



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Don Toth, Chair
Moosomin

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

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 19:00.]

The Chair: — Being now 7 p.m., I will call the Committee of the Economy to order. We will be discussing Bill No. 109, *The Labour-sponsored Venture Capital Corporations Act*. Pleased to have the Minister of the Economy with us. I invite the minister to introduce his officials and make his opening comments.

Bill No. 109 — *The Labour-sponsored Venture Capital Corporations Amendment Act, 2013*

Clause 1

Hon. Mr. Boyd: — Thank you, Mr. Chair. Good evening to the members of the Standing Committee on the Economy. I am pleased to present to you *The Labour-sponsored Venture Capital Corporations Amendment Act, 2013*. Along with me here this evening are officials from the Ministry of the Economy. To my left is Kent Campbell, deputy minister. On the far left is Denise Haas, chief financial officer, and on my right is Gerry Holland, director of financial programs. These officials will answer all your questions tonight as you bring them forward.

I recommend that the legislation be amended to allow for the following: the Act will prescribe in regulation that a percentage of the pool fund's annual net capital must be invested into innovation-type investments and provide the definition of innovation which will be prescribed in regulation. The innovation investment requirement will be implemented as follows: 15 per cent in 2014-15, 20 per cent in '15-16, 25 per cent in '16-17 and subsequent years.

As the members of this committee are aware, the Ministry of the Economy is focused on growing various sectors of the economy, especially our innovation sector. Saskatchewan's two registered funds, the Golden Opportunities Fund Inc. and SaskWorks Venture Fund Inc. are instrumental in growing our economy. These funds have received over \$585 million in investments from over 40,000 local investors. Two hundred and fourteen Saskatchewan businesses have benefited from these investments.

We want the two funds to refocus a significant portion of their investments into the innovation sector. The innovation investment requirement is expected to stimulate our innovation sector. It may assist our innovators to spend more time working on research and development, and help further to get their products to the marketplace faster. The changes we are recommending are consistent with the goals in the plan for growth. The plan highlights innovation as one of the drivers for growing Saskatchewan's economy now and into the future.

Mr. Chair, I now present *The Labour-sponsored Venture Capital Corporations Amendment Act, 2013* to the committee.

The Chair: — Thank you, Mr. Minister. Do we have any questions from the committee members? Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you, Mr. Chair. Thank you, Mr. Minister, and officials that are here tonight. Certainly look

forward to seeking some answers as it relates to the changes for the labour-sponsored venture funds. These are really valuable tools to many across Saskatchewan. Tens of thousands of families have utilized these for retirement security and have done so with a sense of pride in placing that investment back into the Saskatchewan economy. They've played an important role in capitalizing Saskatchewan, allowing business succession, ensuring critical investments have been made right across the province. And certainly they're important into the future.

Certainly we've had some exchange on this file to date when it was announced. At last budget we were not happy with the changes made by this government and the federal government. We weren't happy with this government's changes as it related to the reduction in the cap for those funds. We saw it not in the best interests of Saskatchewan to be limiting that investment. We think that's an important investment in Saskatchewan, so we were disappointed to see that cap reduced.

Just the same, we were very disappointed with the changes the federal government made where they are working to phase out the tax credit, an important part of this environment. We also addressed some of the concerns where the provincial government entered in and dictated that a portion of these funds would be dedicated into a so-called area of innovation, which just wasn't defined by government and was really unfair to the shareholders that were in place, because as we understood it then, government's plan was to take the holdings of those funds and have them take the 20 per cent or the 25 per cent, which is significant dollars on the hundreds of millions of dollars. And certainly not fair for those hardworking folks that have invested into these investment funds to have the mandate or prospectus of those funds monkeyed around with by the provincial government, limiting and threatening the return that they can receive on their investment dollars.

So just to give a bit of context of why we're here today. What I do appreciate is I know that we had questions on the floor of this Assembly. We had a willingness from government to, I believe, go back and revisit some of the changes that they were looking at.

And what I might be most interested in initially doing here is just seeking some clarity as to where government arrived at with the labour-sponsored venture funds and maybe if they could describe the changes that they've brought forward. And I understand it's fairly significant. I think instead of having the 20 per cent or 25 per cent applied to the full hundreds of millions of dollars it now applies to the net amount on an annual basis, which is quite different. It's more on a go-forward basis, if it's as I understand it here. So I maybe just look to the minister to provide some clarity on that front, and then I have just a few more back-and-forth exchanges or questions that I would have.

Before I turn it over to the minister, I just want to welcome though, I just noticed as we were talking here a group joined us. And I had the brief chance to say hello to a group of students, Cub and Scout group that's here. This is group 84 from northwest Regina. They had some really good questions for me, Mr. Minister, before we came in here. And I enjoyed visiting

with them and their parents.

They represent a host of different schools from northwest Regina, but they come from McLurg, St. Josaphat, Centennial School — which was my elementary school — and also Riffel here today and ranging from grade 3 through to grade 9, joined by their parents. And I ask all members in this Assembly to welcome this Cub and Scout group to their Assembly.

So with that, I'll turn it over to you, Mr. Minister.

Hon. Mr. Boyd: — Thank you, Mr. Member. I would on behalf of the government also want to welcome the Cub and Scout group to the Assembly. Any time that any of us can get some coaching, it's probably worthwhile. So hopefully they were able to assist you in formulating your questions here this evening.

The government's view with respect to this piece of legislation was around wanting to shape it so that it had a greater portion of innovation attached to it which I think, generally speaking, was what was intended at the beginning of the labour-sponsored venture capital. This is venture capital, after all.

This is not what you would consider a normal-type investment fund. At least I would make that argument, that when people looked at this, it's a higher risk potentially associated with it because it's venture capital. And also that as a result of that, then we would want to see a portion of the investments invested into the opportunity to broaden our economy through innovation. It follows on the changes with respect to these types of things that the federal government made.

We also want to I think level the playing field a little bit with respect to these types of investments where if you are investing the funds into — I'll use an example — perhaps an oil company, and one investor gets a tax credit and another investor doesn't get a tax credit because they're not using this tool. Then there's a bit of a non-level playing field as a result of that. So I think there was the view that . . . Or there's also a very significant taxpayer portion of this, somewhere in the range of 22 million, I think it was. That's a fairly significant tax incentive that people within the program would be getting, as opposed to people outside of the program. So we think that this is moving in the right direction where people make investment choices not for the tax credit, but for where they feel is the appropriate place to make their investments into our economy.

Businesses all across Saskatchewan have told us that there is, that this was a pretty good program as it rolled out over the years, but it became more of an instrument of making investments into what I would consider sort of more normal type of investments perhaps than into an innovation or more an innovative type of investment that has been made.

So that was sort of the, that's the rationale behind making the changes in this. We feel it is appropriate that we move in this direction and start backing out the taxpayer subsidy portion of it.

Mr. Wotherspoon: — The minister's comments I certainly take . . . I have concern when the minister suggests that somehow he wants to shift this into a higher risk type environment. And I'm not sure what, you know, what other

avenues the minister feels these are in competition with, but these aren't big investors that are investing into this. These are Saskatchewan families. These are hard-working Saskatchewan people. A limit on it of \$5,000, so you have over \$50,000, around 50,000 . . . sorry, 50,000 people that have invested into these funds. And they've been able to put their dollars to work in Saskatchewan.

And there's limited opportunities for the everyday hard-working family to place their investment back into Saskatchewan. If, most typically, if they're going in through their bank and placing it into the mutual fund or some other investment, these dollars are flowing far outside Saskatchewan's borders. And there was a sense of pride of Saskatchewan people placing that investment as well here in Saskatchewan.

The minister said that, you know, he doesn't want them just doing it for the tax credit. I think Saskatchewan people also trusted in these funds to provide a decent return, a stable return, something that was realized. And that's important to them as well. And for the many that have made those investments, and then their dollars, their investment, being held for, sort of locked in for an eight-year period, it's, as I say, it was I felt wrong-headed of government to undemocratically come in and change the prospectus and mandate of those funds.

And now I'm glad by some of the accommodations that the government has made, some of the listening I believe it's done to address what could have been a highly unfair environment, if not illegal, by way of the changes made undemocratically to funds that had been placed into an investment with a clear mandate that's then changed by Premier and government. But I'm glad, as I say, to see some of those changes that have been made.

Now the minister mentioned something about being in line with federal changes, that this was in response to federal changes. Could the minister describe what changes those are federally?

Hon. Mr. Boyd: — We felt it was important that in this type of an investment that people are making . . . I'll just clarify a little bit when I say a little bit more risky ventures. Any time that people put up capital in a venture capital fund, by definition there is risk associated with it. I don't think anyone is under any misconceptions about that.

We have significant ability now in Saskatchewan to . . . Corporations, through normal banking instruments, through all kinds of different ways of raising capital, have lots of opportunity to raise the capital that they feel is appropriate. Yes, absolutely these are investments that people had that felt that they were good investments, that felt that this is, you know, a sense of pride — all of the things the member has talked about with respect to this. I think that there's nothing wrong with that whatsoever, absolutely nothing wrong with it. And these are not large investors by any stretch of the imagination.

But I think we also have a responsibility to be prudent with taxpayers' dollars to ensure that there is an equal and level playing field with respect to this. There always was a cap in place. No one, I don't think, was suggesting that the cap be removed because if that were the case, you may have an

extremely expensive program on our hands.

So because it was capped, those investors that got in at an earlier stage, obviously in the year, that is, obviously had a benefit compared to if sales were shut off at a certain point. And they always were; I think in most cases they were. The last few years they were. You know, this year they were. A month or more ago, those investment instruments have been stopped selling because the cap has been reached. The companies manage that, I think, very, very closely to ensure that they didn't get too far out of line.

[19:15]

The member probably is aware that, you know, as it started to increase, there was always the ask for even more of an increase in the cap. But of course, along with that then becomes an even greater and greater program need, funding for it to do that. So I think it's important, we felt, to move to a program that's in keeping with what I think more of the original goals of the program were: to have investment in Saskatchewan but also recognizing that it is an investment that has some inherent risk associated with it.

So we felt that this was certainly moving in the right direction with respect to innovation. It is staged in to ensure that people don't feel that somehow or another they're being — current investors, that is — feel that they are being mistreated in any fashion. We haven't had very many — I don't recall any in fact — inquiries to our office about problems associated with that. Perhaps maybe the member has. I don't know. But they haven't brought them to our attention if there has been much of a concern around this.

So we feel that this is moving clearly along the direction that we want to see investments into our economy here in Saskatchewan.

Mr. Wotherspoon: — Sure. It's unfortunate that people maybe aren't connecting with your office, but I've had many, many individuals raise this concern with me throughout the year, immediately at budget and since then. And those discussions have been phone calls into the office. They've been casual on the street. They've been your everyday family that's wondering what the heck's going on with this fund and what does this mean for them. It's been investment brokers and investment managers that have had concerns. It's been different business leaders within the business community as well, and certainly part of the dialogue as well from the time with the chamber of commerce and various folks represented at that forum that shared concerns on this front.

When the minister's talking about the cost to the program, he's talking about just the cost I guess of the tax credit in a one-time way. But I'm not hearing any reflection of the investment that's made back into Saskatchewan and the economic benefits of business succession and what capitalizing Saskatchewan means in driving everything from income tax to consumption taxes that are generated back to the province of Saskatchewan. So I guess we just look to the minister as it relates to what his actual cost, or what economic costing has he done of the tax credit?

Hon. Mr. Boyd: — Well I would say that if we followed your

argument to the logical conclusion we would lift the cap.

Mr. Wotherspoon: — I said not to lower it.

Hon. Mr. Boyd: — Well, year after year what we've seen is an increase in the cap. And now we're starting to back out of that a little bit. We think that's the appropriate direction to move here. I would also say that we had very extensive discussions with the two labour-sponsored venture fund capital corporations that are here in Saskatchewan, and we talked about the concerns that we had. They felt that this was a manageable thing, although yes, they may have not liked it 100 per cent. No question about it.

But for every time that we heard concerns about the changes that we were making, we were also hearing concerns from the other parts of the investment community who were saying why is there a tax credit associated with that type of investment, but investments that people make in other areas don't have that same benefit attached to it?

So again, I think that's part of the role of government, is to address some of those kinds of imbalances, I guess I would call them, that are out there. Groups like the chamber of commerce have raised concerns about this type of targeted investments, I guess I would call them. So I think it's clearly a move in the right direction. We wanted to ensure that this was done in an orderly fashion going forward so that people wouldn't be impacted too greatly at going forward.

Mr. Wotherspoon: — And the question was what economic costing was done? What's the economic cost of the tax credit, understanding that there's all these other benefits that are derived back to the province of Saskatchewan by allowing people to invest here in Saskatchewan?

Ms. Haas: — I'll maybe, if I could, give a bit of an answer from the review that we did that came up with these amendments. So when we did the program review, we started the process by doing a survey of the investee companies and the fund managers and some of the investors. And we also surveyed various chambers of commerce and things like that, and businesses, to get an overall answer or look at the perception of the program and the use of the program and the benefits of the program. So if I could just give you a little bit of information from that program review, I think it may answer some of the questions that you're looking at.

So in the businesses and that that answered in the survey, these LSVCCs [labour-sponsored venture capital corporation] invested in these businesses. And in sum total they employ about 4,600 people, a payroll of about 167 million. This is in 2011. They had investees that had aggregate revenues of 1.85 billion. They had total capital expenditures of 472 million. And they purchased about 673 million of goods and services, and paid about 18 million in combined provincial sales tax and provincial royalties.

Mr. Wotherspoon: — Sorry, I just missed your very last point there. I heard the 673 million in . . .? Could you just go back?

Ms. Haas: — Goods and services. They purchased 673 million in goods and services, and they paid about 18 million in combined provincial sales tax and provincial royalties.

Mr. Wotherspoon: — And that's for 2011?

Ms. Haas: — Yes.

Mr. Campbell: — I was just going to add one further point. So those impacts were assessed based upon surveying of the companies. Another important thing to keep in mind was, if you look at the investments by sector, in 2012 we had 23 per cent oil and gas, 10 per cent oil and gas services, 19 per cent agricultural. And so I think this was that, in one of the points the minister was making earlier, was that because those sectors are doing very well in Saskatchewan right now, you could have in effect been giving a tax credit for an investment that wasn't required, creating a bit of an unlevel playing field.

So the purpose of these funds is to make investments into companies that would otherwise struggle to obtain financing. So that was sort of the nature of some of those changes. Of course the companies are going to report good results, but in some of those sectors they may have . . . it's difficult to know what funding they would have received otherwise.

Mr. Wotherspoon: — So it seems there's lots of focus on, I hear the language about leveling the playing field for other, like investment-type structures and funds. The minister referenced that he had had specific lobby to do this from the investment fund from other areas. I guess, who was a proponent of making these changes?

Mr. Boyd: — There wasn't any . . . I wouldn't care to identify individuals or investment brokers with respect to this. I think what was clear though, was when you look at investments into the oil and gas sector perhaps is a good area to look at, these are not struggling companies. These are not start-ups. These are not where sort of the initial intention of the fund was. These were investments that yes, clearly had a good rate of returns, but they were essentially non-risk-based investments or much less risk-based investments than what I think the original intention of the program was.

Mr. Wotherspoon: — I do believe the original intention of the program though was to ensure some stable funds for Saskatchewan people. And when you have many, many, many, many, many families entering into these, certainly some security on that front is important. And certainly as you detailed . . . And thank you for the detail on sort of the economic impact I guess in 2011. I mean it's significant. I mean when you look at 18 million in PST [provincial sales tax] alone — let alone, you know, the income tax paid by the 4,600 workers and all the other commercial property tax and corporate tax that would be collected here — it far exceeds the cost to government on the actual tax credit.

Now I hear what government's maybe saying is that, well some of those investments might have been realized through more traditional capital environments. Possibly. Quite a few of them wouldn't have been though. And there's very limited tools for Saskatchewan families, hard-working families, everyday families to make investments back into Saskatchewan in this sort of a way.

Maybe I'll ask the minister to point out where an investor, with putting away maybe at \$1,000 or 2,000 with a cap of 5,000,

where they're . . . well you know, some of the other examples that they have available to invest in Saskatchewan. There are certainly examples. I would just like to hear from the minister.

Hon. Mr. Boyd: — If you wanted to invest into an oil company in Saskatchewan, you have the opportunity to buy shares in the normal way that shares are purchased. You can make that investment. You wouldn't have a tax credit associated with it. So you have an investor on one hand who buys shares that is not participating in the program, and you have an investor that is participating in the program that gets tax benefit associated with it. That's a concern. I think that's a concern any time you have that essentially an unlevel playing field on an investment choice that people have made. And I think that's where we felt it was appropriate that we start ratcheting back that taxpayer participation into a program of this nature.

When you look at the initial, an outset of this was is to do exactly as the member has said, to work towards start-ups, to help capitalize businesses, help with transfer from generation to generation — all of those types of things. And that's a lofty goal. There's nothing wrong with that whatsoever. But we started seeing the drift towards more traditional investments. And there's where I think the concern is about one investor getting a benefit and another investor not getting the same benefit.

Mr. Wotherspoon: — Like I say though, the 50,000 folks who have entered into this with a clear mandate and understanding of what they entering into, how many investors?

Hon. Mr. Boyd: — It's difficult to get a clear number on what each individual was. But yes, even if it's 50,000, that would mean that there's 950 other thousand people that aren't investing, with a 1 million population in Saskatchewan.

So I recognize that you, and perhaps your party, agree with programs of this nature. Fine. The government has made a different choice. We have decided that we feel that this has strayed a little bit from the original mandate that was set out for the corporations. And now we're wanting to move it back in a direction that we feel is appropriate.

Mr. Wotherspoon: — Did the minister have any legal concerns with the . . . Of course your government retreated from the initial announcement that was made at budget time and have found a more accommodating position, one that I still have some concerns with, but had the minister heard some legal concerns on this front as to the change that was introduced at budget?

Hon. Mr. Boyd: — Any time you make a change in these types of programs there's always the potential for litigation. And yes, there was the possibility — although it never happened, hasn't happened yet — that something of that nature could happen. That is always a consideration in these types of things that you may find yourself in that situation when you make changes here. That hasn't happened; we don't really anticipate it. I suppose it could happen, but it hasn't happened to this point.

Again as I say, any time you start making these changes then yes, of course, there's going to be questions about it. But we feel that it's a move in the direction that as a government we

felt was important to make.

[19:30]

Mr. Wotherspoon: — And we feel it was a move announced at budget that wasn't thought out and a move that could have had a big impact and still does have an impact on hard-working families and their investments as opposed to the big investor with, you know, lump sums that far exceed what most families have as total holdings. So I'm not sure who he's levelling the playing field for on some of these fronts. But I would, you know, I'd be interested, I'd be interested just to get the minister's perspective then on the future of the tax credit for this fund. Does he anticipate any changes to that tax credit itself?

Hon. Mr. Boyd: — That'll be a decision that will be made in the future with respect to these. At this point this is the program as it is set out. You know, additional changes possibly could be made in the future or possibly not be made in the future. That's the point of annual budgeting.

Mr. Wotherspoon: — I'd urge the minister to be cautious on any regressive moves on this front. I'd actually encourage him to look at some of the increases to the personal investment limit. And I would re-encourage him to revisit the cap that's been placed on these funds, or the reduction of the cap I should say, which has limited the investment through these investment vehicles back into Saskatchewan. So that'd be a comment.

The other question I would have is because you mentioned the chamber of commerce. And I've dealt with folks out of the chamber, businesses from across Saskatchewan, and been engaged in dialogue on this very matter right here, directly the changes here on the labour-sponsored venture funds but also the broader area of making sure that there's capital in place for business succession across Saskatchewan.

One of the things I've heard from business leaders across Saskatchewan, business owners across Saskatchewan, is there actually are concerns about having viable, strong businesses in place and about whether or not there's going to be the capital in place to ensure succession or their ability to exit their business. They've done a lot of hard work, made those investments. They too deserve to be able to depart their investment, their business, in good stead, and for that business to continue. And a lot of these investments would actually be in rural Saskatchewan.

Does the minister have any comments? Has he heard that concern from businesses across Saskatchewan or from the chamber of commerce about the importance of making sure there's investment structures that allow business succession across Saskatchewan?

Hon. Mr. Boyd: — The vast majority of people in Saskatchewan are small investors. We don't have, as you were sort of alluding to earlier, a big pool of huge capital investors in our province. This simply isn't the case. So a program of this nature is fine. There is other investment choices that everyone has that they can take a look at, and they do take a look at. Obviously there are some that have chosen this route, and there's some that choose other routes to go down when they're moving in this fashion.

Of course there is the concerns about succession in businesses. That's nothing new. That's been around forever. Anybody that's ever been in business, that's one of the considerations that they have. It's not only getting into business; it's how to get back out at some point in the future, and what kind of plan do you have to do that. There are lots of businesses that have no plan whatsoever. They, you know, they sort of merrily go along their way, and when the original owner meets with a point in time where they can no longer carry on the business, sometimes those businesses, there's a kind of an unnatural succession takes place.

And some have made those plans. And that's, you know, that's . . . I don't think that there's anything unusual about that in Saskatchewan relative to any other place in the world. Some businesses have a very, very comprehensive succession plan in place for perhaps a family member or a management buyout or things of that nature. This happens regularly in Saskatchewan all of the time. This is not something that I think government has to be necessarily involved in. Business owners make the choices that they're going to make based on what they see as appropriate for themselves and for the business that they operate and the employees that they have within their operation.

So this was perhaps a tool that some businesses have used, but there are many, many, many, many businesses across Saskatchewan that move from generation to generation or from ownership to ownership under a . . . without any kind of a program being involved, taxpayer-funded program being involved at all.

Mr. Wotherspoon: — So I think we've, you know, asked most of the questions that we have here tonight. I know my colleague has a question or two. But again just I mean to reiterate, we have concerns with a government monkeying around with the investments of Saskatchewan people, changing a prospectus and the mandate undemocratically. We believe the integrity of those investments is crucial to the hard-working people that have placed those investments into their place.

We believe that there's a role for government to encourage investment into Saskatchewan's economy, and this is one of the tools that allows that. It also does play part of the role to assist in some of the challenges around business succession and exit plans for businesses across Saskatchewan. And we see it as a regressive move to reduce the investment in Saskatchewan by limiting the . . . reducing the cap as has been done by the minister.

We'd urge your consideration moving forward to preserve the integrity of these funds and to ensure the ability for these funds to operate in Saskatchewan and for Saskatchewan families to be able to make investments here into the province that they love. And I think that's an important piece.

But I know the member from Athabasca has a question or two.

The Chair: — I recognize Mr. Belanger.

Mr. Belanger: — Thank you very much. I'm not as adept at picking up the information as my learned colleague here, so I'm going to bring it down a notch just from the perspective of the role of the venture capital funds, and maybe if I can just get a

brief explanation. Because obviously what I've encouraged many people in the North, through the Internet, is to view some of the proceedings to understand what the bill is all about, what it impacts. And I want to basically start from square one and taking maybe 15, 20 minutes.

But if you can just give me a brief description of what the labour-sponsored venture capital corporations are all about and what is being proposed in this bill, just a brief synopsis of what this bill all entails.

Hon. Mr. Boyd: — The labour-sponsored venture capital corporations were incorporated a number of years ago. I think the original mandate was to encourage people to invest through these instruments, receiving a tax credit, and these investments would be made to help and assist in the start-up of business opportunities, perhaps with succession, as your colleague has indicated.

And there was and there always has been a cap associated with the amount of funds that could be put into this because there is a taxpayer, essentially, component to this that has to be recognized. If we wanted to just throw this open, I suppose we could, but we would have, I suspect, a very large cost associated with this.

So there was always the view that this is, you know, I think a pretty good instrument, one that a number of people in Saskatchewan, small investors used. As the funds started to grow, what we started seeing I think was the blurring of the lines a little bit of the initial intention of the program to the point where we felt that investors were disadvantaged in certain ways if they were not part of this program because it wouldn't have the tax credit associated with it. So it was the view that we should start ratcheting this back a little bit. I think there was pretty significant consultations with the two labour-sponsored venture capital corporations in our province. And we also wanted to shape the direction a little bit going forward here to help with innovation here in Saskatchewan.

And yes, of course any time that you make changes, there's going to be concerns or questions about it. You know, there's no denying that. But I think that as a venture capital corporation that is intended to be used for, in the initial intention to be used for the helping of start-up operations, I think for those reasons it was felt that we needed to cap the program and start looking at ratcheting it back.

Mr. Belanger: — Okay. And as I indicated earlier, we've encouraged a few CEOs [chief executive officer] of a few development corporations to watch the bill as it proceeds through committees. And we always encourage them to forward any questions to us because it's always a learning opportunity.

So I guess the other point I would make just to clarify it for some of them because we obviously have the benefit of sitting in the Assembly and hearing some of the presentations made back and forth . . . But many of them that are watching the proceedings this evening, you know, they have some very basic questions like labour-sponsored venture capital fund is really, is that . . . Who are the people that are . . . Like when you say labour-sponsored, what is meant by that?

Hon. Mr. Boyd: — I'm not sure how it arrived at that name. It was long before me. With respect to this, I guess I would just say a typical investor in this area is an investor with not real deep pockets — small investors here in Saskatchewan that have made the, you know, the investment. It could be someone from the North. It could be a potash worker. It could be a car dealer. It could be a farmer. It could be a doctor. It was open to anybody that wanted to participate in this program. So I don't think we should be misled by the name of the program to assume that there's a certain type of individual that it's directed towards.

Mr. Belanger: — No, but one would assume that there is a connect. And I understand these are investments from right across the board, and when one reads the title you would assume that there's some strong connect to, you know, I guess you used the word labour in there. So I just wanted to clarify that. So even though it's titled labour-sponsored venture capital corporations, it's not directly tied to any unions. It may have union employees involved, but this is largely a generic name, is that correct?

Hon. Mr. Boyd: — It had a union component and still does have a union component as a part of it.

Mr. Belanger: — Now obviously if you are looking at northern Saskatchewan, they're like any other sector of the province. They're always looking for investment opportunities. They're looking for partners and so on and so forth. And I noticed that when we spoke about this earlier in the proceedings that you want to see 25 per cent of these funds to be used in innovation or innovative investments by 2016. Now what basic innovative investments? Like what would qualify for an innovative approach to using these funds? If you can give me a number of examples.

Hon. Mr. Boyd: — An investment must have a prescribed percentage of its current year net capitalization in the following: a corporation whose principal business activity is directed, related to two or more of the following provincial priorities: clean environmental technologies, health and life sciences, crop and animal sciences, industrial biotechnology, information and communications technologies; and/or a corporation that develops a significant new innovation that can be applied to the development and expansion of Saskatchewan's primary industries, including innovative energy and mining initiatives or expansion of value-added opportunities including advanced manufacturing and value-added agriculture.

In determining eligibility under this part, the Ministry of the Economy will consider a proposed new innovation's technical risk and/or productivity improvement from the application of innovation new to our province.

Mr. Belanger: — Okay, so an example I would use that might be new to the province is suppose somebody wanted to invest into a fish processing plant. Would that basically be . . . Would this fall under the guidelines for seeking some of the venture capital funds for this association? For example, would we look at an ecotourism opportunity? Perhaps a wood biomass power plant? Are these some of the concepts that the venture capital fund would be able to invest in as potential partners?

[19:45]

Mr. Campbell: — I'll answer that. It sort of . . . We'll be assessing those based on a case-by-case basis with the funds, based on the criteria the minister just listed. So if you took the example that you listed, it was a fish processing plant as an example. They would need to demonstrate in some way that they're using either a, you know, advanced manufacturing technique or a new process or something that was, you know, could be demonstrated as being innovative or, you know, relatively new process or technology.

Mr. Belanger: — And the other examples I've used like as an example, ecotourism or a wood biomass plant to produce electricity, are these some of the examples when we speak of innovation? I'm doing this from the northern perspective again.

Mr. Campbell: — Yes, so part of it is there needs to be a demonstration that there is some sort of a technological or market risk that is present there. One of the . . . We did have some fairly extensive consultations with the two fund managers over the summer and one of the concerns was that we would come up with a definition that was too restrictive, that it would just be sort of lab coat science, that kind of thing. And so that's why we included the broader definition of innovation. It's not just the specific technical risk involved in a particular product or service. It's a bit of a broader interpretation to allow for some of those types of investments.

Mr. Belanger: — Now in terms of as an example I would use, if we wanted to promote tourism, which is not innovative to Saskatchewan but it may be a new approach for a lot of northern communities, so if we want to go on the process of, say, developing a golf course with the regional park and to begin to incorporate ecotourism as part of the overall concept, like how would those potential ideas fit into the scheme of things under this particular bill?

Mr. Campbell: — It's important to also acknowledge that the change we're talking about is to that, the innovation portion. So there's still other aspects under the fund that they could invest in. So the process we were describing and the definitions we used and the further explanation that I gave was for that 25 per cent innovation component. So in effect we're encouraging the funds to get out of some of the more low-risk investments like investments in land or traditional oil and gas investments where there isn't the same level of risk or where there's lots of investors willing to invest, and orient it more towards those where there's more of a market need. But that doesn't restrict the other 75 per cent eligibility.

Mr. Belanger: — If you can just recap for me the total value of the investments for this particular fund. Like what do they have available to them to invest each year? I know that the minister spoke about it earlier in the Assembly, but just to recap.

Hon. Mr. Boyd: — From the inception of the program till now, it's over half a billion dollars.

Mr. Belanger: — Half a billion?

Hon. Mr. Boyd: — Half a billion.

Mr. Belanger: — All right. And can you please forward to my office all the contact information and the different fund managers so to speak, the CEOs, so we're able to disperse that information to various economic development corporations that may look at the . . .

Hon. Mr. Boyd: — There's only the two, and we'll be happy to provide that information to you.

Mr. Belanger: — All right. Thank you.

The Chair: — Any further questions from committee members? Seeing none, clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 10 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 109, *The Labour-sponsored Venture Capital Corporations Act, 2013*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 109, *The Labour-sponsored Venture Capital Corporations Amendment Act, 2013* without amendment. Mr. Bradshaw. Is that agreed? Carried. Thank you.

I believe that's the end of the business for this specific piece of legislation. I would like to thank the minister and his officials for joining us this evening for a debate in committee. And I recognize the minister.

Hon. Mr. Boyd: — Thank you, Mr. Chair. And I want to thank the members for the good questions that they posed here this evening. And I want to thank the officials for assisting in the answering of the questions here tonight. Committee members, thank you.

Mr. Wotherspoon: — I'd like to thank the minister and officials that are here tonight. And certainly we've registered some different points and perspective on the record here tonight. But thank you for availing yourself for the discussion here tonight. And thank you for working with and continued efforts to work with the labour-sponsored venture community to ensure the integrity of the investments made by Saskatchewan families.

The Chair: — This committee will now recess as we transition from Ministry of the Economy to Ministry of the Environment.

[The committee recessed for a period of time.]

The Chair: — I call the committee back to order. I'd like to welcome the Minister of the Environment and his officials who have joined us this evening for discussion on Bill 107, *The Wildfire Act*. And I'd first of all invite the minister to introduce

his officials and give his opening comments.

Bill No. 107 — *The Wildfire Act*

Clause 1

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. And I'm pleased to be here with you to discuss the proposed replacement for *The Prairie and Forest Fires Act, 1982*, the new wildfire Act. With me today are Cam Swan, deputy minister; Erika Ritchie, assistant deputy minister, environmental protection and audit division; Steve Roberts, executive director, wildfire management branch. Also with us, Bryan Fraser, wildfire protection analyst; and Crown counsel, Shannon Carson.

Mr. Chair, I'd like to quickly outline some of the reasons why an updated Act is needed and highlight some of the key provisions of the new Act. So why a new Act? *The Prairie and Forest Fires Act, 1982* is one of the oldest pieces of wildfire legislation in Canada. Developed in the 1950s and updated in 1982, it has not kept up with current wildfire issues or policies and it's inefficient for implementing key protective measures such as fire bans. A complete rewrite was required; the result, the new wildfire Act that is now before us.

The proposed new Act brings our wildfire legislation into the 21st century. It updates terminology and clarifies administrative accountability, responsibility for wildfire, liability for causing fires, and the ministry's liability. It will align our province with other provincial wildfire legislation in Canada and treat stakeholders consistently with other New West Partnership and trade agreement partner jurisdictions. The new Act also supports the ministry's ongoing shift to a results-based regulatory framework. *The Wildfire Act* is based on the principle that risk to human life, community infrastructure, economic and social values, be managed in careful balance with the important ecological role that wildfire plays in a healthy environment. It also recognizes that the responsibility and accountability for reducing the likelihood and impacts of wildfire should be shared by government and by individuals, industry, Crown corporations, and municipal authorities to make sure that people, property, and public assets are indeed protected.

The proposed Act aligns with the goals of the government's growth plan. It supports safe development on Crown forest lands, providing additional protection and security for industry and residents. It will allow us to better protect our infrastructure and to improve the management of Saskatchewan's natural resources. The legislation will require all industries, including public utilities, working in the provincial forest and designated parkland to complete fire prevention and preparedness procedures and practices. This will help to decrease the number, cost, and area burned by industry-caused fires.

As we all well know, Saskatchewan is growing rapidly. As growth and economic development initiatives continue to take hold across northern Saskatchewan, we will see more and more structures built close to or within the forest, in what's called the wildland-urban interface. Significant property loss as a result of wildfires has occurred in interface areas. With more development, this may be expected to increase unless we

institute more proactive measures to reduce the wildfire hazard. The new Act places greater emphasis on fire prevention and preparedness measures and places additional liability on individuals and industry for non-conformance. This may include not only firefighting costs and expenses, but also the value of Crown timber, rehabilitation of Crown forest land, and damages to property.

The Wildfire Act will also help us improve client service and reduce government administration. The current system requires permits for all burning activities. The new Act moves to a risk-based notification system, with only the highest risk activities requiring permits. The rest will require either a burn notification or no notification at all if identified as very low risk. Through this process, the ministry will avoid false alarms and the cost of dispatching suppression resources, while greatly reducing the bureaucracy for our clients.

The proposed new legislation further clarifies the responsibilities of rural municipalities and the province with rural municipal boundaries adjacent to Crown lands. The Act allows the minister to determine if the cost of ministry firefighting assistance constitutes an excessive financial burden on a municipality and will include regulations to determine partial remission of costs where warranted.

[20:00]

From May to September of last year we consulted extensively with our stakeholders and then made adjustments based on their input. Rural municipalities told us that it was important to them that we keep the 4.5-kilometre or 3-mile buffer zone adjacent to the provincial Crown forest. And we listened; we have kept the buffer and further clarified the ways that firefighting costs can be managed. This proposed legislation is now fully supported by the Saskatchewan Association of Rural Municipalities, SARM.

The new Act will align Saskatchewan's wildfire legislation with that of other Canadian jurisdictions while supporting the ministry's shift to results-based regulation. *The Wildfire Act* is a modern piece of legislation that builds on two important commitments of this government — our commitment to economic growth, and our commitment to sustainable management and long-term health of Saskatchewan's provincial forests.

With that, Mr. Chair, my officials and I would be pleased to answer any questions that you or any committee members may have. Thank you very much.

The Chair: — Thank you, Mr. Minister, for those opening comments. The floor is now open for committee members to, if they have any questions regarding clause 1, short title of *The Wildfire Act*. I recognize Mr. Belanger.

Mr. Belanger: — Thank you very much. We have a number of questions here on this particular bill, and there's a lot of implications that might occur as a result of the bill being passed. There's a lot of things that people need to know about this particular bill in terms of the penalties: how are you going to determine your investigative process, to determine fault if there is fault.

There's a whole whack of issues that I want to talk about this evening. And I'll try and be as succinct as possible, but first challenge I would have that your notion of the government's plan for growth. There is no plan. You know, I often argue that and I'll continue arguing that. I think it's just a slogan that, you know, might attract a few media outlets' attention, but that's about it.

But that being said, I'm not going to be cranky all evening. But that being said, what are some of the conditions that you've laid out in terms of when you talk about prevention and preparedness plans for the communities to incorporate parts of this Act into how they access the forestry and how they use the land in and around their communities? Have you had those discussions with a number of communities?

Hon. Mr. Cheveldayoff: — Thank you very much to the member for the question. I couldn't agree with him more on part of the question, and I couldn't disagree with him more on part of the question as well.

The part that we disagree on is the plan for growth, the plan that has been enunciated by the Premier, and the subject of much focus and debate in the legislature here. But certainly I think the results speak for itself. And I'm just very proud to be part of a government that sees our province growing at a record rate — highest population ever and certainly an economy that is robust. But we'll leave that debate for another time.

Talking specifically about *The Wildfire Act*, that is something that, as the member indicated, it is an overall and encompassing bill. But as I outlined in my opening remarks, it is something that is long overdue and certainly needs to be addressed.

When the member asks about the requirements for a preparedness plan for fire protection, the levels and type of available firefighting equipment, the type of protection for infrastructure and critical assets, vegetation management and priority zones — these are all areas that we consult with communities on and will continue to consult. It won't stop after the legislation is put in place. Things like fire-watch service training, exhaust systems, hot work operations, equipment operations are all very, very important, and we continue that dialogue with communities.

I know the member represents an area in northern Saskatchewan, or both members do. I think it would be of interest to you to know that public meetings were held in key regional centers including La Ronge, Southend, Creighton, Stony Rapids, Wollaston, Buffalo Narrows, Ile-a-la-Cross, Green Lake, and Cumberland House. Several meetings were also held with New North, the association that represents northern community interests, and a round table of northern mayors as well. And in addition, consultations were undertaken with First Nations as well. So wide and far consultations are necessary and were undertaken.

Mr. Belanger: — So if I understand the bill correctly, and correct me if I'm wrong, basically you're now requiring not only communities but primarily, in this particular Act, any industrial or commercial operator in a forested area or designated lands under the Act, that they must submit to you a wildfire prevention and preparedness plan.

And is there is a time frame? Like because obviously if I'm company ABC that's been operating in the North for years, and then all of a sudden I have this . . . by law I've got to put this plan in front of you, like how long are you going to allow them to prepare for that new rule you're bringing in? Because one would assume it is a remarkable demand of the industrial operators in the North and the communities as well for something that they have not traditionally done on their own.

You talk about the RMs [rural municipalities]. You know, they had a challenge with the forest fire situation for years and years and years. And they've always maintained that, you know, their responsibility is not to fight fires. If fires occur within the RM area, and obviously if it's a fire caused by a lightning strike as an example, they didn't have the resources and the means nor the capacity to fight fire. So this is a huge, I would say, a huge demand required of not only our industrial operators but of our communities as well. So is there an opportunity for a transition process or period? Is that taken into consideration?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. And to the hon. member, certainly we see this as a joint responsibility, not only government's responsibility, provincial government's, but municipalities and the companies and corporations that do work in the North. And I think through our consultations that there is an agreement that it has to be a joint measure where responsibility and liability is shared amongst those.

The member's right that we are requiring communities and corporations and others to produce plans on how they're going to deal with it, but we're going to be quite flexible in determining the length of time needed to put those plans in place. What this is about is about fire prevention, and we need to work with communities to go back and forth and to understand their capabilities and their plans. And also as part of the development of the environmental code and further development going forward of the code, we would base that on those discussions that take place. But certainly the ministry will be very helpful and very accommodating to those requests.

Mr. Belanger: — Yes, the reason why I'm asking these questions in terms of transition process, because obviously people don't want to see forest fires occur. They don't want to argue who's supposed to pay for it if it happens in their backyard.

And I would use the community of Turnor Lake as an example. They got a \$12,000 bill because a fire occurred within their hamlet area, and it's only a community of 200 people on the Métis side. Birch Narrows has a larger population on the First Nations side. But they got a bill of 12,000, or 25,000, got it dropped down to 12,000. And I think their annual operating income is 60,000 a year, or their grant from the government. So they come along, they say, well we've got this bill for forest fire fighting costs. You know, we can't afford to pay for it.

Now I guess from the northern perspective, this plan that you have in place, I just wanted to hear from you that you're not going to use the lack of preparedness on a community's part as the means in which you are going to charge a community for fighting fire. Because obviously if you want to talk fire preparedness, it takes months if not years to prepare a

community for fire preparedness.

And that's one of the critical flaws that I see in this particular bill, is that if you say it's a shared responsibility . . . Everybody's got to do their part to prevent forest fires; I understand that. But if you have a community in northern Saskatchewan that has limited resources or if you have a fledgling business in northern Saskatchewan that can't afford to spend a whole whack of time and money on doing a fire preparedness plan, that may not be accepted by your department because they simply never had the responsibility before. It takes them a long time to understand their roles and their responsibility and how are they going to cover the cost and so on and so forth.

So you can see how this could become a complicated partnership, where the government themselves have the upper hand in determining whether company A or company B or community A or community B did do their preparedness plan correctly. What if they didn't? What happens after that?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And I'm sure the member knows, as a former minister of the Environment, that a great deal of responsibility rests with the Minister of Environment, and as the Act is in place now it states that the minister may use his discretion to waive payments if they're an undue financial liability on a particular community. And certainly that's the way it's been and that's the way it's been in place.

The new Act will strengthen that to say that the minister must look at the financial ability of the community to pay for those costs. So again the responsibility still rests as it did before with the Minister of Environment, but certainly that person will have to take into account. And the member can look back on certainly of the years that I'm familiar with, and see that that discretion has been exercised in communities that weren't able to pay for it had their bill reduced or eliminated overall.

[20:15]

Mr. Belanger: — Okay, now I appreciate that the responsibility still lies with the government. And I think it's really important, and we'll be communicating that with a lot of the northern communities in the sense of saying, look they want a preparedness plan for the community in the event that there's a fire and it's shown that the community was negligent or didn't respond to the challenge, they now have as a result of this Act to prepare for fire, then the minister may decide they pay this on their own.

We'll communicate that with our communities. Because the fact of the matter, these communities are in no way, shape, or form able to provide a plan for fire preparedness. They simply don't have the resources. And that's why we have a provincial government.

Now we go back to the companies — and I want to talk about the communities a bit more at a later state — but I want to talk about the companies. Say for a logging company, somebody that's been given a contract to harvest X amount of cubic metres of wood. Now, who is responsible for putting that fire prevention plan in place? Is it the TSL [term supply licence]

holder or the FMA [forest management agreement] holder? Or is it the contractor that works in a prescribed area?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. And I'm going to disagree with the member a little bit at the beginning when he talks about communities and their plans and that, you know, communities may not have the resources. I think however big or small a community is, or whatever resources they do or don't have, it should be a goal to try to put a plan in place.

Granted that plan may not be as elaborate for a very small community but, you know, I look at some of the tragedies that we've seen very recently in northern Saskatchewan and I hope and I wish that communities would have a plan in place. And I'm straying a little bit from, you know, the specifics of this, but I think that it is in all of our best interests to ensure that communities have plans or communities have the ability to get assistance to put a plan in place. And I know the Ministry of Environment would be happy to help in that regard.

As far as the second part of your question, I'm going to turn it over to official to answer specifically in that regard.

Mr. Roberts: — As part of the development of the regulations in the code to come after this, we're going to have some discussions on preparedness plans. One of those will be is, what is the size and scope of the operation and therefore will dictate the size and scope of the preparedness needed. So if it's a small operation, we'll have to dictate the size and complexity of a plan. It may be fairly simple for a simple operation. It could be fairly complex for a large industrial site.

We'll also look at opportunities to leverage collective work. So for instance New North may be able to assist all northern communities developing a plan template that they can all use rather than each having to develop their own specific plan. So there may be ways we can work with communities, with organizations, to help them achieve these as we lay out the code itself and develop the code.

Mr. Belanger: — Well I would point out, what was New North's initial reaction to this whole proposal? Because New North, you know, they certainly have mayors in there that would have some discussion and comments on this particular issue, but what was their reaction? And please don't tell me they fully support this notion, because it is a complicated situation.

You know, and I can appreciate you had small communities and you've got larger communities, you have different resources for different communities. But there's not a single community in northern Saskatchewan that I'm aware of that could cover forest fire fighting costs. You know, they simply don't have the resources for it. They simply don't. So the worry I have is that if their plan is not properly prepared and not properly and favourably received by the ministry, then does that open them up for a huge forest fire fighting bill?

And because it goes both ways, it goes both ways because the First Nations themselves, I don't think the province has jurisdiction on the First Nations. You can't force the First Nations to do a preparedness plan. And I don't know if you can

force the federal government to pay the bill for the First Nations if they don't have a preparedness plan. And what if the fire starts from Crown land and goes on to First Nations land or goes into a northern municipal region? Is there going to be cost and compensations covered by the provincial government? Because we have to be very careful when we start walking down this path and, I'm sorry, but the template for northern Saskatchewan communities from New North is not the answer.

There's just a wide, diverging types of leadership in communities in the North. They do things differently and they do things on their own. So I just don't see how a template for New North is going to be the solution for preparing these communities for this new Act. I just don't see any progress on this file, primarily because you've got to deal with the individual communities one by one. You've got to give them the proper resources. You've got to give them the proper supports because they don't have the financial means to achieve this.

And that's why I'm saying today that this is an interesting proposal here. You know, like what are the penalties for an operator? What are the penalties for the communities, you know, if they don't have a plan in place? And who's your designate? As a minister, if you decide to appoint a designate, who will that designate be to make these determinations?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And to the member, specifically in his first part of his question asking about the thoughts and the feelings and the reaction of New North, certainly there was concern from New North. But as my experience has been with New North, whether it's on the environmental side with recycling or other things, there's a want to do the very best they can for their communities and not to be second-rate in any way to any other communities in the province.

So their concerns were around the costs of fighting the fire and frankly whether they'd be stuck with the entire bill. And that's the way it can be now, and that's their concern now, and that would be their concern going forward. But as I've indicated earlier and answered in previous questions, there is a discretion that sits with the Minister of Environment and the Ministry of Environment to judge how much of those costs the particular community can absorb. And more often than not, those costs are either lessened or waived.

Certainly when it comes to First Nations and who is responsible for fires on federal lands, the federal government is responsible, whether directly or through agreement for provisions of services. The national parks for example have their own legislation and fire management resources. The province provides assistance to parks under a Mutual Aid Resource Sharing Agreement through the Canadian Interagency Forest Fire Centre at Winnipeg. So the federal government, you know, has a responsibility in that regard.

But I should note for the member as well, the federal government requires now that emergency preparedness plans are in place by those communities as well. Wider than just fire, but certainly fire should be part of those plans as well.

Mr. Belanger: — Yes, I would point out that there probably are

emergency preparedness plans for a lot of the communities. And I'm not disputing that. There probably is plans. But the problem is (a) resourcing those plans, and (b) ensuring that those plans work. And now in addition to that, you're now burdening the northern communities and many of the northern contractors. It doesn't affect just Athabasca and Cumberland. It affects the forest fringe communities as well. It affects all of Saskatchewan communities but primarily those areas because they have a lot of forestry lands around there.

So when you look at this whole notion, and I'm not trying to be difficult here, but it's a huge burden you're placing on these communities. And I just don't see how we as a government can insist that these communities prepare in this fashion, otherwise we're going to do this. Now what happens if some of these communities don't implement the preparedness plan? What happens if an operator or a business owner puts it in but doesn't follow it? What happens after that? Because traditionally they've never done this before. They've never had the responsibility of covering forest costs.

Now you can ask them, can you prepare for fire? Can you get the communities ready? But for you to say to them, you're going to do this or else, that's the problem that I fundamentally have with this legislation because SARM . . . I can't see how SARM would support this in the sense that there are so many different twists and turns to this issue. Now they obviously, SARM like New North could give us valuable advice. I'm not disputing that. But there are so many twists and turns to this legislation that there may be something that may occur that would ultimately be the responsibility of a community or an RM if we follow the Act to the letter.

And what you're saying is that the minister could intervene and the minister can decide whether or not he's going to bill those communities or not. Well I guess for the record I need to know, what are some of the costs? Like for example having the Bird Dog team, the entire northern air operations including the water bombers, the Bird Dogs, the heavy equipment, you know, the manpower, what are some of the costs of fighting a fire? Is there a per acre or per hectare cost in general?

[20:30]

Hon. Mr. Cheveldayoff: — Thanks very much for the question. And to use some average numbers, a fire of less than 100 hectares would be in the neighbourhood of about \$20,000. One that's above 100 hectares would be certainly, you know, more than that, but it's hard to estimate what. But you know, I've seen numbers where they escalate very quickly. And you know, I've had to make those decisions on those communities, whether they could afford it or not, and have chosen to forgo some of those costs. But that's . . . The member asked for an average and that's an average.

Mr. Belanger: — I think we need to be very, very cut and clear with our partners on this particular Act. And the reason why I'm saying we need to be very clear with them is they have to know what their roles and responsibilities are. They have to know.

Now, typically . . . I'm sure glad that, you know, I'm no longer a northern mayor under this particular Act, because imagine the

enormous strain that mayors and councillors feel now, never mind the reeves and the RM councillors of the forest fringe areas. Because typically what your Act is asking for here today is do a fire preparedness model and we want it submitted to the ministry and we'll go from there.

I dispute those costs of 20,000. I'm sure airplane costs must be \$20,000 an hour, if not more. I don't know what a chopper costs to rent each hour, but I can almost guarantee you, just the chopper fees for a week is probably 20,000 to fight a fire. And again I'm just speculating here on the numbers. But the communities themselves cannot accept this responsibility. I don't see them doing it. New North and SARM . . . And that's why I say you have to be very cut and clear with them. I just don't see how they can support this bill through the consultation because the onus is all on them to do the fire preparedness model.

And then industry is also impacted. Now if I looked at the industry, industrial or commercial operator — if I collect firewood, am I considered a commercial operator? If I collect berries, if I collect mushrooms, am I considered a commercial operator? So we need to differentiate what a commercial operator is.

And also I'm assuming that the tourism industry's impacted as well. Like how many lodges do we have in the North? Have they been consulted? So the communities, the RMs, the First Nations, the contractors, the tourist operators, the fishing camps, like I'm assuming that this involves all of them. So I guess if it does involve all of them, then we've kind of woken up a sleeping giant of a problem here with this Act.

So my point is that (a) are those . . . How would you define a commercial operator? Are they somebody that picks berries for their own purposes or collects firewood? Like how would you define them?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The industrial or commercial operation is specifically defined as:

an activity carried on in connection with forestry operations, mining, oil and gas operations, mineral exploration, road construction and maintenance, the operation of public utilities, outfitting, peatmoss operations, the operation of institutional camps and railway operations; and

any activity or development other than the one mentioned in subclause (i), that is prescribed in the regulations or the code.

That gives you the actual definition of industrial or commercial operation. So very much it's going to be scaled towards the scope and the impact of the operation. But, for example, we've consulted extensively with the Saskatchewan Outfitting Association to get their input and to, you know, ask their help as we go forward and define the code.

The member spoke of the berry picker. What about the individual berry picker? Well this wouldn't apply to the individual berry picker, but if they were part of a commercial

operation, if they were one of a series of pickers that were part of a commercial operation, then indeed it would apply to them. But again it would be in the scale and scope necessary.

Mr. Belanger: — See, my advice to you, you know, and obviously it's free advice but I think it's sound advice, not because it's coming from me but just from the perspective of what I see from the opposition point, is that I think you need to kill this bill.

And the reason why you need to kill this bill is it was not properly thought out. I really seriously think that because I think the Saskatchewan taxpayers made significant investment into our forest fire fighting operations. I know that they replaced aerial fleet that needed to be replaced, that they worked very well under the MARS [mutual aid resource sharing] model where we equally share the resources for all Canadian provinces. I think we have a well-trained forest fire protection workforce. I wish you would have kept your towers up. But we had the ability to accordion up if we needed manpower and equipment. And we had the ability to accordion down overnight if fire threats in the northern communities or the forest fringe areas were either threatening or not. So the Saskatchewan taxpayer made a huge investment into our forest fire protection service. And that's what I call it; I call it a service. These men and women dedicated their lives to their profession.

Now we come along and we say okay, we want to get to the next level of community preparedness so we can limit the potential of wildfires spreading from the communities. And that theory is sound. I'm not saying nothing wrong with getting the communities to be part of the solution and preparing for the eventuality of a fire because a lot of communities live next to large forested areas.

But the problem is you're killing a mosquito with a sledgehammer here. I think just through proper consultation, engaging the people that you're impacting, I think you would have had much more progress on this file than the bill that we have before the Assembly, primarily because our people cannot afford to pay a firefighting bill. There isn't any community, there isn't any corporation, there isn't any operator that I'm aware of in the forest fringe or northern forest land that have any money to pay a forest fire fighting bill. They simply don't. And all this Act does, it gives the government the opportunity to bill them and to fine them. Why have the Act like that in front of the Assembly? It doesn't make any sense.

So the communities themselves, and I'll give you another good example. The communities themselves suffer a lot of challenges with forest fire fighting costs and I'll give you an example of the Far North. I think it was Black Lake or Fond-du-Lac, one of those communities a couple of years ago that had the threat of forest fires coming to their community. Or Wollaston or Hatchet Lake. But all these northern communities at one time or another have the threat of wildfire threaten their community. And the community has to do evacuations and, you know, they're displaced and it's a huge strain and a huge problem on the community overall.

And I don't think there has been one community spared that challenge in the North. It's what we risk when we live in

northern Saskatchewan. That being said, we see decisions that are being made, as an example when it comes to First Nations. I think sometimes we're quick to do the evacuation of entire communities as opposed to fighting that fire because we have a policy of not fighting the fires in northern Saskatchewan. That has not changed under this government's watch in which this government accused the previous NDP [New Democratic Party] government of doing. And we're quick to do the evacuations of a First Nations community. Why? Because the federal government will pay all those costs as opposed to the province paying the cost to fight that fire.

Now who makes that determination? Who makes that decision? How is that arrived at? That's some of the issues that I'm hearing from some of the northern First Nations leaders and some of the communities.

Now again this is turning the tables on the government. Who makes the decision to evacuate versus fighting that fire? If it saves the Saskatchewan government some money to evacuate people because somebody else is paying for the evacuation costs, I think sometimes we tend to rush into that decision without consulting First Nations leaders or the Métis communities or the municipal associations in the North. And I'm sure the RMs are impacted as well.

So my point as an opposition member is that this bill needs to be killed. And the reason why it needs to be killed is because it's not well-thought-out. And I think the process is confusing. The information I don't think has been clear and cut to all our partners out there. And there's just a whole host of potential problems that could occur as a result of what you're proposing here today.

You know, there's all kinds of questions. What happens if an operator doesn't provide a plan? What happens if an operator doesn't follow through the plan? What happens if a community fails their planning process? What happens if there's an appeal process for this? Like there's just a myriad of potential problems in the forest fringe and northern Saskatchewan areas that this bill would impact.

[20:45]

Now if anything I wanted to be quoted at in committee on this bill, I would say to you as a minister, I think you need to kill this bill because it has not been properly thought out and there are huge ramifications for many partners out there, not just northern communities, but the RMs, the operators, and the business community. And I think we need to try and find a new solution and a new process to encourage communities, not through force, and not by using a sledgehammer, but to encourage the communities to be part of the fireproofing or fire smarting of all our northern communities, and to encourage industry to do the same.

Now I'm pretty sure that the larger corporations in the North such as Cameco, they more than likely have a fire protection plan around their mine sites. They probably do. That's because they have the resources. But if every community had the resources, they could do what Cameco does around their mine site. My point being that small operators, small contractors, small-business people in the northern communities do not have

the resources to even design a plan, much less implement it, much less pay a bill in the event that they're found to be negligent in their duties as northern leaders. And that's what this bill talks about.

Hon. Mr. Cheveldayoff: — Well thanks very much to the member for his opinions. You know, I strongly disagree in many areas. I think as I outlined in my preamble, this is a bill that the existing legislation is vastly outdated. It has to be updated. The new legislation is based on extensive consultations with virtually every RM, with communities in the North. Several meetings were held and communities were invited, community leaders. I've had discussions with community leaders and they've talked about sharing the goals of this bill and wanting to have the same result.

I guess I believe whatever community it is in the province, whether it's north or in the South, should have an emergency preparedness plan, should have a fire plan, should have an evacuation plan, you know. Will they be as extensive in the smaller communities as larger communities? No. Are we using a . . . like, to use the member's words, a hammer to do a mosquito? I don't think so. I think it's, you know, what is here is more the carrot approach, trying to work with communities to first of all gain an understanding with them that it is a shared responsibility. It's not just the responsibility of the provincial government. We want towns and villages and municipalities to have those plans in place because we share that goal of fire protection, no matter how large or how small a community, no matter how large or small a commercial operation in the North. And I don't think the ministry is contemplating — I know they're not contemplating — any use of an excessive burden in any way. They are if anything reaching out with an olive branch here, and wanting communities to move towards that goal that we all share.

Mr. Belanger: — I guess my point is that as an opposition member, I'm supposed to oppose the government. And . . . [inaudible] . . . this bill doesn't do what you're supposed to do. This bill hasn't been well thought out. Now typically as an opposition MLA, we're supposed to challenge the government, but on this particular bill I'm appealing to you as a minister to withdraw this bill and to rethink it because this bill has not been properly thought out. There are huge implications, huge complications, and there is just a, like I said, the potential for huge costs to be transferred on to a number of communities, small operators, and businesses in northern Saskatchewan and the forest fringe areas. And it even impacts the RMs.

Now I appreciate you've had extensive consultation. Consultation does not constitute agreement. And that's why I sometimes have a little difficulty, you know, digesting the comments made by a number of your government's ministers when they say, we've had consultation. Yes, you've had consultation. It doesn't constitute agreement. This bill has got to be withdrawn. You've got to scuttle this bill.

Now the other thing that's important, I think, for the northern communities is that commercial operations, how do you view fishermen, trappers, people that have a TRU [traditional resource use] or they have a recreation cabin? Are they covered under this Act? And if there's a fire started as a result of a fisherman having a shore lunch, is he responsible for paying

those costs? Are they covered under this particular Act?

Hon. Mr. Cheveldayoff: — Thanks very much for the question and I think that, you know, the member was right in the beginning. There's a lot of information here and I'd like the ability to provide him with as much information as possible because I believe that this is a sound bill and sound legislation.

The ability to provide a bill to a community for fire suppression exists today. It is here today under the existing legislation that was there since 1982, based on the 1950s. So that bill can be given to that community today. What the existing legislation says is the Minister of Environment may choose to look at the ability of the community to pay that bill. The new legislation, the one that we are talking, *The Wildfire Act*, says that the minister must look at the ability for the community to pay. So in fact that strengthens the very fact of what the member is talking about here. The new bill works towards that much more than the existing bill does.

You know, when we look at the northern plans, and I'm told by officials that the plans are largely in place. And I think the member asked that question earlier and he said he'd be very surprised, but I'm told that 108 northern communities do have a risk assessment plan in place. And I haven't seen those myself directly, but certainly I'm encouraged to hear that communities are working towards those plans. And again I know when I talk to mayors of northern communities and mayors of communities around the province, they very much want the best plans they can in place. So I think this is a good exercise. I see the willingness on behalf of the Ministry of Environment to help them develop those plans, and I think communities and as a province we can only be better off if those plans are indeed in place.

So I think, you know, arguing about the financial aspect here, yes, there still is discretion as there is today in the chair of the Minister of Environment, but it strengthens the onus on the minister to look at the financial ability of the community to pay. So and I think the member has to agree, and I know he was a minister of Environment at a point in the province's history and probably had to make some of those decisions himself. So with that, I think this is sound legislation. It modernizes something that is vastly overdue. It'll work together with the Environmental Code and I think will be a much better state of preparedness in northern Saskatchewan once this is implemented.

Mr. Belanger: — Okay. On the . . . I guess my rebut would be that this is kind of a Pollyannaish approach to what the real challenges are in northern Saskatchewan. I'm not going to debate that the northern communities have a desire to be fire smart and prepared for challenges. I'm not saying that they don't have that. I'm saying they don't have the resources. Many of them don't have the resources to cover the event that there is a catastrophe or a disaster. Some of them don't have the resources to even put the preparedness plan in place. That was my point earlier.

And the significant difference between what happened in 1982 is this bill assigns responsibility, very specific responsibilities. It also prescribes penalties. That's why I don't like the bill. We should have had the respect for our partners and had a position

where you're not killing a mosquito with a sledgehammer. And that's what this bill does.

Now I go back to my earlier question. People are involved in the commercial fishing industry or trapping or wild rice or have a TRU site or a recreation cabin. Are they implicated in this bill?

Hon. Mr. Cheveldayoff: — The official will answer the question.

Mr. Roberts: — So in the proposal for the new codes, the new wildfire hazard assessments and ratings, those will affect new building construction, not existing. We will continue to use voluntary programs to try and bring those up to reduce their wildfire risk as we have in the past. This will design to prevent new structures being built that are at high risk so they're focused at forward-thinking new developments. Those codes will be developed with known measures that will reduce risk but will allow for alternate solutions, as proposed by proponents, that may solve the problem in a different way than we've even contemplated in advance. So it does have flexibility. It does have scalability. And it is forward-thinking for us.

Mr. Belanger: — So I'm assuming that any new cabins that are built, not just cabins but any new lodge, that they are now subjected to the code that you make reference to under this new bill. Is that correct?

Mr. Roberts: — Yes. The new legislation would affect new structures once the regulations and once the codes have been developed.

Mr. Belanger: — So not only do we have to have an argument over whether a piece of land will be allocated. Now you have these other taxes that are attached to the land, and now you have these other regulations plus you've got the fire regulations as well. It almost seems like we're discouraging people from setting up cabins and people enjoying a piece of land in northern Saskatchewan that is something that they've done for years and years.

So there's all kinds of arguments why we'd put more regulations, more onus, more pressure on people that are building cabins on . . . again on the trapping industry, on the fishing industry, on the TRU activity, on the tourism industry, on the mining sector, and on the communities. It just seems like all the responsibility is on them. My argument is, we've invested, the taxpayers have invested a significant amount of money into our forest fire fighting service. And if the approach is to make the communities more fire smart, engage them in a thoughtful way, this is not the approach, I would submit.

So as I said at the outset, that our job in opposition is to challenge the government. And obviously the challenge is falling on deaf ears, so I need to appeal to you. This bill has to be rethought out. It's got to be redesigned. Because I don't know where you're getting your advice from in terms of the regulations and the process, but it's not going to work. And the reason it's not going to work: you get your first serious fire happening in northern Saskatchewan, the first charge under this Act, then you're going to see the fireworks. So it's not

something that I want to see in place.

The bill doesn't do anything at all to alleviate the challenge of forest fire fighting in the North. And instead of arbitrarily making this decision and putting this issue forward, I think we need to kill the bill, reconnect with our partners, and put in a more pragmatic, practical approach that doesn't talk about assigning responsibilities to somebody else and prescribing penalties, and then saying we're not changing anything significantly here. There is a significant change, Mr. Minister. It's got to be scuttled.

So again, fishermen and trappers, are they involved?

[21:00]

Hon. Mr. Cheveldayoff: — The official will answer the question.

Mr. Roberts: — Related to the application of the new codes, they're designed and to be put towards commercial operations. So anyone who obtains commercial permits from government would be subject to whatever codes and conditions exist by government. If it's somebody using resources that doesn't require a permit — traditional use — they wouldn't be subject to those licensing conditions.

Mr. Belanger: — Let's suppose somebody applies for a commercial fishing licence or a commercial trapping licence. They are now subjected to this Act. Is that correct?

Mr. Roberts: — Yes. For a commercial permit, yes they would, as we talked about in the code, based on the magnitude of their impact. So commercial fishing or, for instance, trapping in the winter, may have such a low impact that they may have almost no prevention conditions to adhere to. It may be fairly low. And that's why we talked about it being scalable to their operation and their potential risk on the landscape.

Mr. Belanger: — Well obviously we have an hour here to talk about this bill, and I'm fast approaching this particular bill. But I would say this at the outset, Mr. Minister, with all due respect. You made reference to me being a former minister. This bill ought to be killed. And the reason why it ought to be killed is there are too many implications on too many partners without their full collaboration and understanding.

The second argument I would make is that the taxpayers made significant investment into the forest fire protection services that we enjoy today. That ought to be enough. And the third thing is, this particular Act would deter a lot more economic activity in northern Saskatchewan than it would enhance. And that's why when he'd spoke about earlier the plan for growth, well then I'd debate you, but it's hard to debate a slogan. This does not prepare for growth in any way, shape, or form by encouraging investment in northern Saskatchewan.

Once again you're laying responsibilities, prescribing penalties on a wide range of northern activity that they never had before. And I would submit to you that this bill is not well-thought-out, that this bill is going to create significant problems for northern Saskatchewan and the forestry fringe, and it's going to create some significant problems for the government primarily

because it was not properly thought out. Why add more layers of penalties, more layers of regulation, more responsibility at the feet of people that you should be embracing as partners? This does not do it in any way, shape, or form.

So again, I've argued with you. I've appealed to you. And I need you to think of this very, very close that this bill is not a good bill for Saskatchewan in any way, shape, or form. Now I think it's so important that I'm going to seek advice from a number of different organizations on this particular bill. We're going to ask the questions of the different organizations, and New North being one of them.

You had mentioned earlier, you had consultation with them. Have any of the organizations such as SARM, the Outfitters Association, New North, have they given you a bill of support or a letter of support on this particular Act?

Hon. Mr. Cheveldayoff: — Thank you very much to the latter part of the member's question. Certainly letters of support were received from SARM, from SUMA [Saskatchewan Urban Municipalities Association], from Weyerhaeuser Canada, Mistik Management Ltd., SaskPower. There's a various level of support, and we'd be happy to, you know, to have those conversations going forward.

You know, I think the member was talking about the fire suppression and the protection that we have in our province, and we're all very proud of the protection that we do have. What this bill focuses on is prevention, and it shares that responsibility with communities, with industry, with businesses, with commercial operations. And philosophically I think that's a good way to do it, to share that responsibility so we all share those goals going forward. So yes indeed, we have a first-class fire protection and suppression resource here in the province, but I think what this bill does is really bring up to date that the prevention that is needed in the province. And certainly when I look at the bill and look that it hasn't been amended for some 32 years, I think it's long overdue and I think it's something that has to be done.

Mr. Belanger: — Okay. This was just to close off some of the comments. I see our time is up. But I'd like to, for the record, the minister made reference to a number of letters that he received in the Assembly, so I'd like to table those letters.

And the other point is that, you know, we see the cuts to the programs in northern Saskatchewan, to the fire suppression team that we have, most recently the fire tower system and a number of positions not being filled, a number of decisions being made without First Nations and Métis and northern leaders overall. And we just see that there's less and less responsibility that the government is taking when it comes to fire suppression activities.

And as we see a lessening of the fire responsibilities that the province has undertaken, we see a shift of them putting more responsibility and onus on the northern communities, the northern businesses, and the northern people, including the traditional people that have hunted and fished and trapped in those areas for years and years. That's what I see from this bill. So you're shrinking away from your responsibility, putting the onus on other organizations and

people to do what the government has traditionally been doing, and that is fighting forest fires and suppressing forest risks.

So that's what I see from this bill, and I don't think it's a very good bill at all. Whoever gave you this advice ought to be called back to your office and saying, what's going on here? Because this bill does not do it.

So obviously I'm going to encourage our Environment critic to issue a press release and explain to the people of Saskatchewan what this bill is actually all about. Of course I can't speak for her, and hopefully I can encourage her. But I think it's time that we relook at this bill because you can't make all these cuts, turn all the responsibility over to different people, and then say we're still doing a good job. Because the fact is, all the action that you've undertaken with this bill indicates that it's not a well-thought-out plan.

So with that, Mr. Chair, those are the questions I have.

The Chair: — Any further questions of the minister and his officials?

Hon. Mr. Cheveldayoff: — Mr. Chair, just to respond to the comments by the hon. member. We're going to have to disagree on many things. The member started talking about the towers in northern Saskatchewan. They're operating 24-7. They're using the latest technology. You know, that's just one example. Never have more resources been put into fighting fires in northern Saskatchewan. We continue to look at the fleet that we have, and it is an utmost priority for the Ministry of Environment and for the Government of Saskatchewan.

Also a priority for the Ministry of Environment is modernizing legislation when it needs to be done. Members opposite were in government from 1991 to 2007. They chose not to do anything with this legislation. We're in a situation where it's 32 years old and needs to be updated and needs to be changed. It is our responsibility. It is my responsibility to modernize it; to consult, yes, and consultation has been done. The member may not accept that consultation. Plans have been put in place. The member may not accept those but, you know, the member can certainly do what he has to do. We will continue to consult and to bring forward legislation that is responsible for every community in the province — north, south, east, or west. Thank you very much, Mr. Chair.

The Chair: — Seeing no further questions coming from committee members, this bill has 84 clauses. I'm asking for leave to review portions of the bill by parts. Is leave granted?

Some Hon. Members: — Agreed.

The Chair: — Leave's granted.

Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 84 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly, enacts as follows: *The Wildfire Act*, 2013. Is that agreed?

Some Hon. Members: — Agreed.

[21:15]

The Chair: — Carried. I would ask a member to move that we report Bill No. 107, *The Wildfire Act* without amendment. Mr. Bradshaw. Mr. Bradshaw moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would like to thank the minister and his officials for their attendance at committee tonight to discuss Bill No. 107, *The Wildfire Act*. Mr. Minister, did you have any comments?

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. And thank you to all members of the committee and especially thank you to the member that was asking questions. We will continue to disagree on some things. We will continue to agree on some. But my undertaking will be to provide you with as much information as necessary so you would have the confidence in this bill going forward. Thank you, Mr. Chair.

The Chair: — Having completed the discussion on Bill No. 107, could I have a motion for the committee to adjourn? Mr. Bradshaw moves adjournment. Are we in agreement?

Some Hon. Members: — Agreed.

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

[The committee adjourned at 21:16.]