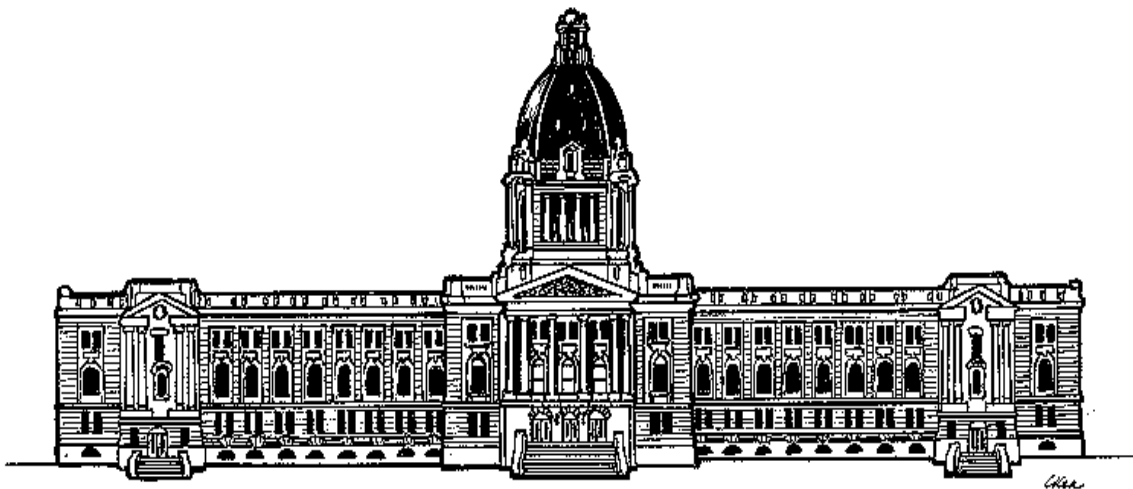




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

Twenty-Seventh Legislature

STANDING COMMITTEE ON THE ECONOMY

Mr. Don Toth, Chair
Moosomin

Ms. Danielle Chartier, Deputy Chair
Saskatoon Riversdale

Mr. Fred Bradshaw
Carrot River Valley

Ms. Jennifer Campeau
Saskatoon Fairview

Mr. Larry Doke
Cut Knife-Turtleford

Mr. Bill Hutchinson
Regina South

Ms. Victoria Jurgens
Prince Albert Northcote

[The committee met at 15:00.]

The Chair: — It now being 3 p.m., I will call the meeting to order and welcome the Minister of Highways, his officials, committee members who joined us today. And we have a couple individuals who are sitting in for members: Buckley Belanger for Danielle Chartier, and Scott Moe for Larry Doka. Welcome to the committee.

This afternoon, we will be dealing with *An Act to amend The Railway Act*, Bill No. 61. And I will invite the minister to introduce his official and make his opening comments.

Bill No. 61 — *The Railway Amendment Act, 2012*

Clause 1

Hon. Mr. McMorris: — Thank you, Mr. Chair. I'll be fairly brief with my opening comments. First of all, on my right, to my right is Ed Zsombor, who is the director of rail services for the Ministry of Highways and Infrastructure. He'll be helping me in answering all, I think, of the questions that come our way regarding this Act.

But I do have some opening comments regarding Bill 61, *An Act to amend The Railway Act*. *The Railway Act* allows for provincially regulated railway owners the opportunity to offer to sell their railway lines to an interested buyer before permanently abandoning and salvaging the line. This process matches the federal process for both CN [Canadian National] and CP [Canadian Pacific] abandonments.

Part of this process states that if no buyer steps forward, the railway will then offer to sell the line to the provincial government and municipal governments at net salvage value. Throughout the process, the Highway Traffic Board has certain powers to manage the timing and the process and resolve disputes.

Two amendments are being proposed to deal with the following: there have been cases where bad faith negotiations have occurred and the Highway Traffic Board does not currently have sufficient powers to remedy a bad faith negotiation. And number two allows, also municipal governments are being forced to decide whether to buy the line without having enough time to properly assess the opportunity.

The federal process under the Canadian transportation Act has been changed to address these two issues. And the amendments before you are intended to address the same issues facing provincially regulated railways, which there are 13 of, I guess.

Since the process is the last step in the abandonment process and the last chance to save a railway from permanent abandonment, it is critical that municipalities know exactly what they are buying and those negotiations between the buyer and seller are made in good faith, and is fair and reasonable.

So that's what the Act does, is it brings us up to speed with what the federal Act does. I mean, the two main railways are federally controlled, CNCP [Canadian National and Canadian Pacific] We're mimicking their Act so that the 13 railways that

we have operating in our province and other railways that may be abandoned can go through a proper process. I'd open it up for any questions.

The Chair: — Thank you, Mr. Minister. The committee is now open for questions on clause 1, short title. Mr. Belanger.

Mr. Belanger: — Thank you very much, Mr. Chair, and welcome to Mr. Zsombor. I just wanted to quickly get a snapshot, if you will, of how many rail lines that we've had that have been, say for example . . . What was, in the rail lines heyday, what was the total amount of rail lines, like the routes, and the kilometres versus what we have today? I just want to do a contrast of what we enjoyed one time as a rail network versus what we have today.

Mr. Zsombor: — Now I'm just off the top. I don't have any statistics with me. I think that in our heyday, we probably had 10 or 12,000 miles of branch lines. A lot were abandoned before this new Act came along. That gave the opportunity for others to buy it or force CNCP to offer it. Today we have about 2,000 miles of shortline railways, about 2,000 miles of still CP and CN what I call branch lines, and about 4,000 miles of mainline here in the province.

Mr. Belanger: — Now the 2,000, you're saying kilometres or miles on . . .

Mr. Zsombor: — I believe it's miles.

Mr. Belanger: — Miles, okay. The 2,000 miles of shortline and 2,000 CP lines versus the 4,000 mainlines, who owns that? And can you explain what you mean by mainline versus . . .

Mr. Zsombor: — When I talk about branch lines, it's terminology that is used to describe the CP, CN lines that aren't the mainline system. And the mainline system is where they're main routes. And CP has two east-west ones; CN has an east-west one, a couple of north-south ones. And they're the very high volume lines, and the branch lines, as well as the main lines are all owned by CP and CN. The 2,000 miles of shortlines are owned by 13 different companies here in Saskatchewan as provincial railways.

Mr. Belanger: — Okay. So in contrast, like in our heyday, 10 to 12,000 miles basically are what we had with the rail system or the network of rail. And today, if you look at the 2,000 shortline owned by 13 companies, 2,000 branch line by CP, CN, and 4,000 mainline, heavy traffic, so that's roughly 8,000 miles of rail line we still have left. So in theory, we may have lost 2 to 4,000 miles of rail line over the past number of years. Is that correct?

Mr. Zsombor: — Yes. That's correct.

Mr. Belanger: — Okay. So it's probably about roughly a third of what we enjoyed at one time.

Mr. Zsombor: — Yes. Can I offer a gratuitous comment?

Mr. Belanger: — Yes.

Mr. Zsombor: — Prior to this new transportation Act in '96, federal . . . And I used to work with CP a long, long time ago in my other life. And they had to go to a public interest kind of hearing where stakeholders and communities and everybody else and the railway could make a case whether that rail line should stay. And usually they were the light-density, money-losers, turkey trails, but there was no opportunity given to anybody to buy it.

And I remember going through a long public interest process and abandoning a line where I worked for CP. I was only happy to pick up the rail because it was an owner's process, and there was nothing forcing us to offer it for sale.

So when this Act came along, '96, the transportation Act, they were first to offer it. So we were fortunate enough to have 13 different interest groups to take part in buying these lines, and they're operating. So it's great for the province, I think.

Mr. Belanger: — Yes, in terms of the bill itself, I think that obviously we want to make it as easy in the transition, as very streamlined in the event that there is an opportunity to, first of all, own a shortline, or in the event that there isn't value for the shortline, that you look at the salvage opportunity.

When you look at those options, I for one from my vantage point, which is basically coming from northern Saskatchewan with a lot of experience in the South of course, you'll likely see more of the heavy haul or the continual haul more on rails than on our road system. I think that makes a lot more sense.

That being said, how many of the actual shortlines that have been abandoned that communities are looking at purchasing and using as a shortline? That's the part that's a bit confusing to me. So for example, if I own a stretch of rail line and I wanted to abandon this rail line under this Act as a railroad . . .

Mr. Zsombor: — It's a provincial railway, sir.

Mr. Belanger: — Right. I can go to the community and saying, well I'd like you guys to buy this off me. But obviously if I'm owning the mainline, I don't want no competition from anybody, right?

Mr. Zsombor: — It's probably not for sale.

Mr. Belanger: — Right. So is that what is meant by bad faith here in terms of some of the articles of the bill?

Mr. Zsombor: — Not really. Not really. I think you could run across an instance where the seller establishes a price, and he actually approaches private people who want to buy it or, in the latter stages, the government, and they're negotiating. And bad faith, I'm not a lawyer, but it's pretty hard to prove I think a lot of cases. But what in my mind, bad faith is when they're not disclosing information between them so that the purchaser has a good idea of what that business is, what the value is. And that disclosure is not there.

Mr. Belanger: — Right.

Mr. Zsombor: — Like there's nothing saying that if you and I want to make a deal, that you have to accept my deal. But in the

process, I think there's an onus on the seller to disclose a lot of information so the buyer can come up with a legitimate offer.

Mr. Belanger: — Now as I travel home, I travel through Shellbrook. And I noticed — was it last summer? — that they're actually tearing up track.

Mr. Zsombor: — Yes, sir.

Mr. Belanger: — And that was probably between Blaine Lake and Shellbrook. I'm not sure how long that rail line runs.

Now obviously if there was an opportunity for a shortline rail system there, I'm sure the region or the producers or the agricultural producers probably would have had the opportunity to assess whether that rail line was of any significant value.

Mr. Zsombor: — They did have a lot of opportunity. They were offered it, you know, up for sale as an organization, as a private or a co-operative or whatever. And then latter stages, after that went on for a long time, then the owner, Carlton Trail or OmniTRAX, then offered it to the local governments and the province. And that's the last stage in the process. And there were no takers, so they had the right then, once the process was done, to lift the rails.

Mr. Belanger: — Okay. Now I want to go back . . . And that's something I think that's really, really intrigued me as well because obviously, you know, as you mentioned, the fact that some communities wanted the rail line to stay for a number of reasons, and then you see a track being torn up in a number of places, not just between Blaine Lake and Shellbrook, but other places as well.

So does that not legitimize some of the larger rail companies in saying, look these routes were not sustainable, they weren't affordable, so we're now going to tear up the tracks because nobody's interested in buying them? Does that not create a bit of confusion?

Mr. Zsombor: — It boils down to the CP and CN have to have . . . They have a lot more expenses than a shortline railway because they're operating with bigger locomotives, pretty pricey locomotive engineers and train crew. Their standards of keeping the track up federally have to be higher than we would insist on as a provincial railway. So a lot of times it's not financially viable for them.

But for a shortline operator, and I can tell you in many cases — and I've been around enough since it started, about 15 years ago, dealing with groups — they see, a lot of them see the shortline as an extension to their farming business. So they're not interested in creating a corporation or whatever type of structure. They want to get a dividend back or profits. It's the profits, the extra they make on their fund. They don't have to haul their grain as far. They can load producer cars. They don't pay the elevation costs. And you can run, instead of with three or four people, you can probably run with two or three people or two people and a lot cheaper.

And I know there's one shortline that when they started out, we qualified and certified and trained their people to run engines and to look after track. And actually they ran that for a number

of months or a couple of years with volunteers. That's how important it was to them to keep that rail line as an extension to their other business, which was agriculture primarily.

But today things have changed over a number of years. We're moving a lot of oil off the shortlines now, Stoughton that . . . And you know, I just heard a statistic the end of December, 12 per cent of all the oil we ship out of Saskatchewan now moves by rail. I don't know how much . . . It's just going up like crazy on both CNCP and the shortlines. So I can't say where it's going to end or where it is, but as of last year all the railways that are present in Saskatchewan moved 12 per cent of all the oil.

[15:15]

Mr. Belanger: — No. And that's one of the reasons that I need to ask these questions of this particular bill because what's important to me is that as I see the tracks being taken out, you know, you can't help but have that feeling that there may have been some value in that shortline to the producers, to the communities along that route. And after I read the bill and you continue to travel in that area, you wonder well what is the bad faith that is being expressed in this particular bill. Was there some bad faith shown by the current or the past owner, whether it's CN or CP? If they showed bad faith to the region, is it too late for that region to take advantage of that shortline rail? That's what I'm . . .

Mr. Zsombor: — Yes. Usually this bill only refers to an existing provincial railway that gets abandoned. It has nothing to do with CNCP. They're federal. Okay? That's one thing. I've only known of one instance where there was some allegation — that's at Meadow Lake — that there wasn't good faith negotiations going on. But really the Act, our Act didn't have a real good remedy for that. That's why we're proposing these amendments, should it occur again.

Mr. Belanger: — Now Carlton Trail and OmniTRAX, they operate some of the shortline rail lines that you made reference to?

Mr. Zsombor: — Yes, sir. The one from Speers through Debden to Meadow Lake, that's the one that's abandoned. They went through our process. And the other one goes from I think Warman to Prince Albert and Birch Hills.

Mr. Belanger: — Now from Speers to Debden to Meadow Lake, who owns that? That's OmniTRAX or Carlton Trail?

Mr. Zsombor: — Well OmniTRAX is the umbrella company, but Carlton Trail is the Saskatchewan . . . because to become a provincial railway you have to have a corporation registered here in Saskatchewan. So it's Carlton Trail.

Mr. Belanger: — Okay. So the running rights from Speers to Debden to Meadow is now owned by Carlton Trail in terms of the shortline rail system that the bill involves?

Mr. Zsombor: — Well there's no railway there, but they did run on that track.

Mr. Belanger: — They did. And the track has been since torn

up.

Mr. Zsombor: — Yes.

Mr. Belanger: — Okay.

Mr. Zsombor: — The only piece remaining for Carlton Trail is from Speers to Prince Albert and Birch Hills.

Mr. Belanger: — Okay because the reason I was asking that question is I remember attending a meeting with a bunch of folks in Meadow Lake, including a number of RMs [rural municipality] from that community. And they seemed to have a pretty compelling case as to why they wanted to keep the tracks open. And at that time, there was a lot of debate and argument and fighting back and forth.

And the net effect is that they just seemed so frustrated at the time with the major rail companies. There was a bunch of challenges that they had. And to me, I still want to know what examples of bad faith were expressed by some of the people that were abandoning these lines. Like why would they . . . If I'm abandoning a line, you'd want to sell it. Right? So I can't make the correlation to, here's an abandoned line nobody wants, and as the former owner, I want to sell it to get some money out of it because I'm leaving it out there. Why is there some bad faith for somebody else not to buy it?

Mr. Zsombor: — Mr. Belanger, I don't want to mix up the federal system — because we have no business there — with provincial. So there's only one abandonment. That was the Meadow Lake line that there were some allegations about bad faith between Carlton Trail providing information for the buyers. Okay?

And in that instance there was many, many opportunities. In addition to that we provided some assistance to these people to give them an idea, as our services, and knowing from our past roughly what the value of that line is as a minimum salvage value. The problem over there as I understand it is they had a great deal of difficulty with coming up with the money to buy it.

Mr. Belanger: — It wasn't bad faith?

Mr. Zsombor: — It wasn't bad faith. No.

Mr. Belanger: — Just the cash?

Mr. Zsombor: — At the end of the day, it was them being able to raise the capital. And you know, that's in the 15 years and all the different railways. I've been involved with 12 to help set them up or assist with them from the government perspective. The hardest thing in rural Saskatchewan is to raise capital.

And there are, you know, where there's a lot of determination, in some cases some gutsy municipal governments. They will put up some money. And there's some instances where it is a combination of producers, private, municipalities that kind of arrange for this financing.

Plus we have two programs specifically that really help them. One is we provide some money, up to \$25,000, to do a

feasibility study. And we've done a lot of those. I help them out. And we also have, for the people that qualify for our loan program, an interest-free 15-year loan program of which out of 13 I think we've got five or six. The very first one that took it out should be done next year, paid their 15 years off.

Mr. Belanger: — Now on the Meadow Lake line itself, like what was the total price tag that was . . . even if you have a ballpark figure. And how many lines are you talking about? Because it's important we know the kilometres or miles, whatever it is. And how much were they actually short?

Hon. Mr. McMorris: — I think, you know, you're getting into a business deal that does not really apply to the Act. We didn't come to deal with a business deal between really two private parties. What this legislation is set up to do is to mirror the federal legislation that there is a dispute mechanism that we can, if there is allegations of bad faith, that we can follow through. It's not a committee to answer questions on the purchase of a rail line between two entities.

Mr. Belanger: — Well I will disagree, Mr. Chair. I think it's important to understand that the bill is to really look at some of the examples of how and what the bill is intended to solve. And Meadow Lake is the only example of an abandoned line of which this bill makes some concessions to, to try and solve that particular problem. So understanding the one example of an abandoned line and how it works and the mechanics behind that, I think it has everything to do with the bill. So that's why I think these questions are important. So the simple fact is legislation is there to help accommodate the abandoned lines process. If I'm mistaken, correct me, Mr. Minister.

Hon. Mr. McMorris: — So the bill is to mirror what is being done on the federal level so that there is a mechanism to resolve disputes. That's what the bill is intended to do. There has been one abandonment in the province where a private company, OmniTRAX through Carlton Trail, wanted to sell. The buyers weren't able to come to an agreement.

There was certainly some feeling of bad faith, but there is no mechanism. And it's not to us to be judge and jury of that here in this committee. There is a feeling that there was some negotiations that were conducted perhaps in bad faith. So what are we going to do about it as a government if we're going to regulate these railways? We'd better follow along with the federal regulations so we have a mechanism to fall into place, and that's what this bill is.

This is not to go into the details of who is right and wrong in the specific abandonment. That's not our job. Our job is to say that there was an abandonment, that there was some accusations of unfair dealings, and so let's put a mechanism in place to deal with that as we move forward. So that's why this mirrors the federal Act.

Mr. Belanger: — Well I totally disagree. The whole premise of your bill is to address the bad faith issues. And so I'm asking, what is considered bad faith? And who is expressing, who is creating the conditions for bad faith? Is it the buyers? Is it the seller? Is it the person who has a running right?

Understanding the unique nature of the one abandonment

you've had in the province, which is the Meadow Lake line, we need to know the details of that particular deal to see where the bad faith and what bad faith did you make reference to in your bill.

Mr. Zsombor: — They were just allegations to our office, and we had no access to the confidential negotiations between the two parties. So as far as details, no. We don't know. There is just some allegation that it wasn't in good faith.

Mr. Belanger: — Okay. Now in resolving the bad faith practices attached to the shortline rail system, attached to this bill, what are examples of bad faith? I asked the question before.

Hon. Mr. McMorris: — There is an abandonment where there was accusations of bad faith. We don't have a mechanism in place to address that. That's what this bill addresses. We've mirrored it with the federal legislation.

Mr. Belanger: — Okay. Then what is the bad faith then?

Hon. Mr. McMorris: — Accusations of bad faith, perhaps not disclosure of full information. It's been said already.

Mr. Belanger: — And that's the only, that's the only practice of bad faith — no disclosure of proper information.

Hon. Mr. McMorris: — That's what was said.

Mr. Belanger: — And that's it? Well, Mr. Speaker, I think the details of the one abandonment of one line, and that's what this bill is intended to correct, has a lot of bearing on getting the information attached to Bill 61.

Hon. Mr. McMorris: — It has absolutely no bearing on it. It has absolutely no bearing on it. This legislation . . . If we are going to manage, regulate railways in this province, we need a mechanism in place. This is the legislation to mirror the federal legislation so that there's a mechanism in place.

It's not your privilege to know what the dispute was between the two. We have heard that there is accusations of difficulty and maybe not enough information released. We've got a mechanism now that parties can go and have that looked at.

Mr. Belanger: — Well I would sure like to know the details of that particular arrangement because obviously if you're expressing to me that there's bad faith, not enough information was given to the parties. And I'm saying well, what kind of information was not given? What were some of the premises of the bad faith on what this legislation was based on? You say, well it's not my privilege. I think we have every right to ask the questions behind what you mean by bad faith. Because the premise of your bill is bad faith . . .

Hon. Mr. McMorris: — You're asking for the details of the negotiations and that's not your purview.

Mr. Belanger: — That's bad faith, it says there.

Hon. Mr. McMorris: — That's not your purview.

Mr. Belanger: — [Inaudible] . . . bad faith.

The Chair: — Order, order. I just remind the member if you're asking a question and you expect the minister to answer, you should allow the minister to answer without interfering. I recognize the minister.

Hon. Mr. McMorris: — It is not your purview to know the details of a negotiation. We know that we don't have a mechanism to deal with this provincially. That's why this bill has been put in place so that we will.

Mr. Belanger: — Well I guess I won't let you decide what my purview is in my role as a committee member. You can decide if you want to answer the question or not. The question I simply asked was, based on your bad faith issue that you're raising in this particular bill, it is my purview as a member of this committee to ask what are the examples of the bad faith as it relates to the only single line abandonment issue of which your bill is trying to address. What were some of the dealings behind it that created the feelings of bad faith? And you refuse to answer those questions.

So as a committee member, I'll ask once again, Mr. Chair, what were the basis of the discussions of bad faith as it relates to Meadow Lake? Simply having the minister say, well it's not in your purview, you don't have to know that stuff, I think we have to know that stuff because it's the basis of your bill.

Hon. Mr. McMorris: — I've answered the question.

Mr. Belanger: — I don't think the minister has answered the question at all. He's avoided the answer.

And the big point that I would raise is that we'd looked at the value of shortline rails as being very, very important to the future growth of our province, and rural Saskatchewan's absolutely vital to that continued growth. And if you want to understand the roles of shortline rails, we need to understand what the challenges were. And how you understand the challenges is look at the examples that are out there. You have one example of how bad faith, in your bill's language, indicates there's a problem, that you want to address it. And we want to learn more about it and you don't want to answer the question. Like, what is wrong with answering the question?

The Chair: — Excuse me. I'd just like to make a comment. I think Mr. Belanger should be aware the minister has indicated what the purpose of the bill is. Getting into details of a specific transaction is not necessarily the parameters, I believe, of the committee. I think the minister has indicated that there have been some concerns raised, and that's why the bill is brought forward to simplify and understand the process. And that's my understanding, and I would ask that the questions relate directly to the bill, not into personal matters that pertain to entities that may have had difficulties.

Mr. Belanger: — Okay, Mr. Chair. I guess the other question I would ask in terms of the net salvage value. I hope I can ask that question. In terms of the issue around net salvage value, obviously there's rail line, there's the wooden beams that are probably treated and pressure-treated. What is the general value of that particular material?

Mr. Zsombor: — It's varied over time. Steel prices — scrap steel and usable rail steel — has gone up. So we started off 15 years ago, I think, it was around \$8,000 a mile. Today if you're looking at 100-pound rail, it's really the steel that drives the value — the tie plates, the bolts, the spikes, the rail. You're probably looking at anywhere in the order of \$125,000 a mile.

[15:30]

Mr. Belanger: — And the salvage value, I'm trying to understand that particular aspect. Again if I'm abandoning a rail line that I've owned, then I have the option of . . . As the owner, I could tear up that line first on my own, right?

Mr. Zsombor: — No, you have to put it up for sale.

Mr. Belanger: — I have to put it up for sale?

Mr. Zsombor: — Yes, sir.

Mr. Belanger: — I'm not allowed to tear up my own track?

Mr. Zsombor: — No, sir.

Mr. Belanger: — Okay. Now as a result of that, then you'd turn around and you'd say, okay I'm abandoning my line. So municipalities or the provincial government can come along and make an offer based on the salvage value of that line. Is that correct?

Mr. Zsombor: — At that stage the sale has to equal net salvage value, okay?

Mr. Belanger: — Okay.

Mr. Zsombor: — Now whether what the province says it's worth and what the owner says it's worth, if there's any kind of a dispute there, that's why we have the Highway Traffic Board to finalize that dollar amount which would be binding on both parties.

Mr. Belanger: — Now on the Blaine Lake line to Shellbrook, as they're tearing up that track, who's actually tearing up the track? Is it the RM or is it the government?

Mr. Zsombor: — Carlton Trail hired a contractor.

Mr. Belanger: — And Carlton Trail has that . . .

Mr. Zsombor: — Was the owner of the asset that's abandoned. They are owner of the land, so they're the ones who hired a contractor to rip out the ties and rails and stuff and salvage it and sell the components.

Mr. Belanger: — Would you have any estimate of what that is valued, the land they're tearing up now?

Mr. Zsombor: — I think it was up in that 100-and-some thousand dollars. I don't have the exact number, but it's in that range.

Mr. Belanger: — Okay, and how many of . . .

Mr. Zsombor: — Because some of it was 100-pound rail, which is pretty pricey.

Mr. Belanger: — And how many kilometres are we talking about on that particular stretch?

Mr. Zsombor: — I think it's about 84 miles from Debden to Meadow Lake and another 50-some to Speers, so probably in the order of 140 miles.

Mr. Belanger: — Well that's all the questions I have. Obviously it'd be nice to have more detail, but I don't think we're going to get that information today, which is too bad. But that's how it works. So thank you very much.

The Chair: — Are there any further questions of the minister and his official? Seeing none, we'll move through our votes on Bill No. 61. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Railway Amendment Act, 2012*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Before I entertain a motion of adjournment, I'd like to thank the minister and his official. Pardon me. We need to report the bill to the House. I would ask a member to move that we report Bill No. 61, *The Railway Amendment Act, 2012* without amendment.

Mr. Bradshaw: — I so move.

The Chair: — Mr. Bradshaw. Are we agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Now I will thank the minister and his official for his appearance before the committee. I recognize the minister.

Hon. Mr. McMorris: — Great. Thank you very much. And I'd also like to thank Ed for his experience in this file for sure, and the committee for allowing us to be here and see this bill move forward.

The Chair: — Thank you, Minister. I'll now entertain a motion of adjournment . . . [inaudible interjection] . . . A little ahead of myself here. This committee sits tonight at 7. So this committee is recessed until tonight at 7 p.m.

[The committee recessed from 15:33 until 19:00.]

The Chair: — It now being 7 p.m., I will call our committee to order and welcome the minister, his officials, committee members who have joined us tonight for consideration of estimates for the Ministry of the Environment. And we'll be

considering vote 26, Environment, central management and services, subvote (EN01).

Minister Cheveldayoff, I'll invite you to introduce your officials and make your opening comments.

General Revenue Fund Environment Vote 26

Subvote (EN01)

Hon. Mr. Cheveldayoff: — Good evening, Mr. Chairman, and members of the committee. I'm pleased to be with you this evening and look forward to an informative discussion. Here with me from the Ministry of Environment are Liz Quarshie, deputy minister — I'll ask the officials just to raise their hand when I mention their name — Lori Uhersky, assistant deputy minister of environmental support; Kevin Murphy, assistant deputy minister of resource management and compliance; Mark Wittrup, assistant deputy minister of environment protection and audit; Laurel Welsh, executive director of finance and administration; Steve Roberts, executive director, wildfire management branch; Bob Wynes, executive director, forest services; Lyle Saigeon, executive director, fish and wildlife; Jennifer McKillop, executive director, landscape stewardship; Wes Kotyk, executive director, environmental protection; Kevin McCullum, chief engineer, technical resources; and Ed Dean, manager, regulated sectors climate change.

The 2013-2014 provincial budget supports balanced growth. The provincial budget balances the need to control spending with the need to make important investments in key areas. It recognizes the need to balance the priorities of Saskatchewan people and to balance the opportunities and challenges associated with a growing province. The Ministry of Environment's budget for 2013-14 aligns with the government's priorities to sustain economic growth, meet the challenges of growth, and provide for a high quality of life, while continuing to address the existing and emerging environmental challenges facing the province.

The 2013-14 budget represents an investment of \$167 million to manage our province's diverse landscapes and our renewable, natural resources in a manner that supports a healthy environment, a growing economy, and strong, vibrant communities.

The 2013-14 budget includes funding for the ministry to continue to implement results-based regulation, address climate change, and continue its work in environmental protection and resource management to ensure that our environment is healthy and our resources are protected for future generations.

The ministry's new way of protecting the regulated environment is to define the desired outcome by law and empower the operator to determine how that standard will be achieved or surpassed.

The work required to get a results-based framework includes establishing clear environmental protection and resource management objectives, streamlining the environmental acts and regulations, developing an environmental code of practice,

relying on qualified persons, enhancing compliance and enforcement tools, eliminating many permits, and developing greater certainty in environmental assessment decisions. Much of this work has been done since the ministry began its transition in 2009-2010. However work still needs to be done.

In 2013-14 the ministry plans to continue this transition by continuing to amend its legislation and regulations, developing additional environmental code chapters, and continuing to modernize its information management systems.

The 2013-14 budget includes \$4 million in capital funding to continue to transform and modernize the ministry's information technology and information management systems. The funding will be used to continue the ministry's work on the application processing and permissions management system, which is aimed at improving client interactions with the ministry and reducing processing turnaround times.

The first permission, the wildlife burning permit, was created in 2012-13, and the ministry plans to release several more permissions in 2013-14. On April 1st, 2013, the ministry's largest and most public information initiative, the automated hunting and angling licensing system, was successfully launched. After only two days, over 400 people had registered and purchased angling licences.

The capital funding will also be used to begin work on the environmental information management system, enabling the ministry to become more transparent by consolidating its data and making it accessible to the public. Work will also commence on the compliance and enforcement management system, which will provide ministry staff with real-time compliance data in order to enhance enforcement.

The ministry plans to complete its transformation work by 2015-2016. The 2013-14 budget includes 3.25 million in Go Green funding which will focus on the priority areas of climate change, mitigation, and adaptation, water conservation, and the protection and conservation of our natural resources.

Projects such as Aquistore and the agricultural plastics recycling, high-level wind turbine and Environmental Systems Assessment Canada landscape connectivity will continue in 2013-14. The budget will also allow the ministry to begin establishing the provincial climate change plan, including the office of climate change, the Technology Fund, and the Climate Change Foundation.

The 2013-14 budget includes \$500,000 in grant funding to support the development of recycling infrastructure to support the province's multi-material recycling program, MMRP. This funding is designed to co-fund MMRP implementation and the research and the development of recycling-related infrastructure which is expected to be cost shared between the province and other private partners. As part of the four-year agreement, Sarcam will receive a grant of \$22.8 million to support its operation of the beverage container collection and recycling program, which represents an increase of 974,000 over its 2012-13 funding level.

The 2013-14 budget includes \$250,000 in funding for the ministry to partner with industry, non-governmental

organizations, Aboriginal peoples, academia, and the federal government to design and conduct the necessary studies to protect and enhance our understanding of the status of the boreal caribou populations and habitat in our province.

The budget also includes \$300,000 for the ministry to work with Environment Canada to co-lead the development of a multi-species action plan for a number of species at risk in an area in southwest Saskatchewan known as south of the divide.

\$60.1 million is provided for the ministry's wildfire management branch to ensure the protection of people, communities, and the commercial forest as well as renewing the province's aerial firefighting fleet. This represents a decrease of 3.1 million over 2012-13 due to underutilization of wildfire funding in recent years. In 2013-14 the ministry will utilize \$4.75 million for the aerial firefighting fleet renewal program. This includes the delivery of the final converted CL-215 aircraft and the purchase of a spare CL-215T engine to support all four of the ministry's water bomber aircraft.

The ministry's 2013-14 budget responds to the government's commitment to reduce the size of the civil service with the reduction of 19.6 full-time equivalent positions.

The ministry will also begin the transfer of responsibility for the administration and the operation of the Fish and Wildlife Development Fund to a third party. This transition is expected to be completed in 2014-2015.

The ministry also transferred \$3.8 million and 36.6 FTEs [full-time equivalent] to the Water Security Agency as part of the government's initiative to strengthen water management capacity by bringing the government's core water expertise together in one agency.

With that, Mr. Chair, thank you and committee members for your time. I look forward to questions from committee members.

The Chair: — Thank you, Mr. Minister. And the floor is now open for questions for the minister and his officials. Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. Thank you, Mr. Minister, and welcome to all your officials for what I hope will be a fruitful four hours of questions. Having recently been appointed Environment critic, this is kind of a getting-to-know-you stage in our questioning, and I'll be asking I think questions about a number of your programs tonight, just sort of trying to cover the waterfront here. So we'll see how it goes.

The first area I wanted to look at a little bit tonight would be forestry and forest services. I note that that's about twelve and a half million dollars in your budget. And I'm just wondering if you could give me a high-level breakdown of how those funds are spent, or plan to be spent, I guess.

Hon. Mr. Cheveldayoff: — Thank you very much for the question. The member is indeed correct. We spend about \$12.5 million in the forest services area. It's broken down in the following manner: forest management and the management of

the forest programs is \$6.8 million; reforestation is 3,503, just over \$3.5 million; and then insect and disease control — that is specifically identified to spruce budworm, mountain pine beetle, and Dutch elm disease — that would be in the neighbourhood of \$2.175 million for a total of just shy of \$12.5 million. So that's the major allocations, the major breakdowns and classifications as far as that forest service is concerned.

Ms. Sproule: — Thank you. In terms of the forest management portion of that \$6.8 million, how many FTEs are in there and what portion of that is their salaries?

Hon. Mr. Cheveldayoff: — All right, to answer the member's question, 71 FTEs are accounted for in the forest management area and \$5.1 million is the salary amount to cover those individuals.

Ms. Sproule: — Thank you very much. So if my math is correct, that leaves about \$1.7 million for, I would presume, the programs that this group does. I'm interested in the forest inventory and renewal programs. I assume the renewal would be the reforestation, but in terms of administering forest inventory, does this group manage the, or keep track of how many hectares are logged every year? So can you tell what the projected, how many hectares will be logged in this fiscal year?

[19:15]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. We're not able to provide the number for this current year because approvals and management plans have not been totally approved yet, but we can give you numbers from previous years. From 2010-2011 it was approximately 9600 hectares and 2009-2010 it was about 10 000 hectares.

Ms. Sproule: — Would it be your sense that that went down? I think we're missing '11-12. Would it have gone up or down in '11-12 generally? Or do you know?

Hon. Mr. Cheveldayoff: — All right. Thank you very much for the question. We've got some more numbers. Some are fairly rough calculations here but as far the harvest goes for 2010-11, it's about 2.2 million cubic metres. For 2011-12 it went down to just over 2 million, 2.063 million cubic metres. And we're anticipating for '12-13 about 2.4 million cubic metres. But again, those numbers aren't final yet. The year just ended in March 31st and numbers are still coming in.

Ms. Sproule: — I guess that's in terms of volume. Earlier you had given me hectares so I'm trying to balance those out.

In terms of reforestation then for the same years, can you tell me how many were planted and then how many you plan to plant this year?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And to fully answer the question, there's two programs: there's the government and the industry. We've got the government numbers but we can undertake to get back to you with the industry numbers.

The government numbers for 2010-2011 were 2.3 million trees;

for '11-12, 2.021, so just over 2 million — 2.021 million trees; in '12-13, just shy of 2 million — 1.977 million trees. And in '13-14 we're estimating a bit of a jump to 2.5 million trees.

Ms. Sproule: — Thank you. In terms of the management of the forest industry and the inventory, you say you have approximately 71 FTEs doing that work. What would the bulk of the work that they do consist of?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. There are essentially four areas within this division, and responsibility is grouped in the following manner. Inventory, where inventory is taken and to ensure that standards are met — these individuals focus on inventory and quality control. Reforestation, again ensuring that objectives are met. There's the compliance division. This is where field officers would go right to the sites and ensure compliance. There's also a science and policy division. They focus on insect and disease control. And then there's an accounting division that focus on monies coming to the Crown and revenues generated for the Crown. So those are the four main areas of responsibility within this group.

Ms. Sproule: — Thank you. The compliance group, how many FTEs are in that group?

Hon. Mr. Cheveldayoff: — Thanks for the question. There's actually 21 FTEs in the compliance group, and operations renewal works closely with them as well, and that's three FTEs. We had a little trouble reading the fine print but we did it the old-fashioned way — we counted up the boxes. So there you go.

Ms. Sproule: — That works, doesn't it? Would you say that . . . Well maybe you could tell me this for sure. In terms of compliance FTEs, what was the number in say the previous three or four years? Has the number of FTEs gone up or down? And do you have any specific numbers?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. We don't have the exact numbers from previous years, but if you give us the exact dates of when you would like the numbers for, we can certainly provide that. But generally it's gone down by a little bit.

Ms. Sproule: — I think that's sufficient for now. It's just the sense that it's kind of not a huge drop then, basically just a small drop in number of FTEs? All right.

When they're doing compliance, are they looking at forest management areas or just the Crown-managed areas for forestry? Or what types of compliance are they doing?

Mr. Wynes: — Bob Wynes from the forest service. Our compliance program has many different facets to it. We have multiple levels of planning and compliance within our structure to manage the forest industry activities. At the broadest level, on the FMA [forest management agreement] areas where about 95 per cent of the wood in the province is harvested, the companies are required to do forest management plans to the standards set by the Crown and approved by the minister. We spend considerable time. These are kind of long-range, large-scale, and over kind of meaningful time compliance issues

that we kind of do an ongoing evaluation and compliance to.

And another aspect of it is the compliance on industry operations right down to the site level, making sure that sites are . . . the operations on the sites aren't creating a lot of rutting; the wood is utilized on the site; we're not damaging streams; watercourse crossings are put in properly. So it's kind of the whole range from essentially an analytical level, long-term sustainability, right down to site-level compliance.

We also have compliance standards that are essentially set, and these are being transitioned into the new Saskatchewan Environmental Code for things like reforestation, industry's reforestation of cutover areas. We have standards identified. We've got current standards under the Act, plus we're going to . . . They're transitioning into the code where we have requirements for industry to meet as far as reforestation that we also ensure compliance to. And even the inventory that industry creates for those FMA areas, there are standards that we review the inventory and do some level of ground truthing to ensure that they're compliant with.

On the financial front we also ensure compliance. We measure the volume of wood that's harvested out of the forest. We have conversion rates. That's why there is a bit of a time lag in the reporting on this. It's not just year-end. We also have conversion rates. We have to calculate weights back to volume, and industry has a certain length of time to report in. Then we reconcile volumes. But we do compliance on dues, essentially the stumpages payable to the Crown as well as the securities that the companies post or pay into management trust funds to ensure that we've got security for renewal of those things. There is quite a variety of compliance.

Ms. Sproule: — In terms of ground truthing . . . I think that was the phrase used. Ground truthing? Was that the phrase you used?

Mr. Wynes: — We ground truth, for example, the forest inventory that's done. Industry is required to do a certain level of auditing or ground truthing on that inventory. It's generally conducted from air photos, air photo interpretation. Then the industry actually goes out and does a certain level of checking. We subsequently go out and check the industry audit on it to ensure that it's satisfactory.

[19:30]

Ms. Sproule: — So is it the industry that does the air photos or would it be your ministry?

Mr. Wynes: — The actual interpretation of the air photos in the FMA areas . . . As I mentioned, that's kind of our premium standard management is in the FMA areas, and that's where about 95 per cent of the wood is harvested. In those areas, industry is responsible to conduct the inventory, so that's either purchasing or acquiring the air photos, the interpretation, and creating the digital layers of information that are subsequently checked, checked by us, verified, audited by us to ensure accuracy.

Ms. Sproule: — Do any of your officers actually go on to the ground? And is there spot checks? I know you mentioned that a

little bit. How many spot checks would you do in a year?

Mr. Wynes: — We have essentially . . . It depends on the issues and the companies' compliance history. We essentially focus on higher risk companies and higher risk aspects of operations in tailoring that, so it's not one answer to that question. And yes we do have our forest ecosystem protection specialists, our field positions that are out doing the inspections on the operations.

Ms. Sproule: — And how many of those are there?

Mr. Wynes: — Sorry, I'm back to counting boxes. I apologize.

Ms. Sproule: — What did you call them? Forest . . .

Mr. Wynes: — Forest ecosystem protection specialists. There's 14 of those. I'm sorry. That actually does include another group of people. There's three positions that are focused on essentially investigations. When we find we have a problem, this group kind of specializes in more thorough investigation of it. They're included in that count of positions.

Ms. Sproule: — Have you filed any prosecutions or fines against any of the companies in the last two years?

Mr. Wynes: — Yes, we have. We refer to them as administrative penalties, and we could provide a summary of those administrative penalties. Actually I'm pleased to report that the compliance by the industry is very high. We do a lot of inspections, but the number of actual violations that need to be pursued and subsequently result in administrative penalties is very low. So I'm pleased to report that we get excellent compliance from the industry.

Ms. Sproule: — I guess part of my concern in following this line of questioning is, with only 14 people covering inventories much larger than many provinces in Canada, it would be difficult to sort of get a lot of spot checks and, you know, entrusting the industry with sort of enforcing their own activities carries a certain amount of risk.

You indicated that you would only . . . you would do more intensive checks for companies that have questionable records. What companies are those right now in Saskatchewan?

Mr. Wynes: — At the moment there are no companies that I would classify as a high risk that we have a higher level of inspection for. We're getting good compliance from all the companies right now.

Ms. Sproule: — I assume you get complaints from individual members of the public when they see what they would consider non-compliance issues. How do you treat those complaints?

Mr. Wynes: — We have a management system within the forest service, and we record those problems as they're reported to us. And we have our field people, those positions I referred to, and especially the three people that I mentioned. The three positions that focus on investigations would inspect those, liaise with those members of the public to make sure that we understand the location and the nature of their complaint. And we would investigate those to see if in fact standards had been

violated.

Sorry. Can I elaborate on one point? You mentioned that, you know, we only have that many people looking at the whole forest. The forest companies' activities are actually very predictable, where they're going to be, because we review and approve the operations. So it's not the whole forest that we need to patrol and monitor; it's the industry's activities. We know where they're operating, and we work very closely with them. Any amendments to those plans, we have to approve them. So it's actually a very focused effort. So it's not, you know, trusting the companies to do a good job. We inspect them at a good intensity I'm very comfortable with.

Ms. Sproule: — I understand that with the transition from the Weyerhaeuser Forest Management Agreement to the Sakâw Askiy Forest Management Agreement that there was, you know, the allocations were complicated and they're going to take a number of years to get going and that the forest management plans of the new allocations are an evolving process as well. Are those finalized now for the long term or are they short-term plans?

Mr. Wynes: — The Sakâw Askiy for example is operating under the previous long-range forest management plan that was developed by Weyerhaeuser and approved by the ministry. So we're still essentially using the harvest levels and the strategies, management strategies that were approved under that forest management plan. Sakâw has initiated the development of a new forest management plan, which we're anticipating to have approved in April 2015. So they have been wrapping up operations. Over the last couple of years, markets are improving and their operations have been slowly increasing, each one of the partners.

Ms. Sproule: — So April 2015 will be when they start a new long-term forest management plan?

Mr. Wynes: — Yes. They're still operating annually, but under the existing forest management plan that the ministry approved of.

Ms. Sproule: — Thank you. In terms of reforestation, I was looking at Public Accounts from last year, because that's the most recent numbers that we have, and I see that PRT Growing Services received almost \$1 million for I assume reforestation. Is that the only company you've dealt with for reforestation for your program?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. PRT is the supplier and they've had a long-term contract. I'm told it dates back to the 1990s and continues to this day, where they are the supplier of the seedlings. Planting and stand tending, they are all contracted out. They are all tendered to the lowest bidder. So then there's a variety of successful bidders on those contracts.

Ms. Sproule: — Yes. I think you may know I was involved in that industry way back when and certainly am familiar with the planting and stand tending portion of it, at least way back when. But as far as PRT, was that always the only supplier in the 1990s or were there local? They're from British Columbia, correct? Or are there other suppliers who provide trees to your

inventory?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Indeed the head office of PRT is in British Columbia, but they have an operation here in Saskatchewan near Henribourg, to give that great community a little plug here. And so basically the agreement is that, you know, they can bring them in from wherever they need to, but certainly the nursery in Henribourg does provide a substantial amount of our needs in the province.

Ms. Sproule: — Just in terms of environmental sustainability, I know there are other reforestation greenhouses here in Saskatchewan. Would you ever consider using them so that they're not coming in from out of province?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The industry does most of this work, the majority certainly. And they're free to acquire the seedlings from wherever they so choose. PRT has a commitment from the government of the day back in the mid-1990s, and we honour that commitment to this day, that they're the exclusive provider for the Government of Saskatchewan. It helps to ensure the viability of the plant in Henribourg as well.

Ms. Sproule: — Thank you. I guess I was asking whether there would be any policy reasons to try and get seedlings from Saskatchewan rather than shipping them in from out of province. And I know industry can go out and get their seedlings from wherever they choose, but would there have been any policy reasons or plans to . . . I'm thinking about environmental sustainability and, you know, the whole cost of reforestation, not just the purchase price of the trees, and whether, you know, you would even tender out some of . . . or require the industry to at least offer a concession for local trees. Has that ever been discussed?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. It's always been the practice of the ministry to allow industry to source their product wherever they so choose and to get the best and competitive rate. Of course it's always our wish that they do so from a local standpoint. And you know, we don't have the exact numbers, but we know that industry does source some of their product from PRT. And PRT is, because of the commitment from the government as well, is a very thriving and sustainable operation there. So they do provide that alternative. We hope that they provide it on a competitive basis that industry chooses to do it. And with increasing transportation costs and all of that, I'm sure that they are able to offer a competitive rate.

Ms. Sproule: — Right. And I believe they do. That's for sure. It seems interesting that industry is encouraged to source competitively, but it sounds like the Crown is basically a sole-source, looking at a sole-source from PRT and creating a bit of a monopoly perhaps in that area.

I'm going to move off of forestry for a while. I think I've been at it long enough for now. I'd like to talk a little bit about some of the go green programs that you have funded and based on a report from Deloitte called the *Saskatchewan Ministry of Environment Go Green Fund Program Review*, final report, dated November 24th, 2012.

[19:45]

Basically what I'm interested in, in terms of this report, is the activities, ongoing activities of some of the programs and projects that have been funded. I know that a number of them are ongoing. And yes, the first one I really want to focus on is Aquistore. I'm looking at . . . Basically first of all the company itself, if I understand, is I believe it's a non-profit corporation that's registered federally, so it's a Canadian non-profit corporation. And the directors of that corporation are I think employees of PTRC, the Petroleum Technology Research Centre. Is that correct?

Hon. Mr. Cheveldayoff: — All right. Thank you very much for the question. Aquistore, just to give a little bit of background, it's a deep saline aquifer CO₂ storage project at the Boundary dam power plant. So that's a description of the actual project itself. Its budget estimate is \$41.6 million.

And in the breakdown, the Government of Canada provides \$9 million through Natural Resources Canada; \$5 million is provided by Sustainable Development Technology Canada; Go Green Fund to date, \$4.9 million; Enbridge, 735,000; the Korean National Oil Corporation, 700,000; SaskPower, 735,000; SaskEnergy, 325,000; OYO, RITE [Research Institute of Innovative Technology for the Earth] in Japan, 200,000; and then Schlumberger Carbon Services, an in-kind services cost of \$5.5 million.

So total project funding excluding the in-kind right now is 21.6 million, and for a total project funding including the in-kind of \$27.1 million. And the Aquistore project funding is administered by the PTRC. And yes, that's the information we have.

Ms. Sproule: — I'm looking at a document. It's an order in council I believe dated March 25, 2009. This is order in council 214/2009, and it's where the minister of the Environment enters into an agreement with Petroleum Technology Research Centre for the \$5 million for the saline aquifer carbon storage demonstration project, which is Aquistore. At the back of that document agreement, there's a number of milestones that are identified, and I'm just wanting to follow up on whether those milestones and deliverables have been met. So I don't know if the minister has this document available and if he could confirm whether the milestones in each activity period to date, which would be calendar year 2009, 2010, 2011, and 2012 — so that's milestones 1, 2, 3, and 4 — have those milestones been met?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. I'm told by officials that we did not bring that document with us. No.

Ms. Sproule: — There's a number of contributions on the part of the ministry that were made in relation to those milestones. Is that something the minister would undertake to provide the information on?

Hon. Mr. Cheveldayoff: — Absolutely. We can provide it. I'm sure, as the member understands, we wouldn't be able to bring every order in council and the related documents with us. But absolutely, we'd be more than happy to undertake to provide that information.

Ms. Sproule: — Thank you. I'll look forward to receiving that.

In that document it also talks about the project advisory committee for Aquistore. And since you don't have it with you, I'll just read. It's a one-paragraph. It says:

The Project Advisory Committee will consist of representatives from all sponsoring organizations including PTRC. The Ministry of Environment (MOE) and the Ministry of Energy and Resources (MER) shall have representation on the Project Advisory Committee. The Project Advisory Committee will serve to monitor progress and provide stewardship to the project. This will include evaluation of the technical program on an ongoing basis and involvement in identifying program gaps and providing direction for further work. In addition, the Project Advisory Committee will provide financial oversight to ensure expenditures are consistent with forecasted budgets.

And it goes on to say it won't have any decision-making power, but it also will inform the public and that there will be regularly scheduled project-control teleconference calls. Can you tell me who in the Ministry of the Environment is represented on the project advisory committee for the Aquistore project?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. This contract and this expenditure falls under the climate change go green operations of the Ministry of Environment. And the person that sits on this committee is Dr. Geoff Waters.

Ms. Sproule: — Is that W-a-t-e-r-s? Waters? Just like it sounds. All right. Can you confirm whether the project advisory committee has been overseeing the . . . How can I say this? Are they providing financial oversight to ensure expenditures are consistent with budgets?

Hon. Mr. Cheveldayoff: — Thanks very much for the question and, you know, we're certainly willing to do a complete report. And Dr. Waters is not one of the officials we've brought with us — couldn't bring everybody. But if the member would just want to ask those questions for the record, we would undertake to get back to her, absolutely.

Ms. Sproule: — Thank you. I will do that then. I'll just put a few specific questions on the record. And particularly I am interested in milestone no. 4 and the activity period of January 1st to December 31st and whether those milestone deliverables were met on budget. And if not, why not?

Hon. Mr. Cheveldayoff: — That's January 1st to December 31st of . . .

Ms. Sproule: — 2012.

Hon. Mr. Cheveldayoff: — 2012.

Ms. Sproule: — In particular, so it's milestone no. 4 — it's on page 14 of the contract — and maybe just an overall assurance that the first three milestones were also met, the budget targets were met and that the work, the deliverables were actually completed. It sounds like the ministry has already provided

almost all of the money that is committed to this project, but it looks like the actual timelines are going to be wrapped up by the end of this calendar year, 2013. So I would certainly be interested in that.

One of the things I noted is that — and I had asked you earlier — the company was registered for some reason as a Canadian non-profit corporation and I suppose partly because much of the funding is coming from the federal level, at least 14 million it looks like. Unfortunately because of that, we can't get access to the financial records. If it was a non-profit in Saskatchewan, we could access that, but we can't see their financial records federally. Just looking at another document here.

Hon. Mr. Cheveldayoff: — We can inquire for the member on why it was set up that way. And just an update on the dates, you'd mentioned the end of the calendar year. Our information shows that the project will end 03/2014, so the end of the fiscal year in 2014.

Ms. Sproule: — I suppose the activities are described to end this calendar year, but there may be the final accounting or whatever that needs to take place after that. One other question I had, you said the in-kind, about 5 million in-kind. What was the name of the provider?

Hon. Mr. Cheveldayoff: — Schlumberger, I believe.

Ms. Sproule: — Schlumberger? It looks like . . .

Hon. Mr. Cheveldayoff: — Schlumberger. S-c-h-l-u-m-b-e-r-g-e-r.

Ms. Sproule: — On the chart I have in terms of the project, they are the CO₂ injection lead. But I'm certainly very interested in the results of this and the work that this non-profit is doing.

In terms of the projects and programs that the Go Green Fund has funded, certainly Aquistore appears to be, on the ones that were reviewed in the audit by Deloitte, that was the second highest one that they chose to look at. And it's still ongoing, so they weren't able to sort of determine outcomes because it was too early to measure. Do you have any sense of the outcomes of that project and how it's proceeding?

[20:00]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And certainly we do receive status updates, and they have been positive. But we can undertake to provide a full report as well.

Ms. Sproule: — Thank you very much, Mr. Minister. Another program I was interested in is the . . . It was under the category of water quality and conservation. It looks like an acronym, THREATS [the healthy river ecosystem assessment system]. \$1.1 million was the project cost. The Deloitte & Touche review indicated that the associated outcomes were not clearly defined. Can you tell me a little bit about that program and why those outcomes are not clearly defined? And is there any concern on the part of the ministry in terms of accountability?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The THREATS [the healthy river ecosystem assessment system] — it's an interesting acronym — THREATS integrates data on hydrology, aquatic health, as well as man-made developments on the landscape in order to identify significant changes in water quality and quantity, and to determine the sources of these changes. It was a \$1.142 million project scheduled to start 03/2009 and scheduled to end 05/2013 and using advanced statistical techniques for detecting areas of water quality concern were being developed.

This project was administered by Dr. Monique Dubé who at the time of the beginning of the project was employed at the University of Saskatchewan. She has left the province, left the university, and moved to a university in Eastern Canada and taken some of the data set that she was working on with her. And we're just in the process of getting that information back and being able to analyze the results of the project. So that work is being done and it's under way, but we don't have a final conclusion yet.

Ms. Sproule: — Okay. In terms of the accountability for the public funds that are being expended on this project, how are you tracking whether those funds are being adequately spent? And this is somewhat concerning that the data up and left the province. So how do you monitor these projects to ensure that the value for the dollar is being provided?

Ms. Quarshie: — Liz Quarshie. Thank you very much for the question. I'll just touch base on the THREATS quickly before I answer your question, if I may. So I've been advised that the THREATS data is still out of service, and it's in trust because of the dispute between Dr. Dubé and the University of Saskatchewan until resolution occurs before we get access to that data.

Ms. Sproule: — Thank you. I guess I'll just stay tuned on that one. I wish we had time to go through each one of these projects. We don't.

I'm just going to turn to another comment that was made in the Deloitte & Touche review, and they refer to a research paper on a public policy study from July of 2012. And the key point there was that, the suggestion in the paper is that “. . . Canada should focus on reducing GHG emissions through the use of a modest carbon tax to fund innovative and technologically advanced projects.” Through the ministry, is there any efforts to introduce a modest carbon tax to assist with the funding of these innovations?

Hon. Mr. Cheveldayoff: — Thanks very much for the question, and it is indeed an important question. It's something that we have studied and we've considered. We've collaborated and looked at best practices across North America. And our decision is certainly no carbon tax. We feel there is a much more advantageous way to get the desired results that we want in the province, and that's through a technology fund where companies can apply. Well if high emitters are indeed levied a fine under the regulations and have to pay it towards a Technology Fund or into a Technology Fund, they can apply to get that money back from the Technology Fund if they can demonstrate that it's going to be used for low-carbon technologies.

It'll encourage innovation. We believe it will encourage companies to comply and to better their own systems. And at the end of the day, we will have better results, we feel, than just applying a carbon tax which may be seen by some as just a cost of doing business. This indeed, through the Technology Fund, we believe will be a better way to get them to be lower emitters through new technologies.

Ms. Sproule: — Thank you. If I understand correctly, the Technology Fund is part of the new management and reduction of greenhouse gas emissions Act. Is that correct? Is that where it's established?

Hon. Mr. Cheveldayoff: — Yes. That's correct.

Ms. Sproule: — And that Act is not yet in force. I believe we spoke the other night about additional amendments to that Act before it comes into force. So at this point there's no funds in the Technology Fund?

Hon. Mr. Cheveldayoff: — That's correct.

Ms. Sproule: — So it's not up and running yet. When do you anticipate that the fund will actually receive funds?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Once the Act is through the various stages of legislation, we begin by looking at the regulated emitters and receiving information from them and estimating what the fees would be that they would have to pay into the Technology Fund. We anticipate gaining that information early in 2014 and so funds probably wouldn't flow into the technology fund until early 2015, probably January 2015.

Ms. Sproule: — And just so I understand correctly, the fees, are they based on emitters that are not complying or will every emitter be providing fees on a general basis?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And this indeed would apply to regulated emitters over 50 000 tonnes in the province, and that would be in the neighbourhood of about 32 emitters that we have right now. And if they didn't meet the emission reduction target of 20 per cent reduction from the 2006 base by 2020, they would indeed have that levied against them and would have to pay into the fund.

Ms. Sproule: — So that determination won't be made until 2020? No.

[20:15]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. So the target is 20 per cent reduction from the 2006 base by 2020. So if you take the years, say 2013 to 2020, you're talking about seven years, and there'd be a sliding scale of 3 per cent per year. So if an emitter, once the program's in place, is not reaching that target, then indeed they would have to pay into the fund because it's a bit of a sliding scale that goes forward.

You know, there's other factors that come into play, offsets and credits and things like that, but to simplify things, there would

be a sliding scale. So we wouldn't have to wait to 2020 to determine if they're above or below the line.

Ms. Sproule: — Okay. Thank you for that. I'm going to skip over now to the Go Green Fund timeline identified. I don't know how to direct you to the page in this report, the Deloitte report. It says page 10 but it's part of the review of the Go Green Fund process, so that's the section it's in.

And the comment I'm interested in here is that in 2010 the Go Green Fund was meant to transition to something called the Climate Change Foundation but that never happened. And can you explain why that didn't happen?

Ms. Quarshie: — Liz Quarshie. Thank you very much for the question.

So if I can step back a little bit, the climate change program, as you can see from the previous discussions . . . *The Management and Reduction of Greenhouse Gases Act* was introduced in 2010. Now the legislation itself hasn't been proclaimed, and of course now we made amendments to it. And we just spoke to you about it. I don't know when — this week or last week or whatever. Yes.

Now the intention of the program was to transition . . . Once the program was up and running, then we would transition the Go Green Fund into the Climate Change Foundation and use some of that money as seed money for research and development on low carbon technologies. Now because the program wasn't up and running, we delayed. So we can't do the transition until the program is up and running.

Ms. Sproule: — So you're still planning to establish the Climate Change Foundation but you're waiting until the Technology Fund is in place?

Ms. Quarshie: — First of all we need to approach this in a stage-wise fashion. The Technology Fund is primary and is very important because that deals directly with the regulated emitters who are obligated to reduce the emissions. Once the Technology Fund and its operation is up and running, the foundation would now be established. And again all of these are third party independent entities, arm's length from government in terms of decision making.

Ms. Sproule: — It just occurred to me, when using the approach you have for the Technology Fund, it's somewhat of a punitive approach: if you don't reduce by this much, you will pay into the fund. It's I guess the flip side of a carbon tax. And I'm just thinking it's kind of a, you know, a rose or a rose, but it's just a different way of flavouring it.

So why would you have chosen the more punitive approach than just a straight across the board carbon tax? I know, Mr. Minister, you indicated some of the reasons why you felt a carbon tax wasn't appropriate, but this is a much more punitive approach. And was that the intention of the ministry?

Ms. Quarshie: — So if I may clarify that, as a matter of fact the Technology Fund actually is more flexible than the carbon tax. And part of the reason is that when you pay into the tech fund, companies who pay now have the ability to get a

deduction, and they could also withdraw the money to the extent that they invest in low carbon emitting technologies. So again the intention is to incent technology development that will reduce emissions in the long term. You don't get that with the carbon tax. Whatever you get taxed, that's the end of it. So this is I think more flexible, and it's more of an incentive.

Ms. Sproule: — Possibly. I mean it's certainly within the purview of the government to reflect those taxes in programs as well. It's just what government does. But I think we're talking apples and apples probably anyways. So that's good. Thank you.

I put together a spreadsheet of the estimates for the last six years I think for the ministry. And I'm looking at the line item for climate change, and it changed the way it was presented in 2009-10. That's the first time we saw a separate line for climate change in the ministry's budget, and prior to that I believe it was included in environmental protection. But I think other things were included in there, so it's hard for me to say the overall change between 2007 and this fiscal year that we're now in.

But I don't know if the ministry can tell me what it was in 2007, 2008, and 2009, but certainly in 2009-10 it was over \$15 million. And it reached a peak of \$16.7 million in 2010. And now we are down to \$4.3 million, so it's a quarter of what it was at its peak. Can the minister or the ministry explain why this has been reduced so significantly over the last few years?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And indeed there was a commitment made back in 2008 to spend \$70 million over four years on the Go Green Fund, and so that was divided up over the ensuing four years. And commitments were made, and some \$58 million was actually spent of that, of that commitment, up until 2012. And then in the ensuing year, the next year after that four-year \$70 million commitment was made, it reverted back to the original budget which was \$4.5 million per year.

So we had a year of intensive funding for the program, many of the projects still ongoing, and then now a reversion back to the original amount of funding.

Ms. Sproule: — Yes. I can't tell what the funding was for 2008 prior to this commitment of 70 million. So is it the ministry's intention then from this point forward to maintain funding at that around \$4.5 million?

Hon. Mr. Cheveldayoff: — Certainly that is what we're looking at at the present time. Of course in the process of budget making, there's always a little bit of give and take in certain areas, but at the present time we're looking to maintain that \$4.5 million, save for other pressures that may happen in budgetary circumstances.

Ms. Sproule: — So over the four years 2008 to 2012, it's an average of about \$18 million per year. Oh I guess only 58 million was actually spent. And now it's down to 4 million. Why that commitment for the four years, such a high commitment of 70 million, and why not retain that commitment into the future?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. We were just trying to use our long-term memories here to remember what decision makers based their decisions on back in the 2007-2008 budgetary time frame. But certainly this was a large, large commitment at the time. And it was a commitment that had a start date and an end date, and I think was known that it wasn't sustainable at that level into the indefinite future. So that's why it happened. You know, budgets were put in place to accommodate that, but knowing that there would be a sunset date and that it would have to revert back to a more modest amount going forward.

We have much to gain. We have many projects that are due to report yet. And they will serve as the basis going forward for our Technology Fund and to be available to assist those emitters that need to look at different technologies. I guess in an ideal world it would be nice to have that level of funding going forward, but again we just don't see that within our budget. And 4.5 million is what we feel we can spend on an ongoing basis.

Ms. Sproule: — Thank you. In terms of the Technology Fund, you were saying it'll be a third party that will be managing it. I'm assuming industry-related third parties. How will those funds be monitored or accounted for? What's the plan for that?

[20:30]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The Technology Fund will indeed be administered by an independent third party. They would be an oversight committee run by a board. The board would be appointed by the minister at the time. But there would be strict guidelines. Everything would be opened and transparent with very strict guidelines on how the money can be spent. It would be subject to an annual report as well. So again an independent body, but it would have certain guidelines and performance standards that they would have to meet.

Ms. Sproule: — In terms of the makeup of the board, I guess that will be determined by the minister of the day. Would there be an effort to include a mix of industry-led and then perhaps NGO [non-governmental organization] type conservation-based organizations, or will it be strictly industry?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And certainly the member is accurate, and the ideal board would be a mixture of individuals and different backgrounds. Of course the board would have responsibility to analyze and advise on certain technologies, so there'd need to be a certain technical expertise that would come from industry, but no decisions have been made on the composition of the board. But I think just using my own ideas, I think we'd want to have as balanced and as broad a perspective as possible. And the member knows that boards that work well usually have a mixture of those abilities and backgrounds, and that's what we would be looking for.

Ms. Sproule: — Thank you very much. I'm just looking now at the *2013 State of the Environment Report* that was released by the government. And on page 23 there's a description — on 22 as well — of some trends in greenhouse gas emissions and sources of greenhouse gas emissions. I note that on page 23, the last paragraph there talks about what the Go Green Fund will

continue to do. And it's looking at energy efficiency for new homes and technological innovation to reduce GHG [greenhouse gas] emissions by municipalities and small- and medium-sized commercial enterprises.

When I look at the figure 2.2 on page 22, you can see that oil and gas and mining industries are clearly the largest source of greenhouse gas emissions currently, with electricity being second. That's 21 per cent for electricity and 34 per cent for oil and gas and mining industries. I know this government has put a lot of energy and effort into reducing emissions from coal-fired electrical generation plants, and that's only one-fifth of the emissions in Saskatchewan. When we look at the Go Green Fund supporting research for energy efficiency for new homes and small commercial enterprises, that's really, if you look at commercial and residential, that's only 5 per cent of the emitters of greenhouse gas in Saskatchewan in 2010.

So the current I guess drive from this government is focusing on emissions from coal-fired generation and commercial and institutional. That's about 26 per cent of the emitters. Is there any long-term plan for dealing with GHG emissions with the oil and gas and mining industry, the transportation industry, and agriculture, which represent — if my math is quick here — about 71 per cent of the emissions in Saskatchewan?

Hon. Mr. Cheveldayoff: — Thank you very much for the question, and indeed this is an important question as well. As we look at, you know, the greenhouse gas emissions by major sector in the province, and the member is correct, oil and gas and mining industry is at 34 per cent; electricity, 21 per cent; transportation, 21 per cent; and agriculture, 16 per cent — which makes up the largest amounts. And then residential is about 3 per cent; commercial and institutional, 2 per cent; waste is 1 per cent; and other industries, 2 per cent. So you know, that's how the pie chart breaks down. Oil and gas and mining industry, the 34 per cent, that's where a lot of the large emitters are located, those above 50 000 tonnes, so they are regulated as well as the electricity sector is regulated as well.

But it's very interesting, you know. The electricity sector, which is growing of course to meet the needs of our growing economy, and in our latest results this last year, they actually . . . The emissions have gone down. So that shows the good work that SaskPower and others are doing in using more natural gas, using more hydroelectricity, and wind as well. So they're using more renewables. They're producing more energy than ever before to meet our growing economy.

You know, one area that did go up — it's not a regulated area — under the transportation category and certainly personal vehicles. That's one that has gone up. It's difficult to control, but it's a reflection of our growing population as well. We have more personal vehicles registered than ever before in the province, and as a category or as a quadrant, that has gone up.

Another non-regulated sector of course is agriculture. They're not specifically regulated, but what we're asking companies to do if they're in the 25 to 50 000 tonne range is to report to the government, to the ministry, even though they're not regulated. And we would like to come with performance agreements where they can set targets and reduce their emissions based on targets that are set. An example is like flaring and venting, for

example. That's an area that performance agreements would be put in place to reach those goals.

So it is a wide variance of the different areas, but I was very pleased personally to see the reduction in the electricity component, knowing that we're increasing the amount of electricity, but doing so with less GHGs. I had an opportunity to be a minister in charge of SaskPower for a couple of years, and that was a tremendous learning experience. And you realize the history of why we rely on coal so much in our province, but you also see the future.

And I very much feel that renewables have an important place to play in the future. You learn about the wind tunnel going through Saskatchewan and the availability of wind, but you learn about the limitations of wind as well. And the hydro, that we have a substantial amount of hydro. We could have more. It's very capital intensive at the beginning, but it pays dividends well into the future, as our friends in Manitoba are benefiting from now.

But I think we have a responsible mix here. I think we're moving in the right direction, regulating those large emitters, regulating those large industries, and then coming with performance agreements in the non-regulated and then, you know, working with industry to identify ways that we can lessen GHG emissions.

And the transportation and vehicles, it's more a federal matter, but I know I've read recently information about the federal government working with the automobile industries to substantially enhance the ecology of the vehicles and to use the latest technology to ensure that emissions are cut. So I think we're moving in the right direction. We're doing what we can in the country. And certainly in the province, we're moving in that direction as well.

Ms. Sproule: — Thank you, Mr. Minister. I'm not sure I remember the question, but anyways thank you for that.

Hon. Mr. Cheveldayoff: — This is one of the questions I was hoping you'd would ask in question period, because I had some of it up here. But you know, that's the luck of the draw.

Ms. Sproule: — I'll keep that in mind, and maybe I will. On page 21, there's a chart, figure 2.1 of the same *State of the Environment Report*, that shows annual greenhouse gas emissions in Saskatchewan for a 20-year period. I'm just wondering if the ministry has the figures for 2011 or 2012 yet for the Environment Canada report on emissions in the province?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And yes indeed, 2011 numbers were released by the federal government I believe around April 15th or so. I know they were referred to by the Sask Eco Network in their numbers as well.

We were basically flat in Saskatchewan over the 2011 period. We went up just a little bit from 72.2 to 72.7 million tonnes. So with an economy growing in record numbers, with more people coming to Saskatchewan than ever before, we have plateaued and hit a level where we're keeping the GHGs the same.

Certainly our goal in the future is to reduce them. And the goal is well-known that, you know, the 2006 levels, we'd like to have 20 per cent reduction by 2020. So that is the situation that we're in today. And yes those numbers have been released.

[20:45]

Ms. Sproule: — Thank you. I know I've often heard you say, Mr. Minister, that greenhouse gases emissions are actually going down. I think just for the record, I believe that's in relation to the GDP [gross domestic product]. Is that what you're talking about when you say that they're actually going down?

Hon. Mr. Cheveldayoff: — Prior to the numbers, the most recent numbers which are flat and have actually just gone up a very little bit, they have gone down between 2008, 2009, and 2010. They've gone down ever so slightly. But you know, over a four-year period — or five-year period — 2007 to 2011, they've basically plateaued and have stayed the same at a time in our history when our province is growing, our economy is growing like never before and population growth, and our numbers are staying the same. And the member would know that that hasn't always been the case, that decades before, our emissions have grown substantially when our economy wasn't growing at the rate it is or our population wasn't growing at the rate it is.

Ms. Sproule: — How do you account for what you're referring to as . . . how do you account for the fact that it has flatlined since about 2005?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And you know, to understand it fully you have to look at the time periods over the last 20 years. And certainly what took place between 1991 and 2007 was a large increase in GHGs, about 70 per cent that took place in that period of time. In 1990, you know, we had a population of 1.007 million people. And 2000, you know, basically 10 years later it stayed the same, 1.007 million. We dipped in 2005 to 993,000. And you know, beginning in 2007 is when our population really started to increase. But our GHGs numbers, starting in about 2005-2006, have levelled off to about 70 million tonnes, which has stayed basically the same.

So we had a situation back in previous decades where our population was flat or decreasing and our GHGs were increasing. Now we're in a situation where our GHGs are flat or plateaued but our population continues to increase. Our GDP continues to increase as well.

So before you can make a substantial deduction, you have to reduce the increase. And that's certainly what has happened over the last number of years. Now we're seeing numbers that have plateaued, and the next goal will be substantial reductions as well, through technologies and through agreements with the large emitters and those that have performance agreements as well. So we're looking at each category, each area, establishing targets, and again wanting to meet those goals that we have put forward.

Ms. Sproule: — If my math's correct, in order to meet your goal of 20 per cent reduction by 2020, you will need to reduce

that 70 million tonnes by about 14 million. If we're looking at seven years, that's 2 million tonnes per year. Is that an accurate statement?

Hon. Mr. Cheveldayoff: — That would be a sliding scale. That would be an aggressive goal certainly. And that's why we're doing things like carbon capture and sequestration and wanting to make substantial reductions in the electricity sector, for example.

Ms. Sproule: — So with the numbers for 2011 just coming in with an increase of half a million tonnes, is that concerning?

Hon. Mr. Cheveldayoff: — Well it's less than a 1 per cent increase that happened, but certainly the goal is to have a decrease in the future. So I guess looking at the history and the massive increases that took place from 1991 to 2007, having it plateau is better than that alternative, but going forward we'd like to see a decrease. And that's the goal. That's why we're doing all this work to work with the identified emitters and to have performance agreements with the larger emitters as well. We're trying to, you know, control what we can control, identify the areas where we can have an influence, and that's what we're focusing on.

Ms. Sproule: — I guess if you don't see a decrease starting in the next few years of, you know, on average 2 per cent per year to meet your goal, will you consider taking those performance agreements and perhaps converting them into regulatory requirements? I mean, how aggressive are you planning to be to reach the goal?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Not to get into too much forward speculation — the program hasn't even been implemented yet — but ideally, when the program is implemented, we hope to see a substantial reduction in the regulated and non-regulated areas. But again that will be reviewed on an annual basis. And you know, if adjustments have to been made, we're not opposed to making those adjustments, but we want the program to be up and running in effect and hopefully meet the goals that are set out for it.

And you know, we know other provinces are doing the same thing and are seeing some of the same numbers, if I can just see some information here. Four provinces had minor increases. Two were down and three were equal. Canada overall was up a very small amount as well. So nobody's made real big reductions yet. You know, they're all in that same area. Alberta, British Columbia for example are up a little bit as are Newfoundland and PEI and the country as a whole. So definitely more work to do, but we feel we're in a pretty good place with a plan that will hopefully allow us to meet our goals.

Ms. Sproule: — Yes, there's no quick answer to this for sure. And when you say plan, it's the climate change plan backed up by the Technology Fund.

Hon. Mr. Cheveldayoff: — Absolutely.

Ms. Sproule: — And then the performance agreements in the non-regulated sectors.

Hon. Mr. Cheveldayoff: — That's a good summary of the plan.

[21:00]

Ms. Sproule: — I'm learning based on your good answers. So thank you.

Hon. Mr. Cheveldayoff: — Keep that up and you'll be on our side of the House before long.

Ms. Sproule: — I think that's kind of a long shot or perhaps wishful thinking, Mr. Minister, but I certainly recognize the efforts of your ministry in this area, and applaud the efforts that are being made by everyone in the country. As you know, if we just keep these levels, the global warming will increase. And we need to see a serious reduction before we can even flatline the temperatures as they go up. And certainly, as you mention in your report, that has serious impact on agriculture and where we're looking . . . and we'll get into water in a bit here. But keeping it flatlined isn't good enough, as you know, so we look to your government for aggressive measures to get this thing going the right direction anyway.

I'm just going back to the Deloitte review of the Go Green Fund, and one of the things they indicated . . . And I don't know how much time you've had to look at these comments since they came out in November, but one of the comments in the process findings on page 19 of the introductory chapter, they talk about the effectiveness of the program. And there was a concern that even though there was a review panel, the project evaluation criteria and technical review, "... the ultimate decision process remained subjective and at times appeared somewhat arbitrary." Do you have any comment on that comment from the review?

Ms. Quarshie: — Thank you very much for the question. If I could try and answer it, I think before I get to the details of the answer, we need to step back a little bit. So yes, we hired Deloitte to do an evaluation. But prior to actually Deloitte conducting this evaluation, we had Colin Hindle do an evaluation in 2009. We had a summary of Go Green procurement procedures and letter of intent and templates available in 2009. We had methodologies, a model for calculating technology effectiveness by Dr. Waters in 2010. We had the project eligibility spectrum developed by Dr. Waters in 2009. We had the Climate Change Foundation business plan analysis done by Meyers Norris Penny in 2010. We had prior summary forms for all proposals awarded and not awarded for funding, and then we had a list of payment made from the Go Green Fund, which we've provided a summary of from 2007-08 to 2012-13. So there has been quite a bit of work done.

Now I believe that the Deloitte work, the conclusion is valid. I'm not disputing that. And I believe the reason is that they want a little bit more transparency with respect to the decision making that we were using for evaluation. So in other words, how do we calculate the cost-benefit analysis? Are the objectives of the program clearly identified so parties will know, you know, when they submit an application, whether they're meeting those objectives or not?

So I think we've taken that to heart. We've decided to make some changes in terms of information available on the website with respect to the Go Green funding and applications.

Ms. Sproule: — Thank you. I know at some point in the review — and I'm having trouble locating the exact page — they indicated that the scope of the projects was quite large compared to other jurisdictions. Are there going to be any changes to the scope as a result of the report?

Ms. Quarshie: — I think that's a really good question, because we have five objectives, or something like that, that we apply. Most jurisdictions usually have two or maybe at most three. I think the struggle for us is that most of these objectives are really important. So for example, greenhouse gas emission reductions, water conservation, biodiversity, education awareness, waste reduction. So all of these areas are really, really important. And if you decide to narrow the scope, which one do you take out? Because we get applications across the spectrum of all of these objectives. So it's a little challenging. It's not a lot of money currently. That probably will force us to probably make that decision sooner rather than later, but we haven't really made a decision yet.

Ms. Sproule: — Thank you very much. I think we'll move on now. I may come back to this report later but, at this point. I'd think I'd like to move to the fund, the Fish and Wildlife Development Fund. And I just want to take a look at that fund. I guess perhaps, Mr. Chair, while they're changing officials, we could take a five-minute break? Would you allow that?

The Chair: — The member has asked if we could just take a short break. We'll add that time to the clock at the end of the night. We'll take a five-minute break. Back here at 10 after or a little better than five.

[The committee recessed for a period of time.]

The Chair: — If I could get members' attention again, we'll call the committee back to order and turn it over to Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair. As I indicated before the break, I want to move into the Fish and Wildlife Development Fund. And as the minister probably appreciates, I'm just getting my head around this and was given some interesting information recently that wasn't quite right. So I want to make sure I get it right this time.

As I understand, the fund was established a number of years ago, actually has a quite a long history in our province, and basically helped support . . . The funds come from hunting and angling and helps support education and conservation efforts on the behalf of the people of Saskatchewan.

The first question — and I'm going to jump around because this is going to be kind of random — but the first question I want to ask is about the government's decision in regards to the seniors' licensing. If I understand correctly, the change was made in 2008. Historically seniors were requested to obtain licences but they didn't have to pay a fee for them. And then in 2008 — maybe you could tell me, confirm this — seniors, it was decided, no longer required licences? Is that correct?

Hon. Mr. Cheveldayoff: — That is correct.

Ms. Sproule: — Is there any effort on the part of the ministry to track then the number of seniors that are actually angling in the province? I assume the licence was a way to do that?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The member's right in her information about seniors and not having to have a licence. I suspect if we were to go back and tell them that they needed one, it wouldn't be received very well or a very popular initiative. But what we can do with the new automated system is track through a registry how many seniors are actually angling in the province. So there are ways to do it without having to go back to the licence.

Ms. Sproule: — Could the minister elaborate on that a little bit. How will you track them without the licence?

Mr. Saigeon: — Lyle Saigeon, fish and wildlife branch. As we develop more our automated system within the ministry itself, we would be able to potentially set up a registry where seniors could simply go online to register or call in and register as a requirement but they would not actually have to apply for a physical fishing licence. And that would be a way of tracking them and capturing all the critical information that we need in terms of who's out there and give us a better picture of the total number of anglers in the province in any given year.

Ms. Sproule: — Okay. I'll have more questions on the automated system later. If I understand correctly, the government contributes — I guess, in terms of the fees that go into the fund — about 30 per cent of the licensing fees is provided to the Fish and Wildlife Development Fund. Is that correct? About 30 per cent?

Hon. Mr. Cheveldayoff: — That is correct.

Ms. Sproule: — And in lieu of charging seniors licence fees, I understand that the government was, is or was, providing — maybe you could clarify this — would make up what was lost in terms of seniors' licence fees into the fund? Is that correct?

Hon. Mr. Cheveldayoff: — Yes, that is correct. That is still being done.

Ms. Sproule: — All right. And I'm just wondering, I understand that the amount that's being paid into by the government into the fund in lieu of seniors' fees has remained stable for the last four years or five years, hasn't been increased?

[21:15]

Hon. Mr. Cheveldayoff: — That is correct. That number hasn't changed. It's calculated using long-term averages, and indeed it's the same average that's been used the last number of years.

Ms. Sproule: — One of the concerns I've heard about using that or keeping it fixed is that the actual population of seniors is increasing and presumably, therefore, the angling by seniors would also increase. Is there any concerns on the part of the ministry in relation to that or any plans to increase the amount at any point in the future?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And indeed, once the registry is or once the automated system is working fully and the possible registry is put into place, then we would know the exact numbers and we could adjust the funding accordingly. So you know, we're not opposed to doing that by any means but, you know, once we have the system and the ability, then we'll be able to set a base and to look at more accurate funding going forward.

Ms. Sproule: — Are there any concerns in terms of using . . . requiring seniors to go online and use the computerized systems? They seem to be the least likely to want to use them. So relying on that in terms of tracking, is there any concern there?

Hon. Mr. Cheveldayoff: — Thanks very much. The member brings up a good point, and it's something that we're cognizant of that, you know, seniors. Although the numbers of seniors that are using technology are growing by leaps and bounds all the time, it is still a concern. And what we would want to do is to have like a call-in option as well, where they could just phone a 1-800 number and register in that way as well to balance off and not preclude anyone from being able to do it because they don't have the technology.

Ms. Sproule: — Now I understand conservation officers will have access to technology that will allow them in the field to actually check licences, much like the RCMP [Royal Canadian Mounted Police] and the police forces do with driver's licences. Could it be conceivable that they could register a senior in the field at some point if in the future they're out checking and they find a senior that hasn't registered?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And indeed the technology would make that possible. And that's, you know, one of the real advantages of the automated system and the ability of a conservation officer to instantaneously determine the validity and the possession of a licence. But you know, we haven't made any decisions in that regard as well, if the conservation officer would be the right person or if they would just simply maybe provide some information on how that person could do it themselves. But that's something that we will certainly consider.

Ms. Sproule: — I'm just looking in the estimates on fish and wildlife, which is vote 26, (EN07), and the allocations for this year are increasing by about \$800,000. And could you explain why the allocations for the fish and wildlife program are increasing.

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The exact number of the increase is 777,000 and that is a net number. And I'll just attempt to go through the different factors that make up that number: a \$325,000 increase for transfer of Fish and Wildlife Development staff to the ministry; 300,000 for south of the divide; 250,000 for the boreal caribou; 330,000 for commission expense; 61,000 for CBA, collective bargaining agreement, increase; and then a decrease from that amount of 264,000 which was transferred to the Water Security Agency. And so that makes up the bulk of it.

Ms. Sproule: — Okay. I wasn't able to note all those very quickly, so I'm sorry about that. Maybe we could just go

through each line item a little bit. So the transfer of staff, 325,000?

Hon. Mr. Cheveldayoff: — 325,000.

Ms. Sproule: — And where did those staff get moved to? Or where are they coming from?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And this money is actually an offset. It's money that's coming to offset when we return monies back to the Fish and Wildlife Development Fund.

Ms. Sproule: — Okay. I'm not sure I follow. Is this an annual? Is it the same every year? Could you explain a little better please?

Mr. Saigeon: — This particular funding is the funding, as the minister has said, to offset monies that had been taken out of the fish and wildlife fund annually to offset some staffing and operational costs in the ministry. And so those costs are now being covered internally, so this funding is the funding that is going back to the fund itself.

Ms. Sproule: — So it's an expense in that way. It's a \$300,000 expense because the ministry is now covering what ordinarily would have been funded by the fund.

Mr. Saigeon: — Yes.

Ms. Sproule: — Thank you. Okay. Now the next one you said was south of the divide. What is that in reference to, and how much was that again?

Hon. Mr. Cheveldayoff: — \$300,000 for the south of the divide initiative.

Mr. Saigeon: — So the south of the divide project is a co-operative project between the province and the federal government around their species-at-risk legislation, which requires that when they list a species, it triggers the need for a federal recovery plan on that species and, subsequent to that, an action plan which is really like an implementation plan against the strategy. And the standard way of doing that is, as they list each individual species, there's the requirement for the recovery strategy and the plan.

The south of the divide was an agreement with the federal government to pilot a project where we would look at a geographic area of the province—which is the Southwest—where there were multiple species at risk occurring and where critical habitats overlapped, and we would try and create one common action plan to address those species collectively. So this money is going towards that pilot project to continue that work.

Ms. Sproule: — Do you anticipate that it will continue beyond the pilot project?

Mr. Saigeon: — The intent was to create a process where this would effectively work and so that we could apply this same approach across the various parts of the province where we were able to address multiple species with one action plan. So

it's much more cost efficient and easy and timely to create the action plans rather than doing an individual plan every single time the federal government lists a species.

Ms. Sproule: — Okay. So 300,000 is going to this pilot project, and that's new money this year then, correct?

Mr. Saigeon: — Yes.

Ms. Sproule: — Is there any . . . This is straying away from the specific line right now, but is there any anticipation on the part of this government to enact legislation similar to *SARA* [*Species at Risk Act*]? I know that was . . . I'm not familiar with all the details of it, but I think that was an expectation at some point. Because if I understand correctly, *Species at Risk Act* protects not only the species but the habitat that they live in, whereas I think the federal wildlife . . . or provincial laws, wildlife habitat protection, are not as stringent. Is that correct?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And you know, specifically to do with the member's question, we don't have to introduce new legislation or to replicate what *SARA* does. We have the wildlife species at risk regulations 1999 that will indeed accomplish the same thing, so we're able to do that. And we also have *The Wildlife Habitat Protection Act* of 1992, so those two pieces working together will accomplish the same results.

Ms. Sproule: — Okay. Perhaps my understanding is not quite right, and I would follow up on this at a later date then if I can find that information. So 300,000 then went to the south of the divide pilot project. I think the next part you mentioned was caribou recovery or . . .

Hon. Mr. Cheveldayoff: — Correct. \$250,000 for the boreal caribou.

Ms. Sproule: — Do you anticipate that will be an annual expenditure? Is that a one-time-only expenditure?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And we anticipate this to be ongoing funding for a four-year project to satisfy the federal government. You know, as long as we can demonstrate that we have an understanding of the caribou and their habitat, that will satisfy federal regulations.

What we are able to do with this money is leverage private sector funds as well. And Cameco and others are partnering. SaskPower, as a Crown corporation, is involved in it as well. So it is money that's able to leverage other money and can be dedicated to ensuring that we have the information necessary to satisfy the federal government.

Ms. Sproule: — Thank you. I think the file on that you gave me was in relation to the Water Security Agency. Is that right? Or is there another one I'm missing?

Hon. Mr. Cheveldayoff: — A commission expense of 330,000.

Ms. Sproule: — What commission is that?

[21:30]

Hon. Mr. Cheveldayoff: — All right. Thank you very much. The accountants tell us it's all about accounting, so that works for me. It was recorded as a net figure, but due to accounting rules and accounting changes, it's now recorded as a gross figure before commission. So there would be an entry on each side of the ledger, and this is the expense side of the ledger, \$330,000, which would be offset on the other side, again moving from a net calculation to a gross calculation.

And the other area that I mentioned was a \$61,000 for a collective bargaining, CBA increase, and a decrease of 264,000 for a transfer to the Water Security Agency.

Ms. Sproule: — And is that a once-off now that the Water Security Agency is independent?

Hon. Mr. Cheveldayoff: — Yes, that's a one time.

Ms. Sproule: — Now just moving on to the fund itself again, I'm to understand that, you know, the announcement in the budget was a bit of a surprise to the stakeholders. Who all was consulted with before the decision was made to create this arm's length NGO with the fund?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And indeed it wasn't a surprise to the NGOs or the groups that we consulted with, because the very decision to do this was at their request. Now the way they explained it to me is that, back a number of years ago, it was a decision of a previous government to take some money out of the fund to fund the operations within the Ministry of Environment of some individuals that were actually doing work that pertained to the fund, but they were government employees. And for some that was indeed a sore spot. And they indicate to me that they'd been lobbying for quite some time to have this take place.

The groups that we're referring to, the steering committee has been comprised of individuals from the Saskatchewan Wildlife Federation, the Saskatchewan Bowhunters Association, the Flatland Fly Fishers Club, Nature Saskatchewan, the Saskatchewan Trappers Association, and the Saskatchewan Outfitters Association. So that's the group that we consult with on an ongoing basis about many, many different things, and this is an area that I know they've told me themselves that they were very pleased with us doing that. And I guess they would see it as us returning to them what is rightfully theirs.

Ms. Sproule: — Is that in relation to Watershed staff? Or no.

Hon. Mr. Cheveldayoff: — No.

Ms. Sproule: — Just general staff from the ministry were being paid for out of the fund?

Hon. Mr. Cheveldayoff: — Correct.

Ms. Sproule: — And that's, I guess we talked about that earlier, the \$325,000 is fixing that now. Is that basically it?

Hon. Mr. Cheveldayoff: — Correct.

Ms. Sproule: — Okay. Thank you. Yes, I was actually speaking with one of the chief officers of one of the groups that you mentioned and, although he indicated that he knew work was being done, it was a surprise for that particular agency when it was announced in the budget. So I think there was some concern from that particular agency.

Hon. Mr. Cheveldayoff: — Concern? Well surprise and concern I guess would be two different things, eh? We couldn't . . .

Ms. Sproule: — I guess concern that it was a surprise.

Hon. Mr. Cheveldayoff: — But of course with budgetary initiatives, I wasn't able to . . .

Ms. Sproule: — I suppose.

Hon. Mr. Cheveldayoff: — . . . to tell them what was going to be in the budget, although I've listened to what their request was.

Ms. Sproule: — Yes, all right. We won't worry about that at this point.

So the wages . . . I just have to look at my notes here if you hang on a second. I guess a lot of the questions that are coming up now are, what's the plan?

So the first thing is apparently there's over 200,000 acres that some of the . . . that are part of the fund, that are owned by the fund. So the questions that are coming out of that are, who will . . . They'll continue to be titled in the Crown where you'd assume, but who's going to manage that land?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. In consulting with officials, they indicate no decisions have been made, so there's no details that we can share at this time. But they will be the basis of consultations taking place going forward, and those will just be beginning now.

Ms. Sproule: — Thank you. In the estimates it indicates that the staffing complement for the fund was 14.9 last year and it's going down to 6.9. So what's happening to those eight employees?

[21:45]

Hon. Mr. Cheveldayoff: — Thanks for the question. I'm just going to let the deputy . . . Whenever you're talking about FTEs and partial years and how much of an FTE is attributed to each year, it gets to be quite technical. So I'll just let the deputy explain this exact figure.

Ms. Quarshie: — Thank you very much for your patience in getting this sorted out. So the FWDF [Fish and Wildlife Development Fund] used to have a staff complement associated with it of 14.9 . . . [inaudible interjection] . . . 14.9. Okay. So the 14.9, we've rounded it up. 7.9 to be exact. We said eight in here, but 7.9 is coming back to the ministry. But we split it over two years. Right? So this year we are taking in 3.5. And the one that is going to the FWDF, one established as an independent agency for '13-14, we are allocating 4.5 of those positions to

this independent agency, with the balance between the two to be carried forward in the subsequent year, which is '14-15. So it's a two-year.

Ms. Sproule: — So why would they all show up in this year's estimates?

Ms. Quarshie: — I'm sorry?

Ms. Sproule: — Sorry. Why would they show up as a group in this year's estimates as a decrease?

Ms. Quarshie: — Oh, because in transferring the positions back into the ministry, the ministry has to absorb the costs for those staff members. Right? So again the intent of the program was that we would take the staff payments that we used to allocate to the fund back into the ministry so that the FWDF agency would have more money to operate with. So we needed to show that in our budget that this is something that we need to absorb. I'm not sure if I answered your question quite . . . [inaudible].

Ms. Sproule: — It's confusing, definitely. So this new independent agency, will it start operations this year?

Ms. Quarshie: — Well I should let Lyle . . . But anyway, the intention is to get it started this fall, so sometime September, October. So we're doing the preliminary work to enable that to happen.

Ms. Sproule: — In terms of funding the fund, will there be any changes? I see the budget allocation remains the same for this year. How is that determination made how much the fund gets? And then I'm just backing up a little bit. How does the government decide how much the fund gets?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. How it is determined is the actual staff costs that are changing and the dollars related to them. So that would be the content of the actual figure.

Ms. Sproule: — But there has been no change for '12-13 to '13-14. The fund itself is getting \$3.8 million both last year and in the estimates for this year. So I don't have figures going back over the years because I think it's only been two years that the ministry has shown it as a separate item line. Or I don't have the breakdown from the past years, but it's 3.8 million what the fund has generally got over the last several years. It's a fixed figure. And how is that amount determined?

Ms. Quarshie: — So the total fund is based on 30 per cent of those sales that you indicated earlier. So if sales go up, they get a little bit more, but on average it's about 3.8 million.

Ms. Sproule: — But there hasn't been a big change in the uptake on licences in the last few years?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And the actual number in estimates is based on last year because we don't know the actual number going forward, and then adjustments will have to be made going forward.

Ms. Sproule: — Right. It's hard to predict what the uptake will

be. Okay. I was wondering why it was the same number. One of the things I understand that the new licensing system will accomplish is that it will be easier to capture the remittance from the vendors. I understand there's been an issue with vendor remittance. So would that be a way to increase the money going into the fund if that's more successful?

Hon. Mr. Cheveldayoff: — Thanks very much. And the member's questions or comments regarding the vendor remittance are accurate, and certainly the automated system provides more certainty. So it will be of benefit to the ministry going forward to have more certainty regarding those numbers.

Ms. Sproule: — In terms of the 30 per cent figure for choosing how much of the fees will go to the fund, the work of the fund as you know is very important, and I think . . . Is there any discussion of increasing that percentage at any point in time, or is it pretty much fixed?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. There have been no discussions at this time about increasing that amount. You know, I've had general discussions about the amount and the good work that is done with the funds, but I have not received a request to have them increased.

Ms. Sproule: — Okay. I understand that what used to be the . . . Well I don't know what it is now. It's the Water Security Agency or the watershed association receives about \$800,000 a year from the fund. And there's some question about the benefit of that. And I suppose with the movement of the WSA [Water Security Agency] to a separate item in your budget, is that \$800,000 going to continue to go to the agency?

Ms. Quarshie: — Thank you for the question. So what has happened is that the Ministry of Environment . . . So I'm going to separate Water Security Agency from Environment for a moment. The Ministry of Environment, because we deal with this advisory group more often than not, we were first approached about taking staff funding out of the money, their money, so they could have more money to spend. And so that is what initiated this transfer and the establishment of this.

And in all fairness, we have not initiated a discussion with the Water Security Agency with respect to taking the money out of their budget. I think they need time to plan, similar to what we're doing here, in order to enable them to figure out how they are going to fund their staff. So at least for the coming year for sure the funding to Water Security Agency for that amount that you indicated — you have . . . [inaudible] . . . plus a little bit — will continue. And we need to give them notice that somewhere down the road that there has to be a plan in terms of how they will continue to fund their staff when this money goes back to the FWDF.

Ms. Sproule: — With that going-forward view, would the 30 per cent contribution to the fund be affected?

Ms. Quarshie: — I don't believe so.

Ms. Sproule: — Won't decrease because that 800,000 . . .

Ms. Quarshie: — It will not decrease. It's the same. Yes, that's right.

Ms. Sproule: — Okay. It's a significant amount of the fund. I guess if 800,000 out of 33.8 million is going to WSA, it's a fairly large portion of the budget I guess. So I don't have a question on that.

The fish culture station, I understand the infrastructure there is quite aged and probably needs work. Will this work be taken on by the ministry or would that be something that the fund is responsible for? Is there any plans for improving, modernizing the infrastructure at the fish culture station in Fort Qu'Appelle?

Mr. Saigeon: — So again there are no details in place on this at this point. We're just not quite even ready to take concepts out to the stakeholders yet, but those are things we want stakeholder input on. What I can say is that under the new agency, there will be abilities to generate additional funds for the hatchery through private sector donations, etc., to help with those improvements, which is not an option for us at this time. But really the details on what stakeholders view as needed at the hatchery, those discussions haven't happened yet.

Ms. Sproule: — Could you just clarify, when you say that there's no ability to generate funds from the private sector now, why is that?

Mr. Saigeon: — Well because the fund isn't within an independent agency. It only depends on the revenue from licences. And there's not the ability of government to go out and canvass, the way there will be with a new agency to do that, and look for contributors to match funding against Wildlife Development Fund dollars.

Ms. Sproule: — We see the government doing this in all kinds of contexts currently, in terms of research and development or building schools, and SaskBuilds is a good example of that. So why would it be that this ministry couldn't do that and others could?

Mr. Saigeon: — I guess the direct answer to that is that hasn't been really within the principles, the operational principles of the fund as it was set up. But under this new structure and the discussions we'll have with stakeholders, we can have those kind of discussions. But those haven't occurred yet.

Ms. Sproule: — Okay. Thank you. So any discussions on modernizing the hatchery in general across the province? I understand there's all kinds of options for modernizing it. Some of the things I was indicated was to have a series of rearing ponds across the province rather than just in the one location. That kind of discussion isn't happening right now? You're waiting for the modernization of the agency? They're nodding. Okay. I guess we'll wait to see how all this unfolds.

When you say agency, would that be sort of the concept for the new fund is an agency? It's called a fund now, but I don't know what it really is.

[22:00]

Mr. Saigeon: — I think I should have been referencing it as an independent governance model because agency I think implies certain things, and we need to have those discussions about what that type of governance structure really means by looking

at options and things that are working in other jurisdictions.

Ms. Sproule: — Yes. We had a discussion with the minister the other night about agency in the context of the Water Security Agency, so it's a word that can be flexible in meaning. But again, we'll watch and see how this all unfolds in the next year.

I just want to move on. Just a little discussion now on wildlife habitat protection lands and, in particular, I forget when the announcement was but it was a number of years ago where it was when minister . . . when the minister was Minister Heppner. And there was an announcement that some lands were going to be sold. I think 15 per cent of the wildlife habitat protection lands were announced they were going to be sold. Can you indicate how many of, how much of those lands have been sold to date?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Indeed, none of them have been sold because it hasn't come into effect yet.

Ms. Sproule: — So what's the plan for moving forward with that announcement then? When will they be available for sale?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And indeed, you know, since that time that was referenced back in, I believe 2008-2009, we have undertaken . . . and I guess you could say continuous consultations with stakeholders. And what we're able to do now through technology is look at different values and attributes of the land with more accuracy. So we can see on those lands that are designated WHPA [*The Wildlife Habitat Protection Act*] exactly what constitutes those lands, and if indeed they have the habitat value that we think they do.

So we're continuing to look at that. We're using the latest technologies. We're sharing that information that we have with the stakeholders and, going forward, we're going to have a new plan in place. But we're just not ready to announce what that plan is. But it'll be based on concerns that were raised by stakeholders and we feel that we'll have an improved plan going forward.

Ms. Sproule: — Okay. In the meantime, what sort of monitoring is the ministry doing in relation to the 1.6 million acres under *The Wildlife Habitat Protection Act*?

Ms. Quarshie: — Thank you very much for the question. If you're talking about monitoring, like ongoing monitoring relative to some of the environmental work we do, we don't have ongoing monitoring. But what we've done is we've undertaken additional work that the minister talked about earlier using FlySask aerial photography to validate the attributes of the values on the land, doing some ground truthing to support that validation. And that has really helped us to refine the model and improve the model.

So on a passive basis, we have conservation officers when you . . . [inaudible] . . . They take a look at it and advise us if there's something going on. And that's the extent of the work that's going on.

Ms. Sproule: — I understand that up to 15 per cent of the

original 1.6 million acres has actually no wildlife habitat protection value anymore, and in some cases they've actually been converted to crops, and they no longer are valuable as wildlife habitat protection land. Is the ministry aware of that figure and the fact that these lands are no longer valuable to the program?

Hon. Mr. Cheveldayoff: — Thank you very much. And the member is correct generally that, you know, through validation and through technology, we're able to identify that some land doesn't meet the current wildlife habitat attributes. And that is, you know, something that we're wanting to quantify, and it'll be the basis of decisions going forward. But indeed you are correct in that there is a portion of the land that doesn't meet those attributes at this time.

Ms. Sproule: — Okay. Thank you for that. In terms of the sales when they do go forward, will any of the profit go to the fund at all, to the Wildlife Development Fund?

Hon. Mr. Cheveldayoff: — That is something that I've had discussions with different stakeholders on. And you know, they make a strong argument for some portion to go towards that, but no final decisions have been made on that.

Ms. Sproule: — Okay, thank you. Certainly I again would acknowledge the work of those agencies and the value of it too, certainly the protection of our . . . and sustainability of our land.

So just a comment. I'm looking at now . . . Back in the estimates on the landscape stewardship and the allocations for land, there's \$3.2 million allocated this year, up from 3.043 last year. What is that money used for generally? Is that for purchase of land or is it just more about the management and sustainable management of it?

Hon. Mr. Cheveldayoff: — Thanks very much for the question, and just generally to give some background to landscape stewardship. As part of the ministry reorganization which began in 2012-13, the ministry's land and Aboriginal affairs branches were amalgamated into the landscape stewardship branch. At the 2013-14 funding level, landscape stewardship branch will continue to develop and plan, manage, allocate, and designate all Crown land administered by the ministry.

Landscape stewardship branch will continue to focus on enhancing environmental and resource management through integrating First Nations and Métis interests and rights into the ministry's programs and services. So that gives you an encapsulation of what exactly the landscape stewardship branch does.

Ms. Sproule: — So these lands that we're talking about are the ones that are administered by the ministry then, so basically the northern lands? Is that fair to say?

Hon. Mr. Cheveldayoff: — Yes. Crown, Crown resource lands.

Ms. Sproule: — Okay. Thank you. Starting to lose my concentration.

[22:15]

Hon. Mr. Cheveldayoff: — You're doing pretty well.

Ms. Sproule: — Oh, thank you, Mr. Minister. In the environmental protection portion of the budget, I'm just going to move on to that now. I notice in the allocations that last year there was \$3.177 million for municipal. That is gone from the budget. Can you explain that please?

Mr. Kotyk: — Wes Kotyk. I'm the executive director of the environmental protection branch. What happened with that is with the formation of the Water Security Agency, the former municipal branch, the water, drinking water, and waste water programs moved over to the Water Security Agency, and the remaining programs with landfills and waste stewardship programs merged with the former industrial branch and is now called the environmental protection branch. So there is no municipal branch any longer.

Ms. Sproule: — Okay. So it's basically a reorganization. Yes. And is that why the environmental protection program is up \$1 million?

Mr. Kotyk: — That's correct.

Ms. Sproule: — Okay. All right. Thank you for that. I would like to go now to wildfire management. I know the chairs are revolving here all of a sudden, but thank you.

A Member: — Just keeping everybody on their toes.

Ms. Sproule: — That's right. Making your evening stimulating and exciting.

Under the wildfire management section of the minister's . . . I've asked questions in the House recently about a couple of items, and I would like to ask a little further explanation of that. The first is the elimination of FTEs for the towers, the fire towers, and if the minister or staff could explain where that fits in in the budget here. And is that I assume forest fire operations? And if you could just break down a little bit about where those savings are and what the cost of the new cameras are going to be, the replacement cameras.

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The funding provided for this year will allow the ministry to purchase and install the cameras and the related equipment in all 42 fire towers. So that's a \$1.544 million one-time cost. Ongoing operational and maintenance costs are expected to be approximately \$100,000 per year. And this will be offset by the \$360,000 in savings from reductions in personnel, on-site accommodation, access, etc.

But again I must stress, you know, this wasn't done to save money per se. It was brought to our attention by occupational health and safety and with strong concerns, with suggestions that we may want to look at doubling up and having two individuals per tower — which would of course double our costs — or that we could look to the use of technology. And technology has demonstrated, again in Oregon as the model that we used going forward, to be a workable solution. And that's indeed the direction we're going.

Ms. Sproule: — Can the minister explain how the cameras work? Will there be someone viewing? Like if the camera picks up a fire, is there someone . . . does it send a beeper out to somebody, or are people actually viewing what the cameras are seeing on the ground?

Hon. Mr. Cheveldayoff: — Yes, there will be a monitoring station where people will monitor all images coming in from the cameras.

Ms. Sproule: — Is that going to be in one location, and how many staff will be doing that work?

Hon. Mr. Cheveldayoff: — Yes, there'll be one location in Prince Albert, and there'll be three seasonal staff assigned to perform that role.

Ms. Sproule: — How long are the cameras . . . What's the shelf life for these cameras?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. It's solid state equipment that is protected in every way possible. We're anticipating a standard five-year maintenance rotation. So you'd have some extra cameras. You rotate them in and do a complete overhaul every five years or so. But again we'd be, since Oregon is ahead of us on this, we'd be consulting with them and finding out what their findings are because they would be, again, a little bit ahead of us on this.

Ms. Sproule: — I'm wanting to do some quick math here in terms of if it's 1.5 million for 42 cameras . . . I just can't do the math quickly enough in my head, and I don't know if I can do it in my head. But if they're being replaced every five years, so that's an additional . . .

Hon. Mr. Cheveldayoff: — No, they wouldn't be replaced every five years. They'd be on the maintenance schedule. A major overhaul would take place every five years.

Ms. Sproule: — Thank you for that clarification. All right. So there's 42 . . . What's your current staff that is doing this work? Is it 38?

Mr. Roberts: — Steve Roberts. I'm the executive director of the wildfire program. We actually have 42 positions assigned to those towers. It works out to 11 FTEs. They work seasonally for us. In our case at this time only 28 of those are permanent positions that have recalled year after year. The rest are either in a term capacity or currently vacant.

Ms. Sproule: — Thank you. And the three seasonal staff that will be monitoring the cameras, is that three FTEs? Or if they're seasonal, what would that add up to?

Mr. Roberts: — Our intention is to actually retain 2.1 FTEs, three seasonal staff at point four each, and a full-time position to assist with the maintenance of the camera and the camera equipment.

Ms. Sproule: — Thank you. Just keeping on the wildfire theme for a moment, the new wildfire Act, I know there's been discussions and consultations. Does that have a budget implication for this year? Is it . . .

Hon. Mr. Cheveldayoff: — Thanks for the question. No, this year there is no budget implication for *The Wildfire Act*.

Ms. Sproule: — I guess it needs to be introduced first. Correct?

Hon. Mr. Cheveldayoff: — Correct.

Ms. Sproule: — Thank you. So the \$3 million decrease in forest fire operations then is basically relating to the tower staff.

Hon. Mr. Cheveldayoff: — Thanks very much. And similar to a previous question a little while ago, this is a net number. And there's a decrease in forest fire operations' budget of \$3.243 million. And encompassing that decrease is a \$3.047 million reduction to the variable fire budget because, you know, we look at usage over the previous years and then determine the following year's budget. And indeed that was unused money so that was the reason for the reduction. And then there was an increase of \$426,000 as a collective bargaining, a CBA increase.

Ms. Sproule: — CBA is collective bargaining agreement. All right. I know the minister will recall questions being asked about the 4.5-kilometre burn zone in rural municipalities along the forest fringe. Where does that show up in the budget in terms of savings for the ministry?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And the idea of the 4.5-kilometre buffer zone and how it should be administered and paid for is something that we continue to consult with municipalities on and, you know, we're not in a position to move forward.

But you know, if there were savings to the government, that money would go back to the General Revenue Fund. It wouldn't come to the Ministry of Environment. It would be neutral in our budget, so that's why it's not accounted for. But again we're taking a step back and consulting and just trying to come up with the best way possible that's fair to municipalities and to the taxpayers across the province and how we can best administer fire suppression in those municipalities. So it's a work-in-progress.

[22:30]

Ms. Sproule: — You're saying that this is a GRF [General Revenue Fund] issue. In what way would there be revenues? Like that's generally revenues, but I understood that currently the government has expenditures in relation to management of those forest zones, the 4.5-kilometre zones. It's fire suppression, which would be an expense, right? So I'm not sure I understand what you're saying. Could you try it again?

Hon. Mr. Cheveldayoff: — There is an expense, but if revenues were to come into the ministry — you know, I'm talking in possibilities here — that those monies, if they were returned to the government from the municipalities, they would go to the General Revenue Fund, not to the Ministry of Environment. We're not even in the process of enacting any of this. We're still in the consultation phase. But I'm just saying, if indeed there was funding coming back to the government, it wouldn't come back to the ministry. It would come back to the General Revenue Fund.

Ms. Sproule: — Right. And we don't see any revenues in terms of estimates. I mean that's a different part of the budget. I think I understand. The revenues you're talking about is what the rural municipalities would pay for provincial services in fire suppression. Okay, thank you. Got it. Okay, thank you.

In terms of the Island Forests and the fire management proposals there, again I've raised questions with the minister in terms of concerns about the role of the local people in making decisions in the management of those Island Forests. What kind of budgetary expenditures does the ministry have at this point in time in relation to the Island Forests? Where would that be located?

Hon. Mr. Cheveldayoff: — Thanks very much. Just wondering if you mean for fire suppression or for forest management services. So just some clarification.

Ms. Sproule: — Actually both if I could. That would be great.

Hon. Mr. Cheveldayoff: — After that, I find out that there's no special allocation. It's part of the overall operating costs and they don't break it out specifically for the Island Forests.

Ms. Sproule: — Thank you.

Hon. Mr. Cheveldayoff: — We do on the second part. You asked for both. We do have information on the forest management . . .

Ms. Sproule: — Oh, I'm sorry. I thought you meant on neither of them. Okay.

Mr. Wynes: — Bob Wynes, forest service. The Island Forests is actually a very important part of the provincial forest. It's got high recreation value. It's very close to communities. Lots of challenges in terms of mistletoe, for example. Parts of it are relatively old. We've got some challenges with disease problems.

It's also of a lot of interest to many of our smaller operators. We refer to the independent operators as opposed to the larger mills. Certainly a source of employment and revenue for many local people across, especially, the southern edge of the forest obviously in the case of the Island Forests.

So we have . . . Generally we do forest management plans on the FMAs, the big areas that are licensed to the mills. We have, in the case of the Island Forests, we've actually taken that on. It's the only parcel of land that we are doing a forest management plan. The commercial timber values there at this time aren't high enough to interest a company in taking on an FMA, and all the associated management responsibilities. So we as government feel it's the responsible thing to do, to do more intensive management on that.

So we have incurred some costs specifically for the Island Forests in forest management planning. It's the only parcel of land that, actually it was . . . Under the previous government, we actually did inventory to the SFI [sustainable forestry initiative] standard and we're currently working on a forest management plan for those parcels of land. There's four components to the Island Forests: Canwood; Nisbet,

Fort-a-la-Corne and the Torch.

So we are currently undertaking a forest management plan on those areas. And it's actually a good opportunity for us. Typically we have the standard for forest management planning that we require the industry to meet those standards. This is actually a really good opportunity for us to walk a mile in those shoes, so to speak, and we're actually implementing that standard ourselves. So it's a great opportunity for us to use that standard to develop a plan for the Island Forests ourselves and take care of the variety of interests there.

Sorry, just with that background, just to speak to the costs. I don't recall the amount of money that we spent on the inventory. It was quite a few years ago. My memory's not that good. But recently we have been spending about \$70,000 a year, largely in contract money, to assist us in developing a forest management plan for the Island Forests. So it's about \$70,000 in each of the previous two years and I'm anticipating somewhere between 40 and \$70,000 this year, and that should bring us to completion on the plan.

We do have, rolled into the discussion we had earlier about compliance, we have all of those costs as part of, kind of our ongoing operation. We do inspections on those independent operators, the permits, and term supply licenses we have issued. So there are some incremental costs just with the day-to-day management in that area, but I don't have those divided out separately.

Ms. Sproule: — What role do the RMs play in the management of those forests?

Mr. Wynes: — They're involved in the sense of consultation. We get feedback from them, but they don't have an active role in management. They are provincial Crown lands and they fall under the authority of *The Forest Resources Management Act*. We are responsible for inventory of forest management, regulating the forest industry essentially.

Ms. Sproule: — Right.

Mr. Wynes: — [Inaudible] . . . it's actually the reforestation program that the government has with the old harvesting that was done. The line item about reforestation, that's actually the area that we're most active in right now. We've largely completed the planting, caught up on the Pasquia-Porcupine area on the east side of the province, and right now we're working in the Island Forests, finishing up the planting on those historically harvested lands.

Ms. Sproule: — I did some planting in the Pasquia Forest. I know Fort-a-la-Corne has had intensive reforestation as well, right?

Mr. Wynes: — Yes.

Ms. Sproule: — Yes. Okay, thank you for that. I'm going to move into something entirely different right now and that's the Saskatchewan air monitoring lab. Where is it right now?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The Sask air monitoring lab is located right now

around Regina and the area around the city here. It's part of a joint study with the Ministry of Health. We're establishing a baseline for Regina and area. And with the refining that takes place close by and the oil and gas and all of that, it was deemed that this would be a suitable place to undertake those studies at this time together with the Ministry of Health.

Ms. Sproule: — Thank you very much, Mr. Minister. I'm just wondering, you may have heard concerns about air quality in the area east of the oil sand development in northern Alberta. And I know one of our members has raised concerns about that in northern Saskatchewan. Is there any plans to do monitoring like this in northern Saskatchewan in relation to oil sands emissions?

Mr. McCullum: — Kevin McCullum, chief engineer, technical resources. The monitoring and so forth that we're doing throughout the North . . . Right at this point one of the airsheds that we're looking at forming is in the North. So it'll be across the entire boreal region tied in with the Wood Buffalo Environmental Association. We're closely associated. We're a member of the Wood Buffalo Environmental Association, working closely with Alberta Environment and the federal oil sands monitoring panel.

Some of the monitoring that will be taking place is . . . We had monitoring in La Loche; we moved the station down to Buffalo Narrows. We're working with the federal government to place CAPMoN [Canadian air and precipitation monitoring network] stations in Pinehouse and Island Falls across the North.

Ms. Sproule: — I'm sorry, what stations?

Mr. McCullum: — CAPMoN stations? They are acid deposition stations and air monitoring stations.

Ms. Sproule: — Is there baseline information available now or historically in terms of air quality in that area?

Mr. McCullum: — There was sampling done back in 2007 and so we have some information from the mobile air monitoring lab that was up in La Loche. We have the monitoring trailer that was in La Loche, and then we moved it down to Buffalo Narrows because it was more in the proper flow pathway when we actually did the study.

In addition, part of the boreal monitoring program that we were looking at, we were able to do dendrochronology on trees in which we were able to take historical samples from the trees up to 140 years. Working with NRCan [Natural Resources Canada] and studies in Fort McMurray, we were able to go back and ascertain the isotopic analysis of the air quality and pretty much what's being taken up by the trees and absorbed through the trees, to get a feeling of what the air quality was up to 140 years ago.

Ms. Sproule: — And can you describe your findings in that area?

Mr. McCullum: — At this point what we're finding, and we're leaning more to, is the acid deposition side. So we've got a lot of the wet deposition side, looking at the ion analysis from the water samples as well as the air quality. Right at this point

we've done a detailed snowpack analysis to match the federal government and Alberta environment sampling. We are looking at possible concentrations of both the nitrogen side from the nitrates that come across as well as the sulphur and sulphates that come across.

So far what we've found is that our air quality has been really quite pristine in the North. We do have sensitive areas with the sandstone and so forth across the North. So we're definitely keeping a close eye on it.

Ms. Sproule: — Where are those sensitive areas again? Sandstone?

Mr. McCullum: — In the basin as we go across the Shield, it is a sensitive area and so we are keeping a close eye on it.

Ms. Sproule: — There's no indications of any concerns at this point?

Mr. McCullum: — At this point we're still watching it, but we don't, we don't see anything that's causing a lot of concern right at this point.

Ms. Sproule: — What kind of budget are you expending on this, on this monitoring?

Mr. McCullum: — The boreal program that we're working on, it covers a wide variety of sampling programs right through from mammal studies right through to water quality and air quality, and that's \$1 million a year studying. We're starting year three of a five-year program with that.

[22:45]

Ms. Sproule: — And where is that located in the estimates, that line item? What vote or . . . is it involved?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. That area doesn't have a specific line item but it's under allocations, under (EN11), technical resources, under environment protection. So it's part of that \$3.514 million.

Ms. Sproule: — Have you any plans to ramp that up as the oil sands become more and more developed? Are you keeping it basically at what you're doing now, the type of monitoring?

Mr. McCullum: — Thank you. The money that was allocated for this originally is that we had taken the \$1 million and we leveraged it against both academics and for NSERC [Natural Sciences and Engineering Research Council of Canada] funding as well as with industry. So this previous year, we took the \$1 million and we leveraged \$1.3 million against it. So our program was actually \$2.3 million worth of studies. So our plan is to continue doing those kind of work.

Ms. Sproule: — Thank you very much. I want to go back, I'm sorry, to the towers, the towers that monitor wildfire. Just one question I had there is, I understand the roads into those areas and the cabins are also used for base camps for forest fire protection or forest fire fighting. Will those roads and cabins continue to be maintained and used for forest fire suppression?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And so basically if the infrastructure was used for other wildfire initiatives, it'll continue. If it was just for the tower and the tower operator, it will be removed. So very simply, if there's a use for it, it will continue. If there isn't, it won't be there in the future.

Ms. Sproule: — Thank you very much. We're getting down to the random questions. The results-based regulations and code management under environmental protection, I note there was 7.3 million estimated last year and again this year. What is the purpose of that management because the code isn't in effect yet, is it? So where's the \$7.3 million going?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The \$4 million of the total is for the reorganization and 3.374 is for information management and information technology, making up the 7.374 total budget. As I'm sure members can appreciate, bringing the code together and the RBR [results-based regulation] initiative and all the pieces that encompass it is a large undertaking, and the code secretariat and all that falls under it is funded by that allocation.

Ms. Sproule: — Does the minister expect that once the codes are in place that that will increase the expenditure or will it decrease the expenditure?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Overall we're anticipating a decrease. Certainly the information technology and information management portion would decrease substantially. Under the \$4 million that's on the reorganization side, there would be still a need for some steady funding because the code would be a living document and we'd be adding to it and updating it as well. But overall we'd see funding for that portion would decrease.

Ms. Sproule: — Okay. Thank you. I'm going to turn now to some general questions from public accounts. The most recent one we have is 2011-12, and I just had a few questions about some of the contracts that the ministry listed there in the goods and services portion particularly. Well actually the first ones I would like to ask about is under other expenses. There were two individuals who received \$50,000. Ron Pederson got \$50,000, and Kevin Saunderson got \$76,000. Can the minister explain what those expenditures were for.

Hon. Mr. Cheveldayoff: — It's a large operation, so we're trying to find exactly what the salary and the person that you're referring to. I just want to make sure I've got the name correct. So you've got Davene Pederson. Is that correct?

Ms. Sproule: — Ron Pederson and Kevin Saunderson on page 105 of the Public Accounts.

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Kevin Saunderson was a secondment from ISC [Information Services Corporation of Saskatchewan] corporation, did some work in the information management, information technology. And the funding was a top-up to contractual arrangements that he had with ISC and were part of the secondment agreement that was undertaken.

Ron Pederson I believe is a person who assisted with strategic

planning. I believe he was from out of province. But we can undertake to get you the exact information and a more full answer on this. These are listed under other expenses, and they're sort of one-off type of things that aren't always part of the core operations of things. So we'll undertake to provide you with fuller information around Mr. Ron Pederson.

Ms. Sproule: — Thank you very much, Mr. Minister. I appreciate that. It was the fact that they were other, kind of peaked my interest. I just want to go back to again the RBR code management cost for IT [information technology]. Who's providing the IT services and information management services to the ministry?

[23:00]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The Information Technology Office, or ITO, operation of government has the master agreement and would be responsible for the bulk of the funds that were paid out. Some smaller contracts with Paradigm, Fujitsu, and other subcontractors would take up a smaller portion. But again, ITO and the Information Technology Office would be responsible for the vast majority.

Ms. Sproule: — Would they subcontract that out? They would arrange for the service providers?

Hon. Mr. Cheveldayoff: — Thanks very much. A two-part answer: ITO engages Fujitsu, for example, and manages their contract and ensures the application of the contract. And Paradigm, for example, runs program management that is much more specific to the operations of the Ministry of Environment, and they're contracted by the ministry themselves. So there's two different ways of payments being made to subcontractors: one through ITO and then one through, directly, operations of the ministry.

Ms. Sproule: — Thank you. Turning now back to HAL [hunting, trapping and angling licence system] and the hunting and angling licensing system that was developed. One of the questions I have around that is, why would you turn to an out-of-province, out-of-country contractor? And why not look at something like ISC which is well suited for that type of management?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And it was an open competitive bid. The decision was made early on to have an open bidding system where all companies were encouraged to bid, and both of the companies that did choose to bid were out of the country, out of Canada. And you know, the successful bidder was the Active Network. It is a company that administers about 25 states in the US [United States] and is actively engaged in Ontario and, I know, Alberta and New Brunswick and others. So I'm told they have about 70 per cent of the operations across North America which is, you know, very, very compelling.

But I do want to just take a minute and thank, first of all, the member for her questions in the House yesterday. We have taken these issues very seriously, and I'm happy to report that we've dealt with the matters that were discussed in an efficient and effective way. We have worked with Active Network to

change the messaging to ensure that citizens that were informed that there was a fee, there was no such fee ever charged and there will not be going forward. Some of Active Network's clients do have service fees, but this was never applicable to Saskatchewan.

As I mentioned, there's oftentimes when you're introducing new technology that there are glitches. You know, Active Network has apologized. Again I think, you know, the way things like this have to be judged are how quickly they're acted upon and how quickly the fixes are made.

There was also some clarification needed about the health card and the health services number, and again we do not need to use the card anymore. It was used for a number of years and the Privacy Commissioner expressed some concern, so a health card number is not required to purchase a licence in Saskatchewan. And you know, we've had frank discussions with them. Our wish is for them to move to a Canadian call centre operation, and, you know, they've given us an indication that that's what they want to do when they bring more clients on. We're encouraging them to do that sooner rather than later.

And I can tell the committee and the member opposite that I made a call today myself to ensure that the information was correct and that the idea of needing a health card services number as well was correctly dealt with in identifying that that was not needed. So I felt it necessary to make that call myself. I undertook it, and I'm satisfied that positive changes have been made over the last 24 hours and they will benefit the people of Saskatchewan.

Ms. Sproule: — Thank you very much, Mr. Minister. I appreciate your prompt and diligent attention to those issues. One last question I'd like to ask is about the actual cost of HAL. What has it cost to implement, and what will the annual cost be for engaging Active Network to provide the services?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The cost to the ministry for the HAL project is about \$300,000, and that's mostly for project management and data conversion and the internal operations. We did not have to pay Active Network any money upfront, but they do have a percentage fee-for-service that they are paid for the work that they do on an ongoing basis. So cost effectively, it was a good way for us to undertake it. And again we're always trying to move forward with new technology and avail the very latest services to Saskatchewan residents. There's always a glitch or two along the way but, as was the case with SGI [Saskatchewan Government Insurance] when we moved to enabling people to purchase licences online, and parks and others, there's been the odd glitch, but again I think they've been dealt with quickly, and I thank the member for her assistance in that matter.

Ms. Sproule: — Thank you.

The Chair: — Having reached the agreed-upon time of adjournment, I'd first like to thank the minister and his officials for their attendance at our committee meeting tonight and response to the questions. To the committee members, I want to extend my thanks as well for your involvement, and certainly the member of the opposition for the participation and the questions and the way they were professionally shared with the

committee tonight. I recognize the . . . [inaudible].

Ms. Sproule: — Just thanks as well to the members and to the Chair and also the minister and his officials. Thank you very much for coming tonight and providing good answers to my questions. Thank you.

The Chair: — Mr. Minister.

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. To all committee members and especially to the opposition member, thank you very much for your questions. Your questions were done so in a professional way, very much appreciated. I know a lot of work went in on your behalf to do the work necessary, the background work, and we really appreciate that.

And you know, from a personal perspective, thank you to all of the officials. I think, you know, through four hours here today, we've only scratched the surface of many areas. It gives everyone an idea of how large and all-encompassing this ministry is. I have the opportunity, the real privilege to be the minister, and I'm learning a great deal every day and a lot of the credit is due to the people you see beside me and behind me. And I just thank you for the opportunity to discuss a little bit about the good work that they do. So thank you, Mr. Chair.

The Chair: — At this time I'm ready to have a motion of adjournment. Mr. Bradshaw has moved that this committee do adjourn. Are we in agreement?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried. This committee stands adjourned to the call of the Chair. Thank you so much.

[The committee adjourned at 23:11.]