place. And then it doesn't show up on this, on the books here in the same way. And I think if that's what you're going to do, you should tell us so that we can let everybody know that's what you're doing. If it's not what you're going to do, then tell us that as well, and we'll be watching very closely over the next six months.

Ms. Quarshie: — Well let's see if I could answer your question appropriately, I hope anyway. So let me step back a little bit. The 30 per cent that went into the fund, the FWDF, stakeholders have always considered that money to be theirs. And they've always been upset that the ministry was charging some of his staff expenses to that, using some of that money and so on.

So this is finally in response to stakeholders who try and address the scenario that they want us to take some of our charges out of that so they could have more money at their disposal to spend for the conservation and all of these habitat-related programs, and so on. So in doing so we would have to adjust our work force, but we haven't done it yet. So some of the staff complement would remain within the ministry; some of it would be transferred to the FWDF eventually. But this is all future state that I'm describing. It's not current state.

Mr. Nilson: — So then practically in this area, the complement of people that are being funded right out of the department's budget or the ministry's budget would go up because you'll have those 14.9 positions in the department as opposed to with the Fish and Wildlife Development Fund. And I guess it seems to me, in this particular area — especially when there's, you know, the positive aspect both for the actual revenues right out of the licences, but more importantly for the overall business climate, tourism, everything else, for Saskatchewan — it's not an area where we should be following this, minus 15 per cent of the civil service.

So anyway is that what's going to happen here? Or is that the goal? And if we, you know . . . And the reason I'm asking this question is, we'd just as soon give you more money to actually do the job properly, and we'll figure out how to do that.

Ms. Quarshie: — Well, Mr. Nilson, I just want to make a small correction. So the positions that you describe, the 14 and plus FTEs, the intention is not to move all of them out into the ministry. So we're still working on what is an appropriate number of staff complement that would remain within the ministry and what could potentially go with the FWDF because they need staff anyway to operate that program sometime. And having qualified staff, there is no point, you know, getting rid of that staff if they're going to turn around and hire people somewhere down the road anyway. So we need to work out a figure in terms of what's remaining within the ministry and what could go with the FWDF fund. And we're still adjusting that, so I don't have an exact number for you, but it definitely will not be the 14-something. It's a formula of some sort.

Mr. Nilson: — So that am I understanding correctly what you're saying, which is that in this area you intend to keep this

number or perhaps greater number depending on the need, and it's not an area where you're reducing the civil service? Is that accurate or not accurate?

Ms. Quarshie: — That is correct. Thank you.

Mr. Nilson: — Okay, thank you.

Ms. Morin: — I'd like to go to the line item that is referred to as central management and services. There is a \$395,000 decrease. And the previous budget, the minister announced a 20 per cent increase for a new DM [deputy minister] for environmental assessment and communications. So I'm wondering why is there a decrease, and what happened to that position for the DM for environmental assessment and communications.

Ms. Johnson: — Donna Johnson. The position that you refer to is still in central management and services, and the funding for it is still there. The change in funding in that line item is related to transfers that were made from that subvote to other subvotes in the ministry.

Ms. Morin: — Okay. Could you maybe point out where the transfer has been made because that is not clear to me either?

Ms. Johnson: — So essentially what happened in the central management and services subvote is that there was some . . . there were funds added for collective bargaining agreement salary increases, and then there was about \$400,000 moved into the environmental support subvote. So part of that 400 went into . . . actually I believe all of the 400 went into the program line for strategic planning and performance improvement.

Ms. Morin: — Thank you for that explanation. That clears that up. I would like to ask a few questions about the multi-material plan that has been worked on. When we were in committee on April 30th of 2010 — which I now realize that that's what I was doing on my birthday last year — I had asked some questions of the minister at that time about the Legislative Secretary that was assigned to the Ministry of Environment specifically for that purpose. I was told at that time that the Legislative Secretary's expenses would have shown up through the executive management line item. I then asked what that position would have incurred in terms of costs, and at the time I was given this response, "I don't have a number for this year. It remains to be seen what his expenses will be. I can't say what it will be going into this year."

So I'm wondering, Mr. Minister, obviously we would have those numbers now. If you could elaborate on those numbers for me tonight.

Hon. Mr. Duncan: — Thank you to the member for her question. If you could give us a few minutes to track that down. The Legislative Secretary position, that position no longer exists, so we don't have that carrying forward in this budget year. But if you'll just maybe give us a few minutes.

Ms Morin, sorry we don't have that number available this evening, but we can certainly endeavour to get that number for you. It's not a part of our '11-12 budget because there isn't a Legislative Secretary assigned to that portfolio. So we'll

provide that number though for you.

[20:00]

Ms. Morin: — Thank you. I appreciate that. Especially since, as I said, this was a question, these were some questions I asked in committee last year, April 30th of 2010, and they're open-ended because I still don't have those numbers. I also asked on that particular occasion what the cost implications were for preparing the report. And perhaps we could get those numbers to me as well when that information is sought. My colleague has a question at this moment as well.

Mr. Nilson: — Just while we're looking at the central management issues, you talked about a major IT project? Can you explain what that is and is it going to . . . Well maybe do the explanation. Then I'll ask if I have any further requirement for information.

Ms. Quarshie: — Mr. Nilson, the IT project is part of the results-based initiative. And it's designed to modernize our information management such that we will be able to have a repository of all environmental data in one area and also enable the public to be able to access information from the ministry and allow proponents to be able to file applications online and all of these other things that other jurisdictions are doing that we are not doing yet.

Mr. Nilson: — So in the budget itself, I heard a number of \$7 million that were, or something, that was to go to that and I'm not sure if that's the item on page 61 there or if it's a combination of a few different places where that money comes from. Because when you said that, I looked to try to figure out where it was in the budget.

Hon. Mr. Duncan: — Yes. The number that I referred to in my opening comments is 4.4 million that has been allocated. On page 61 of the Estimates book under environmental support — that's subvote (EN14) — capital asset acquisitions, 4,425 million for '11-12.

Mr. Nilson: — Thank you very much. And so is this following up on a goal? I know that I had but there were a number of people in the department as well, that would allow me to say I live at these, on this quarter section of land; please give me all the information that you have within 5 kilometres of where I live. Is it going to do that for us here in Saskatchewan?

Ms. Quarshie: — Well ultimately that's our vision. Our objective is that we'll be able to link that to geomatics, a mapping system in terms of all of the environmental monitoring. So let me give you an example. This is the vision, the best case scenario. So if you're a fishing person and you want to fish on any of our major lakes in the North, the intention is you go to the mapping system, click on that lake, get the attributes of the water quality, the fish that's in the lake, the vegetation information all at once. Yes.

Mr. Nilson: — Okay. So I was able to figure out how to do that with some special codes because you can do it in the department. So this is going to mean that it's going to make it such that the public can do that as well. Is that . . . That's the plan then?

Ms. Quarshie: — That is the plan. I don't know if I can do it, but that's the plan anyway.

Mr. Nilson: — No I mean I think it's important because when you shift your monitoring to basically the public raising questions, well then you have to make sure that they have the information. And we'll have many situations within the province because I don't . . . I haven't heard anything yet about the province-wide land use planning and because that goes hand in hand with what the, you know, this monitoring that you do now. So maybe I should ask: is there anything moving on the province-wide land use planning? Are you talking to Alberta to see if we can use something like they've already just started to develop or are we going to do something different here?

Ms. Quarshie: — So we know Alberta is undertaking the comprehensive land use planning process and it's all tied nicely with their whole water for life strategy and all of that, which is really good. It's not without its challenges. We certainly are monitoring very closely what they're doing and how some of that could apply to the work that we need to undertake.

We have some land use plans which have not gone through the whole approval process, and so the intention now is to take some of the plans that we currently have worked on, identify what the gaps are in terms of filling in, so you could have a comprehensive land use plan for the province as a whole, which feeds into our earlier discussion about having access to information.

So these things take time, you know. It's takes time to be able to get all of the information to develop the plans for it, but ultimately the whole long-term objective of the ministry is to be able to get to the future state as what I've just described. Yes, to be able to get these land use plans, have a comprehensive plan for the province, be able to get the ecological attributes associated with it when you go on the plan that you'll be able to see it.

Mr. Nilson: — So what happens if there's a problem right now while this is all in transition?

Ms. Quarshie: — I'm not quite sure if I understand that completely, but I'm assuming this deals with monitoring, or no?

Mr. Nilson: — Yes. And proper, I mean, protection of the local community and the environment.

Ms. Quarshie: — I think we need to keep in mind what our future state is and what we're doing currently. So it's not as if we're not doing any work or we're not doing any monitoring or we're not carrying out our responsibilities regarding environmental management and monitoring and reporting. We still do. The question is whether we want to do most of it manually like we do currently, or whether we want to transition to an IT [information technology] system that would help you see your data, be able to, you know, evaluate the trends more readily, be able to identify ecological attributes in different parts of the province, get information on vegetation, fish, water, etc., etc., and so on. And also again enable the public to be able to access the information so there's transparency, including all of the monitoring programs in industrial facilities. That's the whole intent, right, is to ensure more transparency in what we

do.

Mr. Nilson: — Well just for example, an existing question that's arisen in the province relates to the major industrial development around southeast of Outlook, right on the water supply for Saskatoon, with the big feedlot there. And how . . . I mean I know that Agriculture's involved but, more importantly, this is our main source of water for Saskatoon, the main source of water for Blackstrap Lake, and it directly affects all of the economic activity along the Saskatchewan River. And so what happens with what you're doing now on something like that that seems to be happening right in front of our eyes with maybe not a whole lot of monitoring?

Hon. Mr. Duncan: — Thank you, Mr. Nilson, for your question. In regards to the specific proposed feedlot question that you raised, I think first of all, the latest information that I have is that there hasn't been a formal proposal that's been put forward to Agriculture. So you know, this is all very hypothetical because there is not a proposal at Agriculture; therefore there is not a proposal at Environment.

Under the existing legislative and regulatory policy of the province, a feedlot doesn't in and of itself trigger an environmental assessment. But based on a number of factors — the magnitude of the proposal or the potential impact that it could have on water — there certainly would be the ability for the province, for the Ministry of Environment to examine the proposal.

Maybe I'll have Sam Ferris just speak further on that.

Mr. Ferris: — Okay. Sam Ferris, municipal branch, Ministry of Environment. On the monitoring front, we are monitoring the South Saskatchewan River. We have for a number of years. We monitor most of the interprovincial rivers and streams. So on the South Saskatchewan River in the Outlook area and affecting downstream, we've monitored for a number of years, and it has a fairly good water quality at No. 15 Highway bridge, which is just, I guess, west and a little bit south of Outlook.

We monitor at the water treatment plant intake or actually opposite the water treatment plant intake for the city of Saskatoon. Obviously that's used in looking at the raw water quality. City of Saskatoon does a lot of treated water quality monitoring, as well as the effluents that they discharge. And there is effluent quality monitoring from some of the industrial discharges in the Saskatoon area as well.

We monitor downstream at Clarkboro ferry, which is a few miles downstream of the major city developments. And the last site on the South Saskatchewan River downstream of Saskatoon is at Muskoday bridge near the First Nation reserve in that part of the country.

So we have maintained this monitoring system, well since about 1977 or 1978. In most years there's at least been quarterly, in some years there's been monthly samples performed on that. So in terms of the actual water quality monitoring efforts, we've maintained that for a long time. And most recently in collaboration with Environment Canada, we're now going to be reporting under the Canadian environmental sustainability indicator project. And I think for the most part, the water

quality on the . . . that reach from Outlook downstream at the Lake Diefenbaker dam all the way to Muskoday is a fairly good, high-quality water.

[20:15]

Mr. Nilson: — Yes, and I recognize that and that's actually where my grandparents homesteaded, or great-grandparents homesteaded, right on the river. So I grew up on the river 5 miles south of Outlook bridge because that's where our family farm was. And that's why I asked this question because the sort of richness of the whole river valley and, clearly, the numbers of people in all the communities along Lake Diefenbaker and the river from Saskatoon, and then all the way up to the Muskoday bridge, means that many, many people value this. And so that's why even a threat of something like this project showing up raises lots of questions. And so I appreciate the fact that you're watching it very carefully and I urge you to continue to do the water monitoring and maybe add some more things so that we can put it into your overall environmental watchdog IT system. So thank you very much.

Ms. Morin: — Thank you. Mr. Minister, I'd like to now move on to the green initiatives. I can see that there is an increase from the line item from last year, but it still doesn't restore the cut of approximately 26 per cent that was made in the 2010-2011 budget where it dropped from 15.3 million to 11.3 million. I'm wondering if you could explain how it's, the Green Initiatives Fund, is now looking at a slight increase, but yet is still not making up for that deep cut that was made in the 2010-2011 budget.

Hon. Mr. Duncan: — Thank you to the member for her question. If the member looks under allocations, the member, Ms. Morin, you're correct, the 13.5 million for green initiatives including the line below that, 1.8 million for Sarcan under green initiatives, that gets us to the 15.3.

As well the estimate under '10-11, 11.314, in addition to the 4 million in Sarcan that was a green initiative, means that our funding does remain whole compared to 2010-11.

Ms. Morin: — Okay. Thank you, Mr. Minister. That leads me to another question then, going into the next line item which is green initiatives. Sarcan, we can see from the last year's budget that it's down from 4 million to 1.8 million, which is a 55 per cent decrease for Sarcan. Can the minister explain why there's a 55 per cent decrease to Sarcan for funding?

Hon. Mr. Duncan: — Thank you again for your question. If I could refer members of the committee, Ms. Morin, to the . . . If you look at . . . So under that climate change, the (EN06), the green initiative, Sarcan, \$1.8 million. If you turn to page 63 under (EN11), the beverage container collection and recycling system, that's been increased by nearly \$3 million. And so the 20.621 million added to the . . . And add to that the 1.8 million for Sarcan under the green initiatives, in fact represents a \$700,000 increase this year for Sarcan.

Ms. Morin: — Thank you, Mr. Minister. Can the minister explain to me why last year then there was a different shell game which was to put \$4 million for Sarcan under a separate line item, and now this year we're seeing it being split apart

again, which still has the beverage container collection recycling system line item falling short from the 2008-2009 funding levels by 18 per cent?

I have to tell you, Mr. Minister, these budget estimates are a little confusing to read when every year those supposed same funds are falling under different line items every year. It's becoming a challenge to try and figure this out for me, when I'm actually staring at these documents all the time, let alone other individuals who aren't as engaged in wanting to look at these particular documents. So can the minister explain to me why it keeps getting moved around and why there is this shell game with where the funding seems to be going on a yearly basis?

Hon. Mr. Duncan: — Thank you for the question. Referring to page 60, the green initiatives, last year Sarcan identified a capital need. The Saskatoon plant is being replaced and so \$4 million was allocated from Go Green. And this year a reduced amount, 1.8 million, is being allocated specifically for capital to address some of Sarcan's outstanding capital needs. And so that is the reduction. And certainly I'm pleased that on their operating budget under environmental protection (EN11) that we've been able to in this budget allocate nearly \$3 million additional which, as I said before, is a \$700,000 increase.

Ms. Morin: — True, but it still isn't 18 per cent. It still doesn't meet the 2008-2009 funding levels when there was an 18 per cent decrease. So it's still confusing when, like I said, when the numbers keep getting shifted around and it still doesn't meet the funding levels that it once was at. Because I mean it's an increase but it's still not meeting the cut that was made in the 2008 . . . I mean yes, from the 2008-2009 budget document.

So, Mr. Minister, moving on to the line item, climate change program. There's been a decrease in that from 1.4 million to 1.03 million. Can the minister just explain what's going on with the climate change program, and what exactly that entails, and what initiatives it's undertaking?

Hon. Mr. Duncan: — Thank you for the members' patience. Just before I answer your question, just for clarification, in the budget year 2008-2009, Sarcan received \$13.9 million. In '09-10 that went up to 21.7. That was maintained in '10-11, and this year it's going up by an additional 700,000 to \$22.4 million.

On the climate change branch, the reduction is seven FTEs that have never been filled under the climate change branch, and those FTEs have been eliminated. And that's where those dollars come from — positions that were never filled since the inception of that line item.

Ms. Morin: — Okay. The inception of that line item was in the 2010-2011 estimates and so that's why we're seeing the drop in this budget document, is what the minister is telling me. Can the minister explain what the \$1 million is going towards? It's called a climate change program. I'm curious to know what that program is.

[20:30]

Hon. Mr. Duncan: — The \$1.03 million line item under

climate change program, that is the . . . those are the 12 FTEs that are the people that are employed in the climate change branch that are working on, did work on the legislation and are now working on the regulations and the consultations that are taking place. So that's what's that line item.

Ms. Morin: — So the 1.03 million is strictly for salaries for those 12 FTEs.

Hon. Mr. Duncan: — And the operating costs and to pay for the work that they're doing.

Ms. Morin: — So there's been what I would call an advertising campaign with billboards and a glossy booklet and such. Can the minister break out what those costs were for those particular undertakings?

Hon. Mr. Duncan: — The marketing campaign is allocated from the 13.5 million green initiatives allocation and it, on an annual basis, is \$580,000.

Ms. Morin: — So can the minister give me a definitive number of what those 12 FTEs in the climate change program is amounting to from that line? Because the 1 million is to cover off 12 FTEs in the climate change program, so can I have the accurate number as to what those 12 FTEs would be worth?

Hon. Mr. Duncan: — The breakdown of the \$1.03 million is approximately \$690,000 pays for the salaries of the employees that work in that branch, and approximately \$340,000 are for supplies and services that they pay for.

Ms. Morin: — Thank you, Mr. Minister. There's one more question I wanted to ask about about the Sarcan funding, of the 1.8 million. There was a press release on April 1st of 2011 that said that there was a 1.2 million bridge funding until a province-wide, multi-material recycling program is in place. And obviously those recipients are going to be very happy to hear that there's ongoing bridge funding until the MMRP [multi-material recycling program] is put into place.

But the press release said it's going to SUMA [Saskatchewan Urban Municipalities Association] and SARC [Saskatchewan Association of Rehabilitation Centres] as well as the Association of Waste Management Authorities, based on their estimated recycling volumes. So that's 1.2 million out of the 1.8. So where is the other \$600,000 going?

Hon. Mr. Duncan: — If perhaps the member can clarify . . . Or I'll clarify. Just so there's no confusion, the 655,000 that is going to SARC from that April 1st news release, that's not related to the 1.8 million. That was the \$1.25 million that was announced was dollars that were available in the '10-11 budget year. So those are separate from '11-12. Sorry, perhaps I didn't understand your question correctly.

Ms. Morin: — Well or perhaps I'm not understanding what the budget document is telling me either. So there's the 1.8 million that's under the green initiatives for Sarcan, and what the minister is now telling me is the \$1.2 million that was announced is not coming from this \$1.8 million allocation. Is that correct?

Hon. Mr. Duncan: — Right. That 1.25 million came from the '10-11 budget. It was unallocated or unexpended dollars that we had at the end of the fiscal year. We've provided bridge funding over the last couple of years while MMRP is being set up. And so come the end of this last fiscal year, the '10-11 fiscal year, we had dollars available within the ministry that we used once again for bridge funding.

Ms. Morin: — Okay. So after the people from the public came forward and said that they couldn't possibly wait till the MMRP happened and they needed to see some interim funding . . . Because the fact that the markets were so damaged in terms of the return on recycled goods, that was when the government finally came through and provided that bridge funding. And that bridge funding is now being offered again for this fiscal year from funds that are remaining from the last fiscal year. Is that what the minister is saying?

Hon. Mr. Duncan: — This was something that at the beginning of this new year certainly there was interest from stakeholders and municipalities to gauging the government's level of interest in providing bridge funding as we had in previous years. It was something that I heard at the, not only the SUMA bear pit, but also the round table that I took part in prior to the bear pit. And at that time in February indicated that we would certainly be looking as we got closer to the end of the fiscal year to see whether or not there were additional dollars that would be available because of the reason that you mention, that certain markets have been depressed for certain recyclable items like cardboard. And so we were able to provide those dollars prior to the end of the fiscal year as we have in previous years.

Ms. Morin: — Okay. So I guess what I'm not understanding though is, I mean, we have a budget that was delivered on March the 26th I believe — if I'm going by memory correctly — of 2011, and the press release regarding the bridge funding was on April 1st of 2011. So is the minister saying that within a few short days of the budget being delivered there was this mountain of money that was found so it was able to provide that bridge funding, but that bridge funding wouldn't have been there had this money not been found at the end of the fiscal year?

Hon. Mr. Duncan: — Well I'm not saying that the Ministry of Environment had a mountain of money left over at the end of the '10-11 fiscal year, but we were able to identify dollars that existed within the Ministry of Environment. And prior to the end of the fiscal year, I recommended to cabinet to once again provide bridge funding to the groups that were listed in the news release. And that's how those dollars were able to be provided though, 1.25 million.

Ms. Morin: — Right. What I'm saying, Mr. Minister, is that the budget document was delivered on March 26th. The press release was on April 1st. The budget document itself did not obviously contain the notion of bridge funding. That happened post-budget. As a matter of fact, it happened four days after the budget was delivered. So what I'm saying is the 1.2 million which was indicated in the press release is not going to show up in this budget document because you're saying that it came from last year's budget cycle.

Hon. Mr. Duncan: — Yes, that's correct. It'll show up at the Public Accounts, I believe, is where it will show up after the . . . As we're into now, that fiscal year has ended and so that will be accounted for and reported at Public Accounts.

Ms. Morin: — Well again, Mr. Minister, I'm surprised because we all know — minister, myself, ministry officials know — that the MMRP, the multi-material recycling program, is still not ready to put into place although the government has been working on it for a number of years. And I'm surprised that there was no notion of a budget line item to address that issue. And thankfully there was money remaining from the last budget cycle to be able to provide that bridge funding, because there would be a lot of problems with a lot of the recycling agents in Saskatchewan had they not received that bridge funding.

So thankfully, like I said, there was money left over from last fiscal year to be able to do that. Because I don't know if it was an oversight of this budget document, but that would have been problematic.

I'm going to move on to . . . We're running carefully short of time here so I think we'll move on to, we're going to move on to the Watershed Authority. Now we can see, Mr. Minister, that there has been no increase from 2010-2011 for the Saskatchewan Watershed Authority, and yet we know that there is a number of changes that have taken place and some infrastructure deficits that exist. I'm wondering why the funding has remained the same from the last budget cycle?

Hon. Mr. Duncan: — Ms. Morin, I apologize. Could you repeat the question? We were changing some of our personnel here and so I missed your question.

Ms. Morin: — So I'm looking at the line item that is the Saskatchewan Watershed Authority. The line item doesn't appear to have changed at all from the budget, last year's budget cycle, but we know there are some changes that have taken place in the ministry itself and also in some infrastructure deficits that exist. So I'm wondering why the line item is not showing an increase in funding.

[20:45]

Hon. Mr. Duncan: — Thank you for your question. The member is correct. Ms. Morin you're correct, the government grant remained the same at 4.414 million. However I think it's important to keep in mind that that's a rather small percentage of the Watershed Authority's total revenue picture. And in fact the Watershed Authority received a water power rental rate increase this year that will in fact contribute approximately 65 per cent of the overall revenue. So the revenue is . . . well it's not from the government grant growing. There are additional sources of revenue for the Watershed Authority.

Ms. Morin: — Is it predicted that those additional revenues are going to give them an increase in revenue funding? Or I mean, is that what the government is assuming or predicting? Because as I said, it seems that the work of the Watershed Authority is increasing but yet we're not seeing an increase in funding. So I'm wondering how that correlates.

The Chair: — Customarily, committee members and Minister,

the committee takes a short break about this time during these long evening sessions. Would this be a convenient time, possibly after the minister answers this question?

Hon. Mr. Duncan: — I think it's important to note that two of the . . . or the area that the Watershed Authority will see some cost pressures are because of flooding areas, flood areas. And as the member will know, in the last fiscal year the government . . . It was spread over a number of different projects including Waldsea Lake, Fishing Lake, and also the flood program. The Watershed Authority has received nearly \$45 million in additional revenue to deal with what we consider or would consider to be their, I think, one of their greatest sources of needs that they need to, that we've asked them to address.

The Chair: — The committee will take a five-minute break at this time.

[The committee recessed for a period of time.]

The Chair: — Committee members, Minister, we can resume questions.

Ms. Morin: — I have a couple more questions that I want to get in and then my . . .

[Interjections]

The Chair: — Now committee members we can, we're prepared to resume.

Ms. Morin: — I was prepared to resume without the cameras rolling quite frankly, but that's okay too. I have a couple more questions I want to ask before my colleague wants to continue on with the Watershed Authority as well.

I'm just noticing from previous year's documents that the Watershed Authority funding was broken out into operations, water control, water infrastructure rehabilitation, and water quality versus this year it's just all one line item. But I noticed too in previous years that the breakdowns from, for instance 2009-2010 and 2010-2011 were different, although the totals remain the same. So I'm wondering if the minister could provide the breakdowns as they were shown in the 2009-2010 document as well as the 2010-2011 documents?

Hon. Mr. Duncan: — Okay if, Mrs. Morin, if you could just give us a few minutes, I'm going to try find a copy of '09-10 to pull up in front of me so I can see exactly what you're referring to.

Ms. Morin: — I can actually give the minister the ones I have in front of me if you like.

Hon. Mr. Duncan: — I'll have the president of the Watershed Authority, Wayne Dybvig respond to that question.

Mr. Dybvig: — Wayne Dybvig with Watershed Authority. So in comparing last year's allocation and this year's, it's the same amount. And last year there was a breakdown in a number of areas as you've noted: operations, water control, water infrastructure rehabilitation, and water quality. And as it turns out if you were to look at allocations we would say the

breakdown this year is the same, basically the same relative amounts.

But really what Finance looked at last year in these various amounts, they're not really representative of allocations that are appropriate for these areas. So for instance, water control, part of the money was supposedly allocated out of the grant and some of it came out of our retained net assets from the previous year. So it doesn't necessarily cover all of any one of these individual areas. It's a partial amount and realistically Finance is now giving us an operating grant of 4.1 million, which we build in and distribute as part of our total revenues to deal with all of our expenses. So we wouldn't necessarily allocate any of this money in any specific area. It all becomes part of the total revenue that gets distributed among all the various expenditures.

[21:00]

Ms. Morin: — Mr. Minister, I'm going to need the document back for a second because I do have another follow-up question. From the response I just received, I guess I do have some concerns because, for instance, in the 2009-2010 budget there was an allocation of \$3.5 million for water infrastructure rehabilitation versus the 2010-2011 budget there was an allocation of \$866,000. So that's a dramatic decrease in water infrastructure rehabilitation, and yet we know that there are some significant, there is some significant work that needs to be done in water infrastructure rehabilitation.

So I'm not comforted by the answer I just got in terms of my knowledge as to what's being allocated to water infrastructure rehabilitation. Can you provide me with a number, at least for that breakdown?

Mr. Dybvig: — Yes. Sorry, I didn't go back to the . . . I was just looking at the '10-11 allocation compared to today. Going back to the previous year, we did have a specific allocation for infrastructure rehabilitation. Last year there was a change in approach, and our infrastructure investment is to be funded through borrowing.

And so the money that we invest in infrastructure in '10-11, we have borrowed that equivalent amount to invest, and through the budget in our 4.4 million allocation, we are provided the principal and interest to pay for that loan. And similarly going forward to this year, we will continue with payment of that loan and borrow the money for the infrastructure investment.

And the amount of the investment will be, last year we invested about 4.1 million, and this year it will be about a similar amount of 4.1 million into the infrastructure rehabilitation.

Ms. Morin: — My colleague Mr. Nilson has a few questions as well.

Mr. Nilson: — So when will there be a statement that shows the borrowing, or does it show up somewhere in these estimates that there is this kind of borrowing going on?

Mr. Dybvig: — I guess it shows up only as our interest and principal payment. So the loan itself wouldn't show up in our statements.

Mr. Nilson: — So at the end of this year, based on what you've just said, the loans or the debt of the Watershed Authority will go up by 8 million, will be \$8 million or approximately . . .

Mr. Dybvig: — By the end, yes, by the end of '11-12, it'll be about 6.3 million.

Mr. Nilson: — Six. Okay, 6.3 million. And these are loans that don't show up in the books. And if I remember correctly Mr. Gass's report back in 1992, basically one of the fundamental points there was there were 43 loans like this that didn't show up in the annual books, and that that was exactly the kind of thing that he was discouraging. So are we starting down that same kind of track again?

Hon. Mr. Duncan: — The president of the Watershed Authority has said that this was done in the last fiscal year. The plan for this fiscal year, for '11-12, what is being provided will be the principal and the interest going forward. I'm not, you know, I can't speculate as to what's going to happen in future years when it comes to infrastructure, but it's the approach that has been taken last year and this year for dealing with Watershed's infrastructure.

Mr. Nilson: — But basically for years and years and years, the way the Watershed Authority has worked is that the expenditures that are required in each year are expended in that year and the government shows the expenses that have taken place. So is there some reason within the Watershed Authority that this has taken place, or is there some other reason?

Hon. Mr. Duncan: — Mr. Nilson, in response to your question, the decision was made that this would be, in the '10-11 year, that this would be how the Watershed Authority would go about funding their infrastructure, with the province providing the principal and the interest payments over the term, and it's the approach that we're taking this year as well.

Mr. Nilson: — And so what you're saying, this is an overall government policy, so there are these kinds of hidden accumulations of debt in other areas in Environment, or is this the only one that you have under your responsibility?

Hon. Mr. Duncan: — This is the only one under the Ministry of Environment.

Mr. Nilson: — I'm looking in the budget documents, but it doesn't appear to show up anywhere that this is what's being done. It doesn't show up in the lending and investing activities or borrowing activities, so is there someplace that it's supposed to show up? Or is it we can only find it when we ask this kind of a question?

Hon. Mr. Duncan: — The information I believe that you're looking for is the Watershed Authority. It's the Watershed Authority annual report. As well this was something that was raised a year ago in Finance estimates, I believe by Mr. Wotherspoon, that this type of infrastructure investment and the way it's being funded has been something that was discussed a year ago at this time.

Mr. Nilson: — Can you refresh my memory on how many dams and other water structures that you have in the

responsibility of the Watershed Authority? And I'm assuming it includes the Gardiner dam as the biggest one or one of the biggest ones, but how many other dams are there?

Mr. Dybvig: — We have 45 dams, including the Gardiner dam.

Mr. Nilson: — And so the cost of doing renewal or the infrastructure rehabilitation is working out to about \$4 million a year on an ongoing basis. Is that correct?

Mr. Dybvig: — That's correct.

Mr. Nilson: — So the plan now is that that 4 million will be borrowed each year so that . . . I guess it will be paid back some day, but is it borrowed like on a 25-year mortgage or three-year, or who's going to pay for it and when?

Mr. Dybvig: — The current arrangement on the terms for the loan is a 10-year loan, so we are provided annual payments of principal and interest provided by Finance to cover the cost of that financing of that loan.

Mr. Nilson: — At the end of 10 years, will it be fully repaid or will there be a lump payment at the end?

Mr. Dybvig: — At the end of 10 years, it'll be fully repaid.

Hon. Mr. Duncan: — Again I should note, Mr. Nilson, that this is the way that infrastructure is being funded in the fiscal year that is past and the fiscal year that we're discussing today. So I wouldn't want to speculate further out that this is the norm going forward.

Mr. Nilson: — And I guess this is why we all choke a bit when we hear there's a balanced budget because if you do things differently this is clearly extra debt if you would pay for it in the way we normally would do it. So anyway that's why I'm, I guess, I'm surprised that it shows up and it's not very obvious. I would suggest that in future years you make sure that there's some note or something in the budget so that it's very clear what's happening in the financing.

Can you give us an update on the status of the transfer from the federal government of all the dams along the Qu'Appelle Valley and whether that's completed or what's happening.

Hon. Mr. Duncan: — Mr. Nilson, thanks for your question. So where we're at in the process now is the First Nations will first need to ratify the agreement and agree to the compensation. We expect a vote by the First Nations involved, by this summer. And then at that time, if that is approved and we go to the next step, then we will conclude the transfer of the five control structures in the Qu'Appelle with the federal government.

Mr. Nilson: — So will there be any requirements for more borrowing to cover any rehabilitation of those structures, or will that all have been done before the transfer?

[21:15]

Hon. Mr. Duncan: — Under the proposed agreement, the federal government would provide dollars to the province for rehabilitation of the structures.

Mr. Nilson: — Okay, thank you very much.

Ms. Morin: — Thank you. So I just want to concretize this in my own mind. So the cumulative liability that is currently under the Ministry of Environment doesn't show up anywhere in the budget document as it sits today. Is that correct?

Hon. Mr. Duncan: — Just to clarify, the cumulative liability of the Watershed Authority?

Ms. Morin: — No. The cumulative liability for the Ministry of Environment in terms of loans and whatever else, does that exist anywhere in the budget document?

Hon. Mr. Duncan: — Thanks for the question, Ms. Morin. Just for clarity's sake or for my clarification, so the Ministry of Environment as a ministry would not carry any type of cumulative liability or debt. The Saskatchewan Watershed Authority which, I guess if you want to draw that line, reports under the Ministry of Environment. And the debt of the Watershed Authority is reported on page 92 of the budget summary.

Ms. Morin: — Okay. So I'll pose another question then. Is there any other loans or anything to that effect that exists under the Ministry of Environment outside of what exists currently in terms of the six point something million dollars of the Watershed Authority?

Hon. Mr. Duncan: — No, there's not.

Ms. Morin: — Thank you very much. So moving on to the environmental protection . . . [inaudible] . . . in the 2011-2012 budget document, there's an allocation of \$2.6 million which is a drop of approximately 10 per cent from last year which was \$2.86 million which was a 43 per cent drop from the 2009-2010 budget which at that time was \$5.05 million. Now given that the environmental protection category under which this industrial line item falls, I note that the description of that category from last year's budget document to this year's budget document has shrunk down to about 4 lines versus the 12 lines that it previously was stated. I just want to read what this falls under. It falls under:

Protects the environment and human health from the potential adverse effects from municipal and industrial development. It manages the environmental impact assessment process and environmental audit program. It also provides financial support to Saskatchewan Watershed Authority and the Beverage Container Collection and Recycling System.

So when we see such a dramatic drop from the 2009-2010 budget document to the 2011-2012 budget document, of going from \$5.05 million to \$2.6 million in conjunction with the new legislation with respect to a more self-regulatory type system, how is it, Mr. Minister, that we can provide any level of comfort for people that although industry is now going to be looking at results-based regulations, which in effect is self-regulation, that that's actually going to be adhered to given that there's been such a dramatic increase — decrease, I should say — dramatic decrease of over 43 per cent to environmental protection with respect to the industry?

Hon. Mr. Duncan: — Thank you to the member for your question, Ms. Morin. We're just looking at the comparison that's being used going back to the '09-10 budget year. First of all I would say that I believe we're at, I would say, a difference of opinions. I don't believe and the Ministry of Environment doesn't believe that results-based regulatory . . . results-based regulations is self-regulations. We're certainly, as we move through the RBR [results-based regulation] process and complete that process, we're going to do our job to ensure that we have a rigorous audit and compliance component to regulating industry in this province. So I don't want anybody to be left with the impression that we are relaxing regulations when it comes to industry.

As to the comparison going back to '09 . . . sorry, '08-09, with the reorganization that has taken place in the ministry, it's difficult to compare using different line item names because part of what you're talking about, it can't be seen as just a straight reduction from previous budgets because you're not taking to account the technical resources branch that didn't exist at one time in the year, that you're referencing, and the allocation that's gone to that new line item, as well audit and compliance. So I don't think it's a simple case of comparing what was in the budget in '08-09 or '09-10 as to what is presented today.

Ms. Morin: — Well, Mr. Minister, it's difficult for anyone to understand what's going on in this budget . . . I mean these last two budgets because I'm looking at your government's document and I'm looking at your government's document from 2010-2011, which clearly shows the line item for industrial under environmental protection (EN11), seeing a reduction to \$2.86 million from \$5.05 million the year previous. So that's your budget document and that's your line item. Going to this year's document, it's being further reduced to \$2.6 million. So it's pretty hard for anyone to understand exactly what we're not supposed to understand when these are your budget documents and these are your line items.

Plus I have to tell you, I mean, now that I've looked back at some of the other descriptions of, you know, of the categories, the ENs and such, the (EN01), (EN07), I mean those descriptions haven't changed much over the last few documents. Yet the environmental protection description for (EN11) has changed quite dramatically. As I said, it shrunk from about 12 separate lines to about four lines. And interestingly enough, the lines that have . . . the description that's been left out of this year's document is:

Delivers environmental protection programs by developing standards and legislation, regulating and inspecting operations, maintaining environmental information systems and evaluating programs related to water and wastewater, waste management, industrial operations, mining and milling operations, storage of hazardous substances, spill control and contaminated sites management. It also reports to the public on the state of provincial water and wastewater facilities. It manages the Government's environmental impact assessment process to ensure development proposals are planned in an environmentally responsible manner and that the public has an opportunity to express its opinions. It also leads the environmental audit program, which supports the

Ministry's compliance model and services all divisions and branches of the Ministry.

So as I said, it's seeing the omission of the expanded version of what environmental protection is supposed to do, seeing the dramatic cuts of funding from 2009-2010, from 5.05 million to this budget document of \$2.6 million.

It's not providing much comfort to the people of Saskatchewan when this is a line item that falls under industrial in your budget document when it comes to environmental protection. Like I said, that in conjunction with results-based regulation, which is being described as self-regulation, is not adding any more comfort. So I'm wondering if the minister can describe why we're seeing such a dramatic drop in this budget line item for this year's document from what existed in 2009-2010.

Hon. Mr. Duncan: — Thank you to the member for your question. I would again say that the way that governments are organized, the way that individual ministries are organized do not stay frozen in time. We are embarking on results-based regulatory changes. That has meant a significant amount of reorganization within the ministry. For example the member will note that environmental support, (EN14) is the subvote. There is \$3 million allocated for technical resources. To use the member's own baseline year, the '09-10 budget doesn't include a technical resources branch. So all that to say is that that is . . . Those are not areas that have been cut. It's simply the reorganization of the ministry and in fact whole line items that at one time didn't exist in the recent past.

So as I said, through all of this we want to make sure that we're moving in a responsible fashion to the RBR system, and one that is going to be very rigorous when it comes to auditing industry, ensuring that industry are in compliance with the Ministry of Environment regulations. And I wouldn't want the people of the province or anybody that's watching this evening to be under the impression that there have been massive cuts in the Ministry of Environment in this very important issue when it's simply the result of a reorganization within the ministry.

Ms. Morin: — Okay. I'm going to have to study that some more and crunch some numbers but, unfortunately, we're running out of time. So I'm going to move on to the next question I have.

This is a Watershed Authority question quickly. Fishing Lake, you talked about having developed a flood protection plan for Fishing Lake. I know the minister had sent me some documents and I appreciate that. I'm just wondering if you've since had any feedback with respect to that plan. I know that we saw in the media that there are some issues with Manitoba with respect to our plan and how that might affect Manitoba in terms of the flow of water that's going to be directed their way now. I'm wondering if you've had any other concerns raised with the minister or the ministry with respect to that flood protection plan with Fishing Lake.

[21:30]

Hon. Mr. Duncan: — Yes, thank you very much for the question. Certainly I think that this has been an issue of interest for people especially of that part of the province not just this

year but for a number of years.

I am pleased to say that construction of the channels have progressed quite quickly over the last, over frankly a short period of time that the Watershed Authority and all the contractors that have been assigned to this project have done.

I can inform the member that . . . And I want to put on the record my appreciation for the Government of Manitoba, most especially Minister Christine Melnick, the Water Stewardship minister. I've had the opportunity to meet with Minister Melnick, and we talked on a number of occasions in December. In fact I think, if I recall correctly, we exchanged phone calls I think on Boxing Day and on Christmas Eve, so you can tell how much, hopefully by that, how diligently we've been working together on this file.

The Manitoba government has approved an operating agreement for the control structure that will be constructed at the Fishing Lake. And so I think we've been able to address or alleviate the concerns that the Manitoba government expressed when we first indicated that we were going to again move forward on this issue. And frankly I can't say enough for the work that was done by the Government of Manitoba, specifically Minister Melnick, in coming to a resolution to this issue. And I think we've been able to alleviate their concerns to the point where, as I said, we've agreed on an operating agreement for the control structure.

Ms. Morin: — Have you had any other concerns from anyone else? In other words, what I'm looking for, Mr. Minister, is, is everyone happy with the plan? In other words, the municipalities, the surrounding residents that are affected, the First Nations — has everyone been consulted, and is everyone happy with the plan as it stands?

Hon. Mr. Duncan: — Well I think I would say that we have worked very hard to alleviate the concerns of all those involved, whether that'd be adjacent landowners or landowners that may be impacted by the construction.

I can say that the Watershed Authority, and perhaps Wayne can provide an update, but the Watershed Authority has had numerous meetings with Fishing Lake First Nation, with the former council and with the new council, because there's been an election intervening. And in fact I believe it was just the last, not this past weekend but the weekend before that, where Watershed officials had members of Fishing Lake First Nation council and a number of elders that went out and actually toured the construction. And our officials, I think, were able to provide answers to questions that they had about the project. And in fact I think there was an interest by the Fishing Lake First Nation to return once the channel was operating to see it when it's finally in operation, to actually see it in operation. So perhaps Wayne can maybe comment further on some of those discussions.

But I think, you know, we've worked very hard to alleviate the concerns, whether that'd be Manitoba . . . The federal government has been very involved in this, the local RMs [rural municipality], the First Nation and, as I said, landowners that may be impacted by this. But, Wayne, I don't know if you want to have any other comments on that?

Mr. Dybvig: — I think the discussions with the First Nations have been ongoing for some time, and we've been meeting very regularly with them. And we've done some environmental assessment work to identify what we believe to be the impacts and how it might affect treaty rights under duty to consult. And we're currently working with that information with them to make sure that they are in agreement with what our assessment is.

Ms. Morin: — Thank you very much. My colleagues have some questions, and I'm going to give them some time here since we're running out of time. So go ahead.

Mr. Nilson: — I'll ask first a couple of questions. With the new structure with Parks and with Environment, is the whole process of development of protected areas and new provincial parks in the responsibility of Environment or is that in the Parks department? Or perhaps you can explain the process.

Hon. Mr. Duncan: — I'll have Kevin Murphy respond to this.

Mr. Murphy: — Kevin Murphy, assistant deputy minister for resource management and compliance division. So for responsibility of parks, that has gone to the parks program with TPCS [Tourism, Parks, Culture and Sport]. The protected areas program, specifically our representative areas network, remains with the lands branch in Environment.

Mr. Nilson: — Thank you. My understanding is that there is perhaps a prospect of some new protected areas or new parks, and I didn't see any specific budget item for that. But it isn't necessarily an expensive process, or it's part of the ongoing process, so I'm assuming that that's the case. But my specific question is, will the South Saskatchewan River Valley from the Alberta border to, I suppose, all the way to the head of Diefenbaker Lake become a new provincial park or protected area that would include the Great Sand Hills, and is that an announcement that we can expect?

Hon. Mr. Duncan: — The member is correct. And I'm just going to tread fairly lightly on this because I don't want to step on the Minister for Tourism, Parks, Culture and Sport because new parks would fall under TPCS. And I know that they are, the ministry is looking at a couple of different locations across the province. And that's perhaps as far as I'll go without maybe going beyond our responsibility as Environment and TPCS's responsibility for new parks. But I know certainly from my time as minister for Parks, it was in my mandate letter that we were to identify new areas for provincial parks. But as for the exact location that they're looking for, it's probably not my place to say.

Mr. Nilson: — Well the reason I asked the question is I know most of the land is in the name of either the Minister of Agriculture or the Minister of Environment, so presumably you would have some idea of what is happening . . . so ask that now.

My next specific question is, what's the status of the protection of the Great Sand Hills? We did much work over many years with the goal of having this area protected, and it's as if it's dead in the water. We haven't really heard anything about this at all.

Hon. Mr. Duncan: — No I wouldn't, certainly wouldn't say it's dead in the water. In fact I think over the fall and winter of 2010 there was consultations that took place on this, I think, on this important area. And certainly I think, Mr. Nilson, you may recall that in the, I believe, in the Throne Speech we identified that Great Sand Hills was one of the areas we wanted to look at in this session of the legislature. I think also, as you'll know, the report that was done on the Great Sand Hills listed a number of recommendations, many that wouldn't necessarily fall under Environment. There was some, I think, some tax changes that were contemplated and some things that are outside of our area of responsibility. But maybe I'll ask Kevin if he can provide a little bit more of an update on where we're at.

Mr. Murphy: — Certainly. So we have a series of recommendations, as the minister's indicated. We've gone through an evaluation on that. We've also made an assessment that continuing to work through the environmental assessment process is inappropriate because this doesn't constitute an actual development. So what we're doing is moving on the recommendations, creating a plan for the minister's approval that looks at primarily some designations within the Great Sand Hills and consultation on those designations and following up on the few recommendations that remain within the purview of the Ministry of Environment.

Mr. Nilson: — So from what you're saying, this is going to be a dramatically shrunken version of what we — I think all the people of Saskatchewan, probably North America — were hoping would be a protected area. Is that what I'm hearing you're saying here, that there's been a substantial reduction in the goal of what we were trying to do?

Mr. Murphy: — Thank you for the question of clarification. No, in terms of designation of protected areas, the overall recommendations, we believe that we can pursue that. We will pursue that with full consultation. It's some of the other recommendations, as the minister was recommending around tax incentives, programs like that, that we don't feel are necessarily within the purview of Ministry of Environment, and we'll have to look at other mechanisms of following up on those recommendations, if we can follow up on them at all.

Mr. Nilson: — So I appreciate your answer, and so that we can expect to hear something over the next number of months about this, and we'll look forward to that. And I think you should keep in mind that you're doing the planning in a 50- and 100-year chunks, and so don't be timid. Do the right thing. So thank you. I think my colleague has some questions.

Mr. Forbes: — Thank you. I have some questions about biodiversity. And it was a big topic last year. And I'm wondering, what is the status of biodiversity in the ministry?

Hon. Mr. Duncan: — Thank you, Mr. Forbes, for your question. I know this is an area of interest for not only yourself but Mr. Nilson, as I recall from previous committee meetings.

So the ministry, we're working on a new action plan. We will carry forward with the existing action plan that was put in place while we're developing this. There have been some changes with the national, the national dialogue that's taking place around this because during the last year, as you will know, last

year was the International Year of Biodiversity, and there were new international targets raised from 12 per cent to 17 per cent. And so we're working with the national government, as I think all provinces that have signed on to this are working with the federal government, to determine how best to achieve those new targets. And I don't know if there's anything to add further to that, Kevin.

Mr. Murphy: — I would say that the steering committee group, the intergovernmental one that had been set up for the original biodiversity action plan, has been reactivated. And that will be the first step to working towards formulating the new plan under that new guidance and direction both internationally and nationally.

[21:45]

Mr. Forbes: — No, the biodiversity action plan was 2004 to 2009. We're in 2011 now so we've got a two-year lapse. And so this sounds like it might be a three- or four-year lapse because if you've only reactivated the committee that's . . .

And I look back at our *Hansard* from the committee meetings last year, April 20th, where the minister at that time stated that, as you mentioned, it was the International Year of Biodiversity, and that there was going to be a conference in the fall. I'm curious whether that conference actually did happen. And that was our intention to release our plan at that same time. And so here last year towards the end of April the government seemed to be on the verge of releasing something in the fall and now . . . So can you tell us what happened in between there? Like was the conference cancelled? What happened?

Hon. Mr. Duncan: — The conference, Mr. Forbes, the conference that you're referring to was the Kyoto conference. That conference, I believe, did take place. We were preparing, as the Ministry of Environment, to embark on a new five-year plan. What we decided to do though was to wait to see . . . You're right, there was the expectation that we were going to continue on or announce, implement a new plan. However in the intervening months, specifically around the Kyoto conference, that's when the new federal, or sorry, the new international expectations were raised from 12 to 17 per cent. And so I believe we were under the impression that there may be some changes coming out of Kyoto, so rather than release our plan that may not be relevant after Kyoto, we determined that we'd wait until after that.

And so now with expectation being raised from 12 to 17 per cent, we're now starting that work to see how we can best achieve that. And I think certainly we'll want to have significant consultations because that, frankly, that's a significant change in the target that may be expected of Saskatchewan to meet.

Mr. Forbes: — I have to say that, you know, the minister at that time didn't refer to Kyoto — left us, left me with the impression this was almost either a provincial or a national conference, that something was happening here, that this was going to be a major thing here. And all the stuff that was happening around biodiversity in the House last year at this time with *The Wildlife Habitat Protection Act*, this was one bright light that people could hang on in terms of what was

happening with biodiversity.

Now we're hearing probably a delay of, I would say, two or three years. And if you could put something more firm than that, because if you're only reactivating this and if you're talking about taking this from 12 per cent, this 17 per cent, or how you're going to manage expectations of reducing it from 17 down to 12, I think this is really shameful actually that we've been now left . . . This planning for this biodiversity action plan should have been taken in 2008 because we knew it was expiring in '09. And to be here in 2011 and saying now we're going to reactivate this committee, that's something else.

Now I don't know. You have a couple of committees or more questions, but if you want to react to that to clarify this because I think people . . . And the other point, we made this statement last year in *Hansard* as well. When you're consulting with stakeholders, that at least it be public because there was this expectation, and I was watching for this conference and this is why I know this was here and nothing happened. And we're here now, you know, April 5th talking about this. So please be more public about it so . . . Because there are many people on the province who are very concerned about this, were very concerned last year and remain concerned.

Hon. Mr. Duncan: — Well I would just say I appreciate your comments, Mr. Forbes. I think that certainly it wouldn't be my position to say that nothing has happened on this file. Certainly something significant did happen at the Kyoto conference when the international expectations were substantially increased. I think it would be prudent for the Government of Saskatchewan to take into account what is expected of us, of the country and of us as a province. And with those changes being made just in the last three or four months, it'll take time to react to that.

I think it wouldn't have been in anybody's interest if we would have announced a five-year plan that didn't incorporate or didn't contemplate what took place at Kyoto in October. So I appreciate your disappointment, if I could put it that way, but certainly this is, you know, this is something that we are working on and that we are taking into account the significant expectations that have been raised because of the conference that took place late last year.

Ms. Morin: — Mr. Minister, I'm wondering, continue on that tack a wee bit, if you could give us an update as to what the status is of the evaluations on the wildlife habitat protected lands.

Hon. Mr. Duncan: — Sure. As the commitment that was made last year that we would be engaging stakeholders in a southern Crown land conservation group, I've had the opportunity to meet with that group once. What we need to do . . . And the group has not, I don't believe the group has met outside of that meeting. It was our inaugural meeting, certainly — sorry — the first one that I was involved with. What we need to do, though, is to take the work that was done in the CLEAT [Crown land ecological assessment tool] model and the ground truthing that took place last summer, last fall . . . I think we'll probably have to do more of that this year. But at our next meeting which there . . . At this date I don't believe we have a date set. We need to share that information with the stakeholder groups so that they have an understanding of what the CLEAT assessment tool is,

what it does.

There have been some initial thoughts of where it may be deficient, and so we're taking that into account and also comparing that to what we actually found when the ground truthing took place. And so we'll be meeting to share all that information with the stakeholder group.

Ms. Morin: — So are those lands currently under protection then or are not?

Hon. Mr. Duncan: — They are currently under protection.

Ms. Morin: — And how many of the wildlife habitat, what was formerly known as the wildlife habitat protected lands that were under legislation, how many of those pieces of land have been sold since the lands came out of legislation?

Hon. Mr. Duncan: — None.

Ms. Morin: — Okay. And so is there requests going forward for those lands to be purchased, or can the minister give us information on that?

Hon. Mr. Duncan: — No, I'm not sure of that because it normally . . . By and large, these are agricultural lease land, and so I don't believe that the requests would come to us initially; they would go to Agriculture. So I'm not sure where we're at in terms of receiving requests. I'll maybe follow-up with my officials.

Yes, we don't receive those requests. That's all requested through Agriculture. And because the Act hasn't been proclaimed and the land hasn't been taken out, there's nowhere for us to go with that. So if you're asking how much of the land has been requested to buy, I don't think we could provide that this evening because the requests don't come to us.

Ms. Morin: — So the lands are currently under protection of the Ministry of Environment but the requests are coming in through the Ministry of Agriculture . . . is what the minister is stating this evening to the committee. Is that correct?

Hon. Mr. Duncan: — Correct. We provide the protection under *The Wildlife Habitat Protection Act*. But by and large — and I can't say 100 per cent — but by and large this land is leased land that's leased from the Ministry of Agriculture not from the Ministry of Environment.

Ms. Morin: — So the million dollar question then that begs to be asked, Mr. Minister, is we know the controversy that surrounded removing the 3.5 million acres of protected lands under *The Wildlife Habitat Protection Act* out of legislation and into regulations. We know the controversy that that caused last spring. We had rallies here in front of the legislature. We had groups visiting the legislature. I had more emails and letters on this particular subject than I had on anything in a long time. And we certainly know the amount of consternation that's created — if I'm going to say it politely — in the House last year.

So what I'm finding very odd and interesting . . . And this is a question that's been posed to me a number of times with the

knowledge that other individuals have had that they don't believe any of these lands have been sold. Why is it that it was so important and so urgent to pass this legislation, to force this legislation through last spring's session despite the fact that there were many, many, many groups that were opposed to it?

There was only really one group that the minister mentioned in her second reading speech last year that was in favour of it. Why is it that it was forced through when we are now seeing that there really hasn't been, that there isn't any land that's been sold?

Hon. Mr. Duncan: — Thank you for the question. To the member, what I could say is the government made the decision to move forward with legislation that would allow some wildlife habitat land to be removed and sold and while other land be continued to be protected which, by the way, has happened under previous governments. What we wanted to make sure was that we had a science-based approach to determine which land has a higher ecological value than other land that may have been designated without the lens of science put to it. We are certainly working with our stakeholders through this process.

And while we're using the scientific tool, the CLEAT assessment, we are doing . . . as I said earlier, we have done over the last spring and fall and I believe we'll continue this year to ground truth land that is currently under habitat protection to augment the information that is available in the CLEAT assessment. So that work is all taking place.

And as I've also mentioned, we have put together the southern Crown land conservation group. We've met once as a group. I look forward to meeting with these individuals. We had a very good discussion at our first meeting, and this brought together all sides of this issue. We had representation from the government, from the Ministry of Environment, Minister of Agriculture, First Nations, the lessees that are possibly looking to purchase some of their land, as well as conservation groups. So that work is all taking place, taking place last fall and into this year as well.

[22:00]

Ms. Morin: — Well I'll definitely agree with the minister on one point, and that is there has been land sold in the past, absolutely. But that land was sold while still under legislation with debate in the House so that it could be properly scrutinized when those sales took place.

As for a science-based approach to assess those lands, that science-based approach could have happened regardless of whether those lands are outside of legislation or whether it was in legislation. So there still is, in my mind and the mind of many other people in Saskatchewan, no solid reason as to why those lands needed to be removed from legislation and put in to regulation when clearly there is no burning desire to purchase those lands because these lands have now been able to be purchased since the last spring session, so that's a year now, and we're not seeing any uptake on the purchase of those lands so far.

Hon. Mr. Duncan: — Just as a correction, though, the land has

not been sold because while the legislation has passed, it has never been proclaimed. So it's not that there hasn't been interest from lessees to buy the land. It's just that we're not in our process prepared to determine and identify which land will potentially be sold in the future and which land will continue to be protected by legislation. So it's not to say that, you know, that there is no interest from people to buy this land. It's just we're not at that part of the process yet.

Ms. Morin: — That will be even less comfort to the individuals that are watching right now because now they know that there could be onslaught of land sales coming once this legislation is actually proclaimed, so I thank you for that clarification Mr. Minister.

I want to move on to the air monitoring systems in Saskatchewan with respect to the pollutants that are especially coming from Alberta because we know that 70 per cent of the air emissions from the oil sands developments in Alberta are directly affecting Saskatchewan. Could the minister please explain what is currently being done in Saskatchewan to monitor the air quality of those pollutants? Obviously then I'll also like to know what we're doing to monitor the water quality and also the ground quality from those pollutants. So if we could clarify what's being done on those three fronts, that would be most helpful. Thank you.

Hon. Mr. Duncan: — Thank you for the member's question. A significant amount of work is being done in what, I think, is a very important issue for the province and an important issue moving forward. We know that certainly . . . I think we're all talking about oil sands development in Alberta. That's one of the areas that is of particular interest, especially lately and I think not only that but also potential development of oil sands in the province of Saskatchewan, although it's more of an exploratory phase right now, but there is potential.

I can speak to some of the work that we have been doing. Acid deposition sampling is currently performed at seven locations across the province: Cluff Lake; La Loche; Buffalo Narrows; Meadow Lake; North Battleford; Dewar Lake and; Fox Valley. Continuous air monitoring is done in La Loche, sorry, La Loche, Prince Albert, Saskatoon, Regina, and Swift Current. We have the mobile air monitoring lab that has been deployed to sample a number of areas in northern Saskatchewan, and we're pleased that the results have shown that we're well below the province's ambient air quality standards. As well as the Canadian acid precipitation monitoring network is planning to install new precipitation sampling sites near Island Falls and Pinehouse to monitor acid deposition. And as well, a site has already recently been established at the Cluff Lake mine.

We are working towards an acid deposition management framework with the province of Alberta. That has yet to be signed, but I think we're certainly very close to doing that, we just need to confirm a date with the province of Alberta. That's going to allow us to share information as certainly Alberta, through the government and through industry, do monitoring in their province and we have the . . . It's important for us to get access to that information because— as you say, Ms. Morin — much of, for example, the emissions that leave the province of Alberta come to Saskatchewan.

So it's important that we, we know, we have the raw data so that we can do our own evaluations on those numbers. And we're also going to be announcing our . . . or beginning the first year of our boreal water management strategy, and that will add to some of the work that I've already outlined.

Ms. Morin: — Thank you, Mr. Minister. Alberta has seriously reduced its budget for air quality monitoring and monitoring of water and earth sampling as well. So there is added concern when we're looking at getting shared documentation and information from Alberta when they're doing a lesser job of it themselves.

Can the minister tell us what the Saskatchewan expenditure is going to be for air quality monitoring, and water and ground, and where that appears in the line items in the budget as well, please.

Hon. Mr. Duncan: — Thank you for the question. First of all I would say that, in light of some of the expert panels that have been released related to development in Alberta, it's our belief or indication that Alberta is going to be looking at increasing their monitoring and testing, in light of some of the criticism that they've faced. I think regardless of the number, it's important that we have that information and that we have it on a basis that we're sharing information back and forth, that the science is, that we're using the same scientific basis so that it's an apples-to-apples comparison. And that work will continue once we sign our agreement.

We have a number of different monitoring programs throughout the Ministry of Environment. Certainly the municipal branch would spend dollars on water sampling across the province, I believe in the neighbourhood of \$130,000. The technical resources branch will expend money on both water and air testing, and their budget is \$3 million. Obviously some of that is for salaries and some is for the actual operations. As well, we will be spending \$1 million this year on our boreal water management strategy. And it's certainly my hope, while I can only speak to one budget year, it's my hope that that is the beginning of a multi-year program.

Ms. Morin: — Thank you. I'm wondering if the minister could let us know where the air monitoring lab has been, say for the last year.

Hon. Mr. Duncan: — I can inform members of the committee that a significant amount of work has been done on this using the mobile monitoring lab. In 2010 mobile monitoring was done in Estevan, Weyburn, Moose Mountain, Esterhazy, Yorkton, Glenside, Maple Creek, Lloydminster, Moose Jaw, Belle Plaine, Dewar Lake, Cypress Hills, Fox Valley, Shaunavon, North Battleford, Unity, Maidstone, Kerrobert, Coronach, Lumsden, Glen Ewen. As well, over the past three and a half years it's been in Buffalo Narrows, Beauval, Ile-a-la-Crosse, Loon Lake, and Tatukose — I think I said that right.

Ms. Morin: — And the results from the mobile lab, have they been released in terms of public documents or how does one find out what the results or what the monitoring has looked like over the past year three, four years?

Hon. Mr. Duncan: — I'll have Kevin McCullum answer the

question.

Mr. McCullum: — Kevin McCullum, technical resource branch. Sorry, got a cold. The mobile lab results from the last year of sampling and the years before are all being compiled into reports so that it will be available on the website. The intent is to have them all published. Right now all of the current air monitoring is available on the website. You can get the current data as well as historic, pull it right off of the Environment's website, and in that same website it would give the current air quality index and so forth.

But the intent is as well, a report from the last 10 years of monitoring will also be published as well.

Ms. Morin: — And when can we expect that report? Do we have a timeline on that as well?

Mr. McCullum: — I always get in trouble when I say as soon as possible. I'm reviewing the draft copies of them myself, so the intent is to have them available soon, very soon.

Ms. Morin: — Thank you. I look forward to that as well as do many others, I'm sure. My colleagues have some added questions here.

Mr. Nilson: — Thank you. I have just a couple more questions. First one relates to the status of the Churchill River either, and Missinipe, as a protected space or as a heritage river. Have there been any developments on that in the last year or two? And obviously it would involve a fair amount of discussion with the First Nations in that area.

[22:15]

Hon. Mr. Duncan: — Mr. Nilson, I think it would probably be best if we . . . Between the people that are here, we're just not sure on any recent developments, if there are any. I believe, as you'll probably know, about a decade ago there was some interest in designation, but I think there was some concerns expressed by some First Nations groups. And so that's really what we know this evening. But we'll endeavour to get more information on that for you.

Mr. Nilson: — I appreciate that. And I just know that many people are interested in that and ask about it because it's one of the, sort of another one of these long-term legacy issues for the province of Saskatchewan.

My next question relates to the budget line which is called Aboriginal relations. And does that include money for the . . . We used to have quarterly meetings with a group of the chiefs, and it was effectively a place where every three months whichever of the chiefs had some specific issues with Environment, they could come and meet with the minister and senior staff. And so my question relates to the fact whether that has been reinstated. I know it was collapsed for a while. And is there a new process? And is that money included in this line item?

Hon. Mr. Duncan: — Thank you for the question, Mr. Nilson. The item under environmental support, that's the operations of our Aboriginal relations section of the ministry. That doesn't

include the dollars that I think you're referring to.

But I can tell you that I've had the . . . The former Vice-chief Whitefish that was in charge of this file, I've had the opportunity to meet with him on a couple of occasions including in the forum that you spoke about on one opportunity. And I'm looking forward to sitting down and meeting with the new vice-chief — I believe it's Vice-chief Lerat — that is now responsible for this area.

Mr. Nilson: — Thank you. I appreciate that. Now I have one more question, then I think Mr. Forbes has another couple of questions. I noticed that you have two acting deputy ministers. Does that mean there's been some major change within the department, or does it just mean that people are away?

Hon. Mr. Duncan: — I think the best way to explain that is we lost an ADM [assistant deputy minister]. Lin Gallagher went over to Tourism, Parks, Culture and Sport and that was just in the last, I think, month. And so in that, in the meantime, I believe Kevin Murphy's taking on her former role in an acting, at this point, an acting position.

Mr. Nilson: — Thank you. I was just trying to see if I could get them hired on a permanent basis. Mr. Forbes.

Mr. Forbes: — We had a couple of questions. One is about the third party funding. I know last year, I think the Redberry biosphere's funding was either discontinued or ran out of, ran its course. Is the Redberry biosphere funding being reinstated?

Hon. Mr. Duncan: — Not through the Ministry of Environment.

Mr. Forbes: — Would it be through any other group?

Hon. Mr. Duncan: — Not that I'm aware of.

Mr. Forbes: — Were there any other cuts to any third party environmental groups that typically receive funding from Environment?

Hon. Mr. Duncan: — None others.

Mr. Forbes: — They all remain their funding that was the same as last year?

Hon. Mr. Duncan: — All of our other third party agencies would be the same as they were last year.

Mr. Forbes: — I'm thinking what would be those third party NGOs is where I'm really referring to. Or if you could provide the committee with a list of their funding if it's a long list.

Hon. Mr. Duncan: — Mr. Forbes, we'll get you that list.

Mr. Forbes: — Now just to get back to Redberry for a couple of minutes. Now it is, because it's a biosphere, I would think that it would fall under the Environment mandate, not the Parks and Culture mandate. Would the UNESCO [United Nations Educational, Scientific and Cultural Organization] biosphere discussion, would it . . .

Hon. Mr. Duncan: — I think, in answer to your question, I think that's a, for lack of a better word, it's a debatable point about where the most appropriate place to fund it would have been. I think as, you will know, as I found out as Tourism, Parks, Culture and Sport minister, when Parks was moved out of Environment and put into a stand-alone new ministry, that funding agreement went over to that new ministry with Parks. And I believe it was, I don't believe it was a terminated contract, I believe it was just that it had expired. And at that time it wasn't renewed.

So is it more appropriate to be under Parks, or is it more appropriate to be under Environment? I'm not sure why, I just don't have, I don't have the corporate knowledge to know why it didn't stay in Environment, why it didn't . . . [inaudible interjection] . . . No, but in terms of why it went over to Tourism, Parks, Culture and Sport initially back when that new ministry was formed and why it didn't stay in Environment.

Mr. Forbes: — That's a debatable point as well. Because clearly that, you know, the conservation ethic that the Parks had when they moved over to the other ministry, clearly the conservation ethic, well I assume they're going to still have a green ethic within the Parks. It was a new type of mandate that spoke to tourism much more. And the biospheres really . . . So I think that's a loss for Environment for sure because it should have stayed because it was about sustainability. It was about that type of thing, and it was much better fit.

My question — and I see our clock is ticking — is around the environmental prosecutor. You've maintained funding to Justice for the environmental prosecutor? And how busy has that person been?

Hon. Mr. Duncan: — Mr. Forbes, that position is funded, or those . . . And I'm sorry I don't have the number of, the number of positions. But they're not funded through Environment. They are funded through the Ministry of Justice, and we would have to work with Justice to be able to provide you with the number of prosecutions that took place last year.

Mr. Forbes: — My understanding, but maybe that's . . . I thought that there was some funding, somehow that there was a connection with Environment, but that you might have been keeping track in terms of prosecutions. That would be a good thing in terms of the departments working together, to be aware of what the prosecutions were. But I think you have one last question.

Ms. Morin: — Since the clock is not going to allow us to get into a whole bunch of new areas, Mr. Minister, I'm going to ask one final question that I just want to get some information on, and that's regarding the 29 watersheds that we have in Saskatchewan. How many of those have source water protection plans to date? Because the last time I asked the question, there were very few at that point that had those water protection, source water protection plans, in place. So I'm wondering if we could get an update on that today.

Hon. Mr. Duncan: — There are currently eight watershed plans, one aquifer plan, and two watershed plans that are currently in development. And through the Watershed Authority budget, funding has been maintained to all of the

watershed groups that receive funding.

Ms. Morin: — So the funding is going to be in place so that we can achieve that all of the 29 watersheds will be able to put those plans into place. Is that correct?

Hon. Mr. Duncan: — The funding through the Watershed Authority is for those watersheds that have plans in place. We work with the watersheds that don't have plans to develop those plans. And then once they're formed, we provide annual operating funding through the Watershed Authority.

And they also have a provincial body that I think . . . I've had the opportunity to meet with on a couple of occasions in the last, in the last year, and in fact have had the opportunity to meet with I believe three, two or three of the individual watersheds. And so that funding is being maintained in this budget.

Ms. Morin: — Thank you. This will be my last question . . .

The Chair: — No. We've now passed the hour of 10:30, and we're going to wrap it up for tonight. We've come to that time where we bid goodnight to our television audience, and I always feel like we should apologize to them. But it has been a good exchange of information. Mr. Minister, any final comments?

Hon. Mr. Duncan: — I would just like to thank the members of the committee and particularly those that had questions this evening. And as well I'd like to thank all the officials that not only you see before you this evening that have helped me this evening but all those that you don't see that put in a tremendous amount of work to prepare us for today.

The Chair: — I'll now entertain a motion to adjourn.

Mr. Michelson: — So move.

The Chair: — Mr. Michelson. Then this committee stands adjourned.

Ms. Morin: — Can I make a comment to say thank you to the . . . [inaudible].

The Chair: — Oh certainly.

Ms. Morin: — Thank you. Mr. Minister, I just wanted to say on behalf of the official opposition that we appreciate your time with us this evening and answering all the questions that the various opposition members had this evening. As well to your officials that are here in the room and the many others that are behind the scenes, we truly appreciated all the work that's being done, and thank you again.

[The committee adjourned at 22:30.]