



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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Mr. Trent Wotherspoon, Deputy Chair
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Cut Knife-Turtleford

Mr. Bill Hutchinson
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Ms. Victoria Jurgens
Prince Albert Northcote

Mr. Delbert Kirsch
Batoche

Mr. Don Toth
Moosomin

[The committee met at 16:18.]

The Chair: — Good afternoon, everyone. Welcome, committee members and welcome, witnesses. This is the Standing Committee on the Economy, and we're considering estimates this afternoon. Substituting this afternoon, Cathy Sproule is here for Mr. Trent Wotherspoon, and Kevin Phillips is here for Bill Hutchinson.

Committee members, I've been advised that the committee requires an amendment to today's agenda. Is the committee in agreement that we add the Saskatchewan Research Council to this afternoon's consideration? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. That's carried then. So this afternoon we'll consider estimates for vote 84, Innovation Saskatchewan, subvote (IS01); and estimates for vote 35, the Saskatchewan Research Council, subvote (SR01).

**General Revenue Fund
Innovation Saskatchewan
Vote 84**

Subvote (IS01)

The Chair: — The time . . . we were scheduled to start at 4 o'clock. It is now . . . We started at 4:18; we'll go for an hour and conclude at approximately 5:18 this afternoon. This is the first time, Minister Harrison, you've appeared before the committee this year. Do you have any opening statements you'd like to make?

Hon. Mr. Harrison: — Sure. Thanks. Thank you very much, Mr. Chair, and thank you, committee members, for being here this afternoon. I have a few short introductory remarks. It is a pleasure to be here for estimates for the Saskatchewan Research Council or SRC, which I think we all know the organization, as well as Innovation Saskatchewan.

I'd like to introduce the officials here with me today. From SRC we have behind us Dr. Laurie Schramm, president and CEO [chief executive officer]; Ms. Wanda Nyirfa, vice-president of business ventures; and Mr. Ryan Hill, vice-president of finance. From Innovation Saskatchewan we have here with us Jerome Konecni right beside me, the president and CEO; David Grier, our chief strategist; and David Katz, our chief policy and science officer for IS [Innovation Saskatchewan]. Also with me is my chief of staff, Jason Wall.

Firstly SRC [Saskatchewan Research Council] is one of Canada's leading providers of applied research development and commercialization. SRC's work primarily focuses on the gap between the fundamental research work of the universities and the full-scale commercialization work done by private industry. SRC's work supports many of Saskatchewan's key economic sectors, including energy, mining and minerals, and the environment.

SRC's vision is to become the most internationally recognized and valued science solutions company in North America by

2020. They are on the path to achieving this vision as their work is increasingly attracting world-wide attention.

The following are highlights of some of SRC's achievements over the past year. A team of energy and bioprocessing specialists at SRC designed and manufactured a biodigester for the Canada Agriculture and Food Museum in Ottawa. SRC officially launched the Shook-Gillies high-pressure, high-temperature test facility at its pipe flow technology centre in Saskatoon.

SRC is internationally recognized for its leadership in the development and demonstration of enhanced oil recovery technologies. With the recent production increases realized throughout the development of the Bakken Formation, SRC is investigating enhanced oil recovery techniques that will maintain production after primary production has ended.

Recently this spring SRC's environmental remediation team began to manage the environmental assessments for five mine sites located in Argentina. Of note, for every dollar the province invested in SRC in 2013-14, the council provided more than 21 times return to the growth of the economy. As far as we know, no other Canadian research institution can say the same. That translates into \$413 million in direct economic benefits. SRC's work contributed to the creation or maintenance of more than 1,900 jobs in Saskatchewan, valued at more than \$126 million, the largest number since SRC initiated tracking these numbers a decade ago. Investments in industry-driven research are investments in the economic future of Saskatchewan. SRC is doing valuable work and is making a difference in peoples' lives.

Innovation Saskatchewan is the provincial government agency tasked with facilitating the coordination and strategic direction of the Government of Saskatchewan's support for research, development, demonstration, and commercialization of Saskatchewan-relevant science and technology for long-term sustainable growth of Saskatchewan's economy. Innovation Saskatchewan investments in innovation have leveraged funding on an average exceeding a ratio of 2 to 1.

IS helped create the International Minerals Innovation Institute with an \$8.8 million commitment from industry and \$3.7 million from the Government of Saskatchewan. IS launched the Sylvia Fedoruk Canadian Centre for Nuclear Innovation in 2011. IS provided funding for the construction of a cyclotron facility in Saskatoon to provide medical isotopes for research applications. Construction was completed in December 2014 and the facility is now undergoing commissioning and licensing by the Canadian Nuclear Safety Commission. Following that it will be licensed by Health Canada for the production of isotopes for human diagnosis and treatment.

IS has supported six enhanced oil recovery projects. IS supported the Ministry of Agriculture and the formation of the Global Institute for Food Security. IS also supported the Ministry of Agriculture in the launch of the Canadian Wheat Alliance, a project to improve wheat profitability. IS commissioned a benchmark study of the innovative health of Saskatchewan companies and organizations. The result was the average score exceeded the average score of Fortune 1000

companies.

Mr. Chair, before we begin, I would like to just clarify some facts coming out of the budget. And I don't mean to be overly partisan here, but the opposition caucus issued a news release on budget day indicating that several programs were terminated. These included the Saskatchewan Health Research Foundation, included transfers from the Vaccine and Infectious Disease Organization, at \$2.1 million; and a Canadian Light Source, \$4.1 million. I just want to clarify those programs were not eliminated. They were moved from those budgets to Innovation Saskatchewan's budget, and there was some confusion out there owing to the news release that went out. So with that being said, I look forward to any questions and comments that the committee may have.

The Chair: — Thank you for that information, Minister. And thank you for the officials being here this afternoon, as I mentioned before. Committee members, are there any questions?

Ms. Sproule: — Thank you very much. And thank you to the minister and the officials for coming out this afternoon. I'm sorry, Dr. Schramm, but most of the questions will be around Innovation Saskatchewan today. I don't know how disappointed you are, but thank you for coming down, and I do have a couple questions for SRC if we have time.

But I'll start with Innovation Saskatchewan, and my first question is, I was trying to locate the list of payees over \$50,000. I know all ministries have that information and it's not in your annual report and it's not in the estimates . . . or sorry, in the Public Accounts documents. So is that something that is circulated, and could I get a copy of that?

Hon. Mr. Harrison: — Yes. I'm not sure why that wouldn't have been. I have copies here right now, and I can give you a copy that we have.

Ms. Sproule: — If it pleases the committee, I would really appreciate a copy, yes. Thank you. If I may, where are those normally located? In what document would I find them?

Mr. Konecni: — Typically we just have them in our internal financial statements.

Ms. Sproule: — Okay, thank you. I won't obviously have time to go through these in any detail, but maybe we'll have some written questions for the minister afterwards if that's the case. But thank you for sharing them and I'll carry on with my questions.

I noticed that in February you were posting for a director for cyclotron sciences, or not you were, but the Sylvia Fedoruk Centre was. Do you know if that position's been filled yet or not?

Hon. Mr. Harrison: — I'm not sure, but perhaps one of the officials know.

Mr. Konecni: — I'll ask David Katz to respond. He's involved in that.

Mr. Katz: — My understanding is that it has been posted. They've done interviews. They have a candidate, but I don't believe they have formally hired that person at this point.

Ms. Sproule: — Thank you very much. All right, going into estimates. I just note that over the last five years of estimates the amount that's been budgeted for operations has gone up about \$300,000. And I'm just wondering, first of all, why the increase in spending over the last five years of about that amount? And secondly I would like a breakdown of the costs that are involved in this year's estimates of \$2.35 million.

Mr. Konecni: — So the response to the historical change, that was a result of a transfer of three employees from the Ministry of the Economy to Innovation Saskatchewan. Some of the line items and some of the things that were part of the Ministry of the Economy's activity was reassigned to us. The responsibility for these organizations, they felt, they were more related to innovation, and so almost all of that plus some of the operational budget that those three employees would have had would account for that. This year our operating budget went up \$33,000, primarily salary adjustments.

Ms. Sproule: — And would you provide the committee with a somewhat detailed breakdown of that \$2.35 million?

Mr. Konecni: — Yes. We have . . . Let me just find it in here.

Hon. Mr. Harrison: — While we're searching for that for you, Cathy, just in terms of the FTEs [full-time equivalent], we've held steady at 11 FTEs this year despite the fact that we've had our budget increased by over \$19 million because of the transfer, largely, of the programs from other areas of government. But you know, I think that IS has done some really good work in terms of being able to manage very effectively the innovation dollars that government provides, and I think that was recognized in the terms of the transfer over. But we have no additional FTEs to manage that additional funded.

Mr. Konecni: — So we do have the numbers. The operations budget is 2.353 million and it includes, as we mentioned already, the 33,000 for salary adjustments. And the big bulk of the total budget is the salaries for 11 employees, which is over \$1 million. IS's non-salary operating budget is approximately 800,000, and that includes 65,000 for communications, marketing and sponsorship; 65,000 for contracting service, including our information services like tech support for our information systems; and \$200,000 for consultants and studies to support the increased programming activity of the agency. And that is basically the breakdown of our operating budget.

Ms. Sproule: — Okay, thank you. So you have 11 FTEs right now, currently?

Mr. Konecni: — Yes.

Ms. Sproule: — And why were the three employees . . . What kind of positions did they hold with the Ministry of the Environment . . . and why were they shifted over to . . . Well you said already why, but what positions did they hold at the Ministry of Economy and what are they doing now?

Mr. Konecni: — They were sector specialists. And so they

were expertise in environmental sciences, information technology, and the nuclear file. That's what the transfers were . . . and environment.

[16:30]

Ms. Sproule: — Environment, thank you. You said about 200,000 went to consultants last year. I don't have the copy anymore of the payee list, but could you give the committee maybe a general sort of description of the type of consultants that you hired and why you felt it was necessary to engage them?

Mr. Konecsni: — Essentially the whole area of innovation is a high-risk activity, and so what we do is we rely on consultants with expertise in very specific areas, markets, technologies, and industrial sectors. And that's one way to mitigate against some of the risks that you might associate with breaking new ground and evaluating new technologies.

But one of the consultants for example was a \$90,000 contract, was with a company called Strategien, which is a spin-out company from a university professor to help us do an assessment of how strong the innovation capacity of Saskatchewan industry is. And this gave us a really good diagnostic in terms of where the strength and weaknesses were and informed our approaches to innovation and industry support.

Again one of our approaches is to do diagnostics before we enter into any significant expenditures of public funds. So again we rely on experts and expertise to help us do the diagnostic work, and zero in on those areas where we'll get the greatest return on our investment and also where it makes the most sense, according to our provincial priorities. So that's one example.

Another example is some studies we've had done related to the oil sector. We did a thorough analysis of the heavy oil sector to get an idea of what was happening with production and, if so, what were the challenges and the causes of that? What were we actually recovering? Again this would inform some of our work in the enhanced oil recovery business, so that was a critical component there.

I'm just looking at here, we hired a consultant to help us with India. India of course is a very important market for us, for Saskatchewan, not only in terms of trade but also for innovation and developing the markets for future crops and products from Saskatchewan. So we had our consultant to help us with the pathfinding, connecting us to the appropriate people. India is an incredibly complex and very densely populated country, and in order to get access to the appropriate organizations and again make our efforts more targeted and more effective, this consultant also played a role in terms of supporting the efforts of our uranium industry and ultimately achieving that end result that was announced last week. He also provided services through us for other ministries like Intergovernmental Affairs, and Agriculture. We just centralized it under one contract instead of three separate ones.

Ms. Sproule: — Would that be Global Connect you're referring to?

Mr. Konecsni: — That was Global Connect, yes.

Ms. Sproule: — And Strategian, is that the work of Brooke Dobni?

Mr. Konecsni: — That is the work of Brooke Dobni, yes. Strategian.

Ms. Sproule: — I was just looking at your mandate under the vote, and marketing is not really part of the mandate of Innovation Saskatchewan. Much of what you described in terms of the consultant work that you had seems to be in relation to marketing. Do you see that as a bit of a contradiction to your original mandate, or how do you justify that?

Mr. Konecsni: — Absolutely not. Innovation by its definition and the working definition that we use is that it must be implemented. It's not simply research. It's the application and the utilization of that investment in developing new technology and new knowledge and utilizing it. So until it's actually utilized, it's not innovation. It's actually just research. So in order to determine what the market needs, to apply your research and the technology, and in some cases even before you spend any money on the research, you need to understand what the needs of the market is. And so the market research provides the market pull. It makes the research relevant and it increases greatly the success of the research having a commercial impact.

Hon. Mr. Harrison: — And I would add, I mean one thing we're very focused on is making sure that investments we're making with tax dollars are going to have an economic impact at some point down the road, that we're not just funding research for research sake. There is, I mean, universities do good work in that regard, but we want to make sure that we take research and we make that commercially viable at some point down the road, such that we're going to see benefits for people of the province. And that's why we do some very targeted investment in terms of our jurisdictional advantages here in Saskatchewan. So we're very cognizant of that when we're making decisions in terms of investments.

Ms. Sproule: — Thank you very much for that. Just to comment, I would think the role of marketing is also the role of the industry themselves and the sector. But if the government gets involved in that, I guess that's a choice you make.

On April 14th in committee for the Ministry of Agriculture, I asked them about a payment that was made to Innovation Saskatchewan for \$70,000. I believe that was in the Public Accounts from '13-14 because we don't have the latest public accounts. And the minister basically indicated that he wasn't really sure and that I should ask Innovation Saskatchewan. So I'm wondering if you could clarify. I notice last year in some of your comments, Dr. Konecsni, you talked about working with the agricultural sector. Perhaps this is the work of Brooke Dobni. That's what you referred to it, so maybe you could give some clarity around that.

Mr. Konecsni: — This was actually the work of Jeremy Heigh. He's the economist who helped us do the jurisdictional advantage that Minister Harrison referred to. And in the first phase of the work that we did in our jurisdictional advantage study, we did a supply chain, an innovation ecosystem

assessment of each of those resource sectors. Agriculture was the last one to be done. We deferred that study because we had enough on our plate working our way through these other two sectors, and we felt agriculture had a relatively well-established supply chain in Saskatchewan and an innovation ecosystem.

So with the announcement of targets in value-added agriculture, a team was put together that includes representatives from several ministries and organizations, including the Ministry of Agriculture, the Ministry of the Economy, and Innovation Saskatchewan. Each one of those particular organizations brings a certain expertise and mandate to developing an appropriate strategy for increasing the value-added target as outlined in the growth plan. In our role as Innovation Saskatchewan, a lot of the value-added agriculture is going to require the assessment of new technologies and new investments in research, so that was the contribution that we brought. The Minister of the Economy brings expertise in terms of an investment attraction, and then of course agriculture takes the lead in this with the understanding of the whole agricultural pipeline.

This project was then funded jointly by the Ministry of Agriculture and Innovation Saskatchewan. And it looked at assessing the supply chain, in particular to the value-added processing side of agricultural sector, and addressing opportunities, strengths, and weaknesses, again so that our efforts and our programming could be targeted towards those areas where there was greatest need and greatest potential return.

Ms. Sproule: — Is that work complete?

Mr. Konecsni: — We're just in the final stages of it; end of April is the target date. A preliminary draft is being reviewed by the ministries right now.

Ms. Sproule: — I think it would be helpful for the committee to have an opportunity to review the report. Will it be made public after it's complete?

Mr. Konecsni: — In the past, what we have is the part of the interviews we received, information from CEOs of companies. And they speak on the condition of anonymity and providing pretty specific information, so that's part of the requirement. In order for them to speak, they wanted to keep it confidential, but we have provided in the past a public summary of the findings of the report. And that can probably address something like that if that's . . .

Hon. Mr. Harrison: — Yes, I mean in terms of the public summary component that is something that we've done, but there is commercial sensitivity around some of it. And like Jerome said, we have some very prominent and successful leaders in our business community that are being very open and frank with us with regard to these.

Ms. Sproule: — I certainly appreciate the value of having those industry leaders participate, but these are public dollars that are being spent. So whatever information that is available would be helpful perhaps for the committee members to obtain copies of that once it's available. Thank you.

Going back then to the work of Mr. Dobni or Dr. Dobni and the Strategian, I assume that's a company that he's now formed. I'm just wondering again what are the results of that work? Have you completed the innovation training? It sounds like it's a sector seminar. Are those complete? And do you have any report available for the committee on the success or the evaluation of that training?

Mr. Konecsni: — The results, I think, were alluded to in the minister's comments. But what we discovered in this analysis is a benchmark that said, how is Saskatchewan doing relative to the rest of the world? And Dr. Dobni had done a benchmark study of the Fortune 1000 companies, so that gives you a pretty good benchmark. And also there were some Canadian companies.

So we benchmarked Saskatchewan companies and industries against Fortune 1000 companies and other companies in Canada. As a result, we scored higher than the Fortune 1000 average by one point. We scored four points higher than the Canadian average. But it also identified three areas of opportunities for growth, and we believe that if we have companies that have better ability, better capacity to absorb innovation, we have a greater chance again of having success and return on the investment. Ultimately it's up to the companies to apply the knowledge and the technologies and utilize it, that are being developed by our public institutions. And so if they don't have the capacity or the skills or the expertise to acquire and utilize that, then a lot of the investment will not be realized.

So this is part of our strategy. So far we've launched a number . . . It's a three-year program; we could certainly provide a progress update. Dave, you've got some specific information where we're at to date with that program. So I'll turn it over to Dave Grier.

Mr. Grier: — There are seven sessions have been completed, and three more are working with companies. Those have been completed as well. We're hoping by the end of June that this first group of sessions will be completed. There was intended to be 10, and 7 have been done so far. Those are the training sessions.

Ms. Sproule: — Okay, and how much did Innovation Saskatchewan pay? Is that the 90,000 you referred to? Is that the total cost or is there additional cost for the training sessions?

Mr. Grier: — There is some additional cost, but we've had additional funding from IRAP [industrial research assistance program]. We had \$70,000 from IRAP to help support that work.

Ms. Sproule: — That's the industrial research assistance program?

Mr. Grier: — That's right, yes. That's it.

Ms. Sproule: — And how much did they provide?

Mr. Grier: — 70.

Ms. Sproule: — 70,000?

Mr. Grier: — That's correct.

Ms. Sproule: — Thank you. Okay, I'm going to move quickly onto the annual report for Innovation Saskatchewan. I just had a few questions rising out of that.

On page 2 in the agency overview — this is from, the most recent one we have is '13-14 annual report — at the bottom of page 2, I'm just wondering, it says on the request of the Lieutenant Governor in Council, you have a mandate to "... undertake any program or activity for the purposes of achieving the objectives described above ...". And I'm just wondering if there were any requests from the Lieutenant Governor in Council in the last year?

A Member: — None.

Ms. Sproule: — None? Okay, thank you. I was looking and I couldn't find any. On the SAIF, the Saskatchewan Advantage Innovation Fund, you had some progress indicators on page 5, and other details on the program. One of the questions I wanted to ask was about SpringBoard West Innovations. I believe you allocated them \$890,000 and the recipient apparently declined that funding. Can you explain what happened there?

Mr. Konecsni: — Innovation Saskatchewan had that funding allocated in our budget for last year. We were in the process of negotiating the funding agreement with the organization. The board of the SpringBoard did not feel that they were going to be able to achieve the level of sustainability that was required and expected of them, so they made the decision, the board made the decision to wrap up the operations of the organization. So it was a board decision by SpringBoard.

Ms. Sproule: — And when you say they didn't feel they could achieve the level of sustainability required, can you give us a little more detail on what that actually means?

Mr. Konecsni: — Well I think there was two things. Part of it was delivering services and impact. One of the things that we expect in all of our funding arrangements are outcomes, deliverables, and impact. And our decisions in terms of what projects we fund and which ones we don't fund, we're often left with choosing between good and better. So when you have scarce resources, limited resources, you have to be able to make those choices. So we've established a very rigorous process, I think we've talked about this in this committee in past years, but a process called ProGrid. It establishes criteria for evaluation and review of the criteria, and they're measured in two ... Eleven criteria under two main categories, impact and strategic alignment to the provincial priorities.

[16:45]

And so when we looked at that, we had certain expectations identified that we would like to see from SpringBoard in terms of leverage of their investment, the ability to obtain private sector support. And they just didn't feel that that was available, that it wasn't there. And when we looked at the level of impact that they had, we believed that the choices we had for investment, we could receive higher impact by investing in other activities.

And there's an organization called Raj Manek which provided mentorship and advice to industry. They have a collection of over 300 mentors to provide voluntary support and advice to start-up and growing businesses. So we felt that this would be a duplication of the kinds of activities that was being done on a voluntary basis from the private sector.

Ms. Sproule: — Thank you for that explanation. I recall speaking to I think one of the directors of SpringBoard West, and I'm not sure that they would characterize it as declining the money, but I think they just felt that the expectations were perhaps not appropriate for their purposes or something. Just, I'm surprised you use the word declined. Is that the same thing that happened to Telecommunications Research Laboratories, is that they didn't meet your criteria?

Mr. Konecsni: — Yes.

Ms. Sproule: — Okay. On page 6 you provide in your '13-14 report, you give an update on the CCUS [carbon capture, utilization, and storage] Sask committee and CCUS project. I was wondering, at the bottom of the page you indicated that the provincially funded research needs to, and this is:

d. Inform the public about CCUS, particularly as it relates to impact of CCUS on the environment to assist SaskPower in maintaining its public licence to operate.

First of all, I'd kind of like to know how much money you spent to inform the public about CCUS. What you spent preferably in the last fiscal year but certainly in '13-14. And again, explain to the committee what the role of these public provincial dollars would be to inform the public about CCUS and how would that assist SaskPower in maintaining its public licence to operate. I don't get the connection.

Mr. Konecsni: — I'm going to ask David Grier to respond to that question.

Mr. Grier: — Okay. The comments you're referring to are about our reasons for getting involved in the whole carbon capture sequestration area and the actual money that we've got involved in for two specific projects. We spent a total of 500,000. \$100,000 was for laboratory equipment at the University of Regina to train people who were operating those kinds of systems that SaskPower will be using. Actually they did an excellent job. They got twice as much ... equipment worth twice that amount because they worked good deals among their suppliers. So we gave them 100,000. They got \$200,000 worth of equipment.

The other \$400,000 was a second project. In this case we're working, or the University of Regina and SaskPower are working together to establish how they can reduce the cost of the current system. So they'd like to do it again on Boundary dam 4 and 5, and they want to reduce the cost of implementing carbon capture on their units by 30 per cent. So they're taking learnings from what's happened so far and putting it together and figuring out how they can improve the design so they can reduce the cost.

So we aren't actually spending money on informing the public. That is something that the public needs to have done.

Hon. Mr. Harrison: — Yes, it's much more. It's not about informing the public, Ms. Sproule. It is about bringing the information together from the BD3 [Boundary dam 3] but also from around the world. I mean finding ways to be able to do this in a more economic fashion as we move forward, whether that be with BD [Boundary dam] 4 and 5 or other projects.

Ms. Sproule: — Yes, thank you. I mean I'm just referring to the quote from your statement, which says, you know, using money to inform the public. So you're telling me no money has been spent, is basically the answer to that question.

And in terms of those two projects you referred to, the control system training equipment, so that's acquired now and is being operated. You said they got a good deal. The technology management initiative, that's the 400,000 you're referring to, to improve the technology for BD units 4 and 5. What is the status of that, that funding? Is that research complete now or is it . . . I assume it's ongoing.

Mr. Grier: — It's ongoing and it will be complete or is scheduled to be completed in August.

Ms. Sproule: — August of 2015?

Mr. Grier: — Yes.

Hon. Mr. Harrison: — End of August.

Ms. Sproule: — End of August. Thank you. The EOR [enhanced oil recovery] research and development project, you had I think four major projects described in your '13-14, and I know last year in committee the minister took considerable time to explain those projects. I'm just wondering, on the bottom of page 7 for the first project, the mapping of the in-reservoir oil flow, you had indicated that a report would be provided compiling the findings of the work undertaken, conclusions regarding the feasibility of using notes to map wormholes and their structural characteristics. I'm just wondering, is that work complete and is that report available?

Mr. Grier: — The work is not completed yet.

Ms. Sproule: — What's your anticipation for completion?

Mr. Grier: — I think it's December of '16 but I'd have to check.

Ms. Sproule: — So at least another year anyways. Okay. That's fine. We can ask next year.

Same with the second project, which is the radio frequency heating EOR. I'm just wondering . . . I just love this: "Dielectric . . . heating works by volumetrically exciting bipolar molecules and instantaneously heating a volume." I think that's wonderful. I'm just wondering, at the bottom of that project also there was an anticipation there'd be a report including analysis and recommendations regarding proceeding to phase 2, the field demonstration. Is that report complete?

Mr. Grier: — Yes, it is. PTRC [Petroleum Technology Research Centre] received a report. We assisted PTRC and their members in funding that project. The conclusion was it's not

economically viable. It works, but it's not economically viable.

Ms. Sproule: — Oh. So no more excited bipolar molecules then. Darn. Okay.

Same question for the third project, which was microbially generated biosurfactants for heavy oil EOR, and those findings were going to also be compiled into a report. Is that report complete?

Mr. Grier: — It is not. It's also the end of December of '16, is the completion.

Ms. Sproule: — Okay. We'll look forward to that.

Now the fourth project, when I look at the goal of increasing oil production, when you talk about oil cut meter development, that doesn't necessarily increase production. Or maybe I'm missing something here. Could you explain how that . . .

Mr. Grier: — It was hard to understand initially for us as well. Basically the producers, the oil companies or the oil company, will have a number of wells producing into one collection point. They have no way of measuring which well is delivering. All they know is what they get in the tank. So they say, if we can measure each well, we can say, okay we should stop wasting our time on this one. We can increase and get more coming from that one, and therefore their cost of production will go down and actually increase the actual, because they're concentrating on where the production actually is happening. And so there is I think a very expensive meter that was possible but they said, that's just too expensive; what we're learning wouldn't justify it. So the target of this is to develop one that's much less expensive.

Ms. Sproule: — And what's the status of that?

Mr. Grier: — Yes, it was delayed starting because the company that was doing the leading activity had an investor pull out just after we decided to fund it. New investors have just come back in so it's starting right now.

Hon. Mr. Harrison: — Just starting.

Ms. Sproule: — And is this research happening anywhere in Alberta or is it just in Saskatchewan?

Mr. Grier: — It's a British Columbia company that's going to develop the meter. There's an Alberta company that's involved in distributing it to oil companies, so they're the commercialization arm, but the bulk of the research is being done at the Saskatchewan Research Council.

Ms. Sproule: — Do you know if there's any research dollars being provided on any of these projects in the EOR field by the province of Alberta?

Mr. Grier: — Not by the province, not that I know of.

Hon. Mr. Harrison: — Although we have contributions from the NRC [National Research Council] though and . . . [inaudible].

Mr. Grier: — That's true, yes.

Hon. Mr. Harrison: — The National Research Council is contributing to one of the projects.

Ms. Sproule: — So there's funding from the federal government on one of the projects but the Alberta government is not participating at all in the funding of these?

Mr. Grier: — That's correct, but the industry's the largest contributor. Typically these EOR projects, we like to have at least one oil company — they're the receiver of the technology, ultimately — and a technology company and research organization involved in them. And typically our money goes to pay for what the research organizations do, and the oil companies and the technology companies pay for their own contributions to the project, and it works out to about one-third, one-third, one-third.

Hon. Mr. Harrison: — Yes, and I would just kind of say in terms of the goal of all of this, all of these initiatives in terms of enhanced oil recovery is to make sure that we're continuing to be able to access . . . We know that we're, depending on the formation, we're only able to recover, you know, 8 per cent of the oil or less in some places, more in others, but the objective here is to make sure that we can continue to produce in existing wells by using technology that allows us to increase our recovery rates.

Ms. Sproule: — Yes, that's very clear in your documentation on page 7 where I think you're saying 87.2 per cent can't be recovered with known technologies. So yes, I understand the goal of the projects. I'm just, you know, I guess somewhat concerned that other governments aren't participating in the research costs if indeed this kind of information will be useful across the oil field and I assume in the United States as well.

Mr. Konecsni: — There is an example where the Alberta government started an investment and they had contracted the Light Source to do some work in heavy oil research. We learned about their investment and said, boy, this is relevant and interesting to us so we're getting involved, and our board approved funding for a project at the Canadian Light Source to do Saskatchewan work.

So there are opportunities for us to look for those ways where we can . . . but Alberta's . . . Generally you have to understand that Alberta's oil is much different. Its reserves are much different than ours. So there might be some places where there's enough commonality, but you have to be specific to the . . . We have three, many different types of oil reserves in Saskatchewan and we have to have different techniques and approaches in each one of them. And some of the oil specialists — Dr. Schramm is much more qualified in this area than I am — would probably tell you that it varies from well to well.

Ms. Sproule: — Yes, I know the SRC has done a lot of work in this area in the last little while. I guess, what about North Dakota? I understand in terms of enhanced oil recovery, they would have the same situation as we would in the Bakken area for example. Is there any research being conducted there, and is the state or the federal government of the United States assisting with that research?

Mr. Grier: — At this point we haven't been involved in any Bakken projects. We are trying to, and there's one opportunity that we're trying to make happen, but it hasn't gotten . . . made happen yet. It's again with SRC. But so far the companies operating the Bakken are preferring to just, we'll do what we do quietly, and don't want anyone else to know what they're doing kind of thing, especially their competitors around them.

Ms. Sproule: — Yes. I'm just going to keep moving on here. On page 10 of your '13-14 annual report, you make a reference to the partnership, research partnership with Hitachi Ltd. It's nuclear research, and it says in your summary that "Research will focus on nuclear medicine, nuclear safety and small modular reactors as agreed to in a Memorandum of Understanding (MOU) signed in 2011 . . ."

I'm just wondering, because it looks like the work that's being done is more in relation to the small modular reactors, SMRs, or safety, but it doesn't make any reference to nuclear medicine. In the Hitachi agreement, are they actually working on nuclear medicine at all?

Mr. Konecsni: — Sylvia Fedoruk Centre, those are the . . . The priorities you mention, those were the four priorities that were given to the Sylvia Fedoruk Centre when they were launched, and a lot of the work that's done regarding nuclear medicine involves the construction of the cyclotron and some of the other work, other projects that we've funded. But I'm going to turn it over to David Katz to respond, but Hitachi's work is not primarily interested in nuclear medicine. It's primarily focused on other areas of interest.

Mr. Katz: — Yes. In fact, the MOUs with Hitachi are around modular reactors and reactor safety. What we've been doing with Hitachi so far is a set of projects on thermal utilization.

Essentially if you have a small modular reactor and the amount of thermal energy that is produced is in excess of what is needed for generating electricity, then it can be used for other purposes. We look at that from the point of view of, the market for uranium depends on the market for reactor technology, and the more you can add to the value of the reactor technology, the more demand there will be globally for uranium. So we're looking at, from a global point of view, how do you get more out of small modular reactors than just electricity.

Ms. Sproule: — Thanks for that. I was actually asking about a particular comment in your annual report. Do you have a copy of it with you? Or you guys don't have it. Okay. That's what's going on.

Because under the heading on page 10, and maybe it's just a mistake, but under the heading of Hitachi Ltd. nuclear research partnership on page 10, it says, \$5 million, ". . . matched by Hitachi in-kind/cash of \$5 million, to do nuclear research . . ." And then it goes on to say, "Research will focus on nuclear medicine . . ." I was confused because it doesn't sound like that's happening at all in the Hitachi agreement, so I think maybe there's just an error in the report.

[17:00]

Mr. Konecsni: — I'll have a look at that report because that's . . .

Ms. Sproule: — Page 10 just threw me off because I didn't think that Hitachi was involved in nuclear medicine. All right. Thank you for the clarification.

Now I certainly had a tour of the cyclotron facility, a wonderful tour and was very, very impressed and quite excited about getting those isotopes up and being produced. Very proud staff showed us around, and we had a good afternoon there. Thank you.

Okay. Let's move on. Maybe you have this document. No, it's still the same. It's your financial statements from March 2014, which are in the same document. You might be able to answer these. Let's try. Yes, you should be able to answer this question.

On page 24 under note 9, which is your designated assets, it's all the programs that you're funding, I believe, and this is your internal fund, the Saskatchewan Advantage Innovation Fund. I'll read you the sentence. It says this: "Decisions on projects funded by SAIF are based on a rigorous project evaluation criteria used to vet all projects and are recommended to the Innovation Saskatchewan Board of Directors for approval." My question is, who does that vetting? And you know, the project criteria, how is that established?

Mr. Konecsni: — That was a process that I had alluded to earlier called ProGrid. It is the most prominent process and technology for evaluating projects that we are aware of in Canada, and we contracted ProGrid to provide, to get access, the rights to use their software and provide coaching for us to develop criteria that were important to . . . So they're basically developed by what are the provincial objectives and goals.

And like I said, it includes things that fall under two broad categories. Impact, so we're measuring the impact of the projects as well as strategic fit. And impact, so we just don't say, well it has the potential for \$3 billion. But under that we also look at, in great detail, what is the technology itself? What is the risk associated with it? What is the management strengths and skills? Have they got a track record of managing new technologies? What is the market demand? And that's why market is so important. If there's no market demand, then you could spend an awful lot of money trying to push a technology and get nowhere.

So there's 11 criteria. That process is done internally with Innovation Saskatchewan staff as well as peers or experts in the field wherever it's necessary and appropriate. So then we take that to our board of directors, we give them the rating and the evaluation, and our board makes the final decision. And our board consists of representatives from different industry sectors.

Ms. Sproule: — Thank you. I just want to talk a little bit about staff. And referring back to the minister's correction of our initial reaction to the budget where we wondered where the heck VIDO [Vaccine and Infectious Disease Organization] went in the health research, you're maintaining the same level of staff, but you are taking on some incredibly significant additional projects. How is that going to work if they're vetting these projects and doing all that work? How are you going to be

able to manage?

Hon. Mr. Harrison: — Well I'll take the first crack at it and say that we have some very dedicated and hard-working folks — that's the honest answer — that are willing and able to serve on the boards of these organizations and had played a role on the boards before as well. But you know, we have some very dedicated folks . . . [inaudible] . . . who work very hard at this and do a very good job. Maybe Jerome, if you want to talk about some of the operational details.

Mr. Konecsni: — Every one of those organizations that we talked about, Innovation Saskatchewan served on the board. An executive, one of the three of us, served on the boards of those organizations, so we were already on the board. We actually in fact would brief the Ministry of Advanced Education, and Health as to what the findings were. They relied on our expertise to provide them advice.

So it made more sense for us, and in fact there are colleagues in these other ministries saying, you know more about this than we do. You have a more technical background. You've managed research and innovation. We think we can save an extra step in the process. So most of the work we were doing, like participating on the boards, evaluating or writing briefing notes for our minister and so on, we believe that with that and then working smarter not, you know, necessarily harder, that we believe that we will, we can achieve that. And like I said, we had two of the people that we had transferred, two of them retired so we brought in some new staff that have more specific expertise related to the new responsibilities. So that's the other help in terms of enabling our organization to respond to that.

Ms. Sproule: — And in terms of infectious disease and health research, what do you see as the difference between your role and the university's?

Mr. Konecsni: — Well the university performs the research. Our job is to monitor it, to provide governance, to provide strategic advice and direction, and to ensure that the investments that the people of Saskatchewan are making in these organizations are being spent wisely and soundly and we're getting the appropriate levels of return.

Ms. Sproule: — Okay. I'm running out of time. Last year we were told that, well things have changed. Dr. Barnhart was the Chair of the international mining institute. Is there a new Chair or that's still being . . . And who is that? I'm sure there was an announcement.

Mr. Konecsni: — The new Chair is Dwight Percy. And again this was at the request of the industry members on the board. They did not want . . . They wanted a neutral . . . Dr. Barnhart brought knowledge and expertise in governance and a strong personality as the Chair, so they did not want somebody from the industry. They wanted a neutral Chair and they wanted somebody who had solid business and governance experience. And so that was the decision to choose Dwight Percy, and so far he's being very well received by the industry members and the academic institutions on the board as well.

Ms. Sproule: — Just a follow up, Mr. Grier. You talked a little bit last year about making a visit to Israel with Dr. Konecsni,

talking about a technology that a man who worked for Royal Dutch Shell was working on with potential for, you said our oil sands, and I'm just wondering, when you say our oil sands, are you referring to Saskatchewan oil sands?

Mr. Grier: — Yes.

Ms. Sproule: — So has that gone any further?

Mr. Grier: — No, it hasn't. We've been . . . Actually you were just recently talking to them so maybe you should . . .

Mr. Konecsni: — I probably have more of a recent update than Dave does. Yes, we just received . . . In fact we have a meeting arranged. The company that we were talking to in Israel, Genie Energy, is still very much interested in working with the province of Saskatchewan and our industry and our research community here and they're planning a visit to Saskatchewan in the next two months. So they're going to ask for meetings with Innovation Saskatchewan officials from the Ministry of the Economy and I suspect they'll probably be looking to meet with the minister as well, and it's to talk about the next stages.

Initially why they delayed our participation was, it was a business decision made that they did not want to dilute their intellectual property by getting external investors. They wanted to do the proof of concept internally. Thereby they have complete ownership of the intellectual property. So now what we'll be getting when we do participate in, is a project that has passed the first level of risk. So we'll be getting in at a lower risk stage and we'll be looking to get Saskatchewan oil companies involved in that collaboration.

Hon. Mr. Harrison: — Yes. And in terms of our relationship with Israel, you know, I think we've done some very good work in building that relationship with Israel. I met with the Israeli ambassador not that long ago. We signed a joint funding agreement in October of last year, the Canada-Israel Industrial Research and Development Foundation, and we're going to be having a series of round table workshops, next month I believe . . . [inaudible interjection] . . . Two weeks, yet to determine the kind of specific bilateral areas where we can co-operate.

Ms. Sproule: — Thank you very much. I do have one question for SRC, but I think I have one left that I'll try and fit all this in. Last year in committee — this was Dr. Konecsni — you were talking about . . . It was on page 480 that you were talking about building knowledge on the capacity base, talking about places in the world that are hi-tech centres like Boston with medical research, Silicon Valley, starts with a huge capacity in public institutions. And then you went on to say, "So we're just getting our heads around trying to get those, put some of the numbers together. And it'll probably take us several months to put some of this together." And then you went on to say, "We think that once we start getting our head . . . we'll get a true understanding of how big our innovation sector is and what its economic contributions to the province are." Can you update the committee on your progress in that area?

Mr. Konecsni: — Yes. We have brought on an intern from the University of Saskatchewan from the department of economics, and she started the first phase of doing that economic impact. We started with looking at a number of projects in each of the

core resource sectors. We're doing an assessment of what the project was, the scope, the leverage, and the impact of those. So we just had the report last week, I believe, from the intern and, you know, it was very helpful. So we're going to continue to work with the university. We're also working with the Johnson-Shoyama school of policy to look at measuring and defining economic impact further.

Ms. Sproule: — Is that something you can share with committee, or is this still ongoing work? Or will you be releasing it publicly?

Mr. Konecsni: — It's still ongoing. We're looking at the first phase. Like I said, we just received the report, so we need to analyze and provide some sort of direction and guidance to the student for the next phase to say, okay, we like this. This isn't quite helpful, or the validity of it. So we're going to consult with the professors, the economic professors, and the folks from Johnson-Shoyama to give us guidance. We want to make sure that this analysis is rigorous and stands the scrutiny of that level of expertise.

Ms. Sproule: — Thank you. If I could, Mr. Chair, I want to thank the officials from Innovation Saskatchewan, but I do want to get SRC on the hot seat for a couple minutes. So thank you.

**General Revenue Fund
Saskatchewan Research Council
Vote 35**

Subvote (SR01)

Ms. Sproule: — All right. Thank you very much, Dr. Schramm and staff. Ms. . . . I can't say your last name. I'll call you Wanda. And Ryan, thank you very much for joining us. And I'm sorry, I wish we had more time to really explore some of the work. I know SRC is doing great work in the province.

I have one specific question and then, if we have time, I'll ask a more general one. I was just looking at some of the projects you've been working on, and I'm very interested in the Factor 9 home project. If you could tell the committee a little bit about that, whether or not that's going to be commercialized or actualized somehow and sort of what the next steps would be in that type of a demonstration project.

Mr. Schramm: — So that was, as you probably know, a very successful project some years ago. The connotation of Factor 9 was roughly nine times more energy efficient than comparable structures built with conventional technologies at about the same price, so it was very exciting. As you may recall, there was a launch of the first Factor 9 house in Regina, sold to a local family, and so forth. So that one lives on.

The technology is still available to the building industry in Saskatchewan. We had to severely reduce the amount of work we were doing in both energy efficiency and energy conservation in homes almost within about a year of that project and a similar one with Agency Chiefs for First Nations communities due to lack of funding in the market. So we were unable to proceed at a kind of a critical mass level.

Where things are is the technology remains available. The

house is still there, and so people can see it. Several of the builders became educated in the know-how through that project and the other one that we did about the same time with the Agency Chiefs organization.

We have kept as much as we can of the expertise alive in-house within SRC, kind of to live to fight another day. When the markets in that sector get a little healthier and there's market pull from the building or construction sector, then we'll scale up with it, is our plan. But we've had to go very . . . it's almost at no pace the last few years in that area, and that covers not just the Factor 9 technologies but everything to do with building energy efficiency and energy conservation. The market pull almost anywhere in Canada just isn't there right now.

Ms. Sproule: — And just a quick question: why do you think that market pull is not there?

Mr. Schramm: — I think it's a combination of smaller companies have been at the mercy of the capital markets for their ability to raise funds to get on with initiatives, and that's struck all of our strategic economic sectors these last four, five years. And I'm assuming that they are judging that the market isn't ready quite yet for those technologies, even though the incremental cost is quite small compared with the total cost of building, say, a home, a private dwelling home.

[17:15]

I gather, my understanding from them is that that small margin is still a little too high in an intensely competitive market, and so they're . . . My understanding is there needs to be a little more consumer demand before there's something for them to respond to. And then of course they would respond, and then we'd be in a position to help them if they respond. So that little cascade kind of needs to happen, and for our business model to work there has to be some market health, some market activity. So we've retained as much of the know-how and the capability as we possibly can, kind of in a live to fight another day mode, if I may put it that way.

Ms. Sproule: — Sound like a job for Innovation Saskatchewan.

Mr. Schramm: — I would be happy to submit a proposal tomorrow but, as you heard from their answers to some of your questions, they too are doing similar assessments of the needs of the marketplace. And my guess, they have to speak for themselves, but my guess would be they're waiting for the same kinds of signals.

Ms. Sproule: — Then maybe that's a role for the minister. Anyway, in general I see we're very close to being out of time here. Anything exciting and new on the horizon for the SRC that you want to report out?

Mr. Schramm: — Oh, goodness yes.

Ms. Sproule: — You have 10 minutes.

Mr. Schramm: — Oh. All right. We're not able to say anything publicly just yet, but we're right on the edge of being in a position at which the minister would be able to announce a partnership between ourselves and a major, major, major

research and development organization in Canada that would see us partnering to develop opportunities in Saskatchewan for bioproducts processing which would fit nicely into the ag sector in middle Saskatchewan. So that's one.

In the rare earth minerals area, there continues to be a demand from manufacturing and ICT [information and communications technologies] industries for rare earth minerals, with China mostly keeping to themselves their own supplies. Again we're working with some major companies that are interested in developing rare earth mines in Saskatchewan and in the territories north of us. And even if mines should go into the territories rather than in Saskatchewan, there's significant interest in building the mills in Saskatchewan because in most cases the processes will be so chemical intensive that both economics and just safety reasons are likely to compel them to want to establish in northern Saskatoon. And so we're working very closely, and again things are heating up to the point where there may be public announcements which would have to be made by industry in this case later this calendar year.

Ms. Sproule: — Well certainly that's very exciting. Oh sorry go ahead, Mr. Minister.

Hon. Mr. Harrison: — No, I was going to say as Dr. Schramm said, he didn't specifically announce the details but we're getting close on a couple of very, very significant important initiatives that I think would be a really big deal for the province.

Ms. Sproule: — Great news. Finally last comment: were any of you up at Ness Creek for the gasifier project that you . . . I see it in your report but just wondering how that's going and if there's going to be more developments on the gasifier project?

Mr. Schramm: — Well we were, several of us were at the agricultural museum in Ottawa opening of the demonstration unit there. We had some demonstrations in Saskatchewan that I wasn't personally part of but that is attracting interest, particularly of quite small players, small size enterprises. And so we are again doing a modest amount of work at the moment, but that's something that could scale up rapidly at almost any time. And so the potential still seems to be there and there's interest. A little bit short of dollars, but there is continuing interest in that area. So we are still doing as much as we can as fast as we can to advance that in northern and southern Saskatchewan.

Ms. Sproule: — All right. I believe we're out of time. So I just want to pass on my thanks to the minister and all the officials for the good work and the exciting information that you shared today. Thank you.

The Chair: — Thank you. We've reached the time for our time allotment for this afternoon's estimates. Mr. Harrison any last brief comments?

Hon. Mr. Harrison: — Yes, I know I just want to thank Ms. Sproule for the questions. I want to thank officials from both SRC and Innovation Saskatchewan for being here and providing some I think very good factual information for the committee. And I thank members of the committee for having us today.

The Chair: — Thank you very much. This committee stands recessed until 7 p.m. today.

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

The Chair: — Welcome back, committee members, after our supper recess. We're continuing with the Economy Committee, considering estimates. Before we do that, there is a document to table from our previous meeting this afternoon, ECO 17/27, Innovation Saskatchewan contractual services and grants and sponsorship suppliers, April 2014 to March 2015. I believe all members have received that and had a chance to look at it.

**General Revenue Fund
Economy
Vote 23**

Subvote (EC01)

The Chair: — We're going to continue with considering the estimates for the Ministry of the Economy. This segment we'll consider vote 23, central management and services (EC01). Minister Boyd, this is the first time you've appeared before this committee considering these estimates. I'd invite you to introduce your officials and have an opening comment if you wish.

Hon. Mr. Boyd: — Thank you, Mr. Chair. Good evening, committee members. It's a pleasure to be here this evening to consider the estimates of the Ministry of the Economy. Here with me tonight to assist in answering your questions are, on my left, Mr. Laurie Pushor, deputy minister of the Economy; on my right, Ms. Denise Haas, chief financial officer. Seated behind me we also have officials here from the ministry that will assist in answering questions and provide information as part of tonight's conversation. Seated directly behind Mr. Pushor is Ed Dancsok, assistant deputy minister, petroleum and natural gas. To his right is Mr. Chris Dekker, associate deputy minister, economic development, and to Mr. Dekker's right sits Hal Sanders, assistant deputy minister, minerals, lands and resource policy. Seated directly behind Mr. Sanders is Mr. Bryan Richards, president and CEO of the Global Transportation Hub, and to his left is Michael Mitchell, acting assistant deputy minister, performance and strategic initiatives. And to his left is Ms. Joanne Johnson, executive director, marketing and communications.

Mr. Chair, for years Saskatchewan was not noted for a strong economic performance. We battled brain drain and out-migration to other provinces. Career and investment opportunities were scarce and the growth of our economy, resource economy, was flat. Since 2007 we've experienced wholesale change to the point where 2014 was record setting in many areas: oil production, horizontal drilling, job growth, record potash shipments, investment intentions, and more.

Everyone is well aware of the recent shifts in the global economy caused in large part by the drop of the price of oil. As it turns out, Saskatchewan can take a punch better than other jurisdictions thanks to a strong, diversified economy, our impressive resource base, and our attractive business environment.

A recent TD Economics special report headline reads, "West is still the best," with Saskatchewan a big reason why. Here are a few indicators as to what TD has in their special report, something to write about.

We continue to carry a AAA credit rating and an anticipated GDP [gross domestic product] that is forecast to grow by 1.2 per cent in '15 and another 1.9 per cent in '16. In '15 we have more people living in Saskatchewan than at any other point in our history, and more are coming every day.

Wholesale trade and manufacturing shipments reached record highs in 2014. In fact from 2004 to 2014, the value of Saskatchewan manufacturing shipments has increased by over 80 per cent, and for the first time ever in 2014, Saskatchewan's merchandise exports to countries other than the United States surpassed Alberta and set an all-time export record.

Saskatchewan is forecast to hit \$18.1 billion in private sector investment in 2014, an increase of 1.2 per cent over the previous year.

And despite the fluctuating price of oil, we are number two oil producer in Canada and 2014 was a record year for our oil and gas sector. Last year Saskatchewan had the highest oil production ever, 188 million barrels; the most wells drilled ever; set a new record for upstream oil and gas expenditures, estimated at \$6 million, billion, \$6 billion.

Potash sales also reached a record high on the strength of world demand. In March, Mosaic company announced a \$1.7 billion expansion to the K3 potash mine at Esterhazy. It is estimated that Agrium Inc., Potash Corporation of Saskatchewan, and Mosaic Company could eventually invest a collective \$14.3 billion to expand Saskatchewan's potash production capacity by over 90 per cent.

We have all heard of the reports of the uranium supply agreement between Canada and India. Last week in Quebec, Premier Wall witnessed this historic agreement, one that is huge for the uranium industry in Saskatchewan and the communities it supports. Saskatchewan is the world's second-largest uranium producer and home to 100 per cent of Canada's uranium mining industry. With India expecting to supply 25 per cent of its electricity from nuclear power by 2050, the uranium industry in Saskatchewan is looking forward to many years of stability and growth, and the province is looking forward to potential expansions and increased exploration.

Our existing forestry industry continues to recover and expand and expects to invest a half a billion dollars over the next two years. This is impressive for an industry that not too many years ago was also hit by the global economic downturn.

We are fairly vocal about our strengths in the resource sector here in Saskatchewan, and the resource industry validates our claims. The Fraser Institute's 2014 survey of mining companies ranked Saskatchewan number two in the world among jurisdictions attractive to ... attracting mining opportunities just behind Finland, and not surprisingly, Saskatchewan was ranked number one in Canada.

And it is not enough to have the mineral resources the world

wants. The world must be able to access these resources. This shows the kind of business and investment environment we have worked hard to create here in Saskatchewan. That, Mr. Chairman, is today's Saskatchewan: an exciting, strong, successful province built on good government policy and true Saskatchewan spirit. This government is committed to maintaining this momentum, driving growth forward and into the future.

Mr. Chairman, while we are all growing our resource sector, we must be responsible regulators as well. We are engaging the oil and gas sector to regulate and monitor that growth for the betterment of everyone. In 2015-16, oil and gas revenues will likely increase to \$20 billion — levy revenue that is — which will help expand regulatory oversight to keep pace with sector growth, and we'll complete the process renewal infrastructure management enhancement, the PRIME project, a group of projects designed to modernize our oil and gas information systems. This project streamlines operations for both industry and government.

As responsible regulators, we need to be on the forefront of all resource sector changes. To that end, we will establish the . . . engage with the potash industry in a review of our entire potash taxation regime. This review process, announced in the budget, will gather input from stakeholders and seek opportunities to simplify the taxation and royalty system. Our government strongly believes that changes must balance the excellent investment and operational environment for the potash industry with the need for a fair return to the owners of the resource, the people of Saskatchewan.

To achieve our growth plan objectives and secure a prosperous future for all, we have put forward the 2015-16 budget. This year's budget is focused on keeping Saskatchewan strong, the kind of strength that weathers the ups and downs of market volatility. Mr. Chairman, I'm pleased to say that this budget is once again a balanced budget. It takes into consideration the needs of Saskatchewan families and the expectations they have of this government.

Instead of raising taxes, we are controlling government spending and encouraging investment. While we are attracting investment and attracting people from around the world, we are also encouraging expansion right here at home through growth initiatives for industries like primary steel producers, manufacturers, processors, exporters, and creative industries. We have put a very attractive environment in place for investment and expansion. These incentives will grow future revenues without impacting current government revenues. This is just one more way to grow the economy.

The Ministry of the Economy supports many of the growth plan objectives and is instrumental in achieving the goals of this year's budget. Mr. Chairman, the Ministry of Economy's operating budget for 2015-16 totals 271.5 million, a slight reduction from 2014-15 of 700 . . . There must be a typo here. The reduction, sorry, is a reduction of \$733,000. And by managing ministry resources and incorporating lean philosophies, we have an FTE [full-time equivalent] count of 576.9, two fewer than in 2014-15. We are pleased to be contributing to another balanced budget and we know we are building a competitive, sustainable, and bright future for

everyone in this province.

Mr. Chairman, this concludes my opening remarks. I now look forward to a productive discussion and questions from the committee on the estimates of the Ministry of the Economy. Thank you.

The Chair: — Thank you very much, Minister Boyd. I neglected earlier to mention we started promptly at 7 p.m., just for the record. Are there any questions for the witnesses from members of the committee? I recognize Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks to the minister, and especially thanks to all the officials for taking their time here this evening and for the work that those officials carry out throughout the year on behalf of the Saskatchewan people. There's a couple of points that I would want to rebut within the minister's message. Many of them were good points. A couple are debatable and certainly I think Saskatchewan people see through a couple of them, but I would like to just get into the heart of the discussion here tonight.

A few general type of questions off the top. I'd like to get a sense of . . . There's modest changes in the FTEs in your ministry. If you could explain what those changes represent, what those role changes are.

Mr. Pushor: — Okay, I can respond to that. My name is Laurie Pushor, deputy minister. We have a very modest adjustment of two FTEs. We're working across the ministry to deliver our programs in the most efficient manner possible.

None of our FTE adjustments are budget driven in and of themselves. Anything we're doing around reassignments or reallocations are done with the interests of efficiency and more client focus in our decisions on where and how to deploy people.

Mr. Wotherspoon: — Thanks for the information. So what are the actual changes? What were the reductions? What roles have been taken away?

Mr. Pushor: — At this point in time we have no specific adjustments. We're just committed to having two fewer FTEs in the ministry. So we're still determining where those adjustments will be made.

Mr. Wotherspoon: — And do you have two fewer FTEs right now, or are there going to be some changes made fairly soon here?

Mr. Pushor: — We've been managing a number of vacancies across the ministry as we determine not just some expenditure control over the end of last fiscal year, but also some decisions we're looking at as we evaluate how and where we deliver our services.

Mr. Wotherspoon: — So you haven't decided where those vacancies will remain then to accommodate these two FTEs?

Mr. Pushor: — Not at this time.

Mr. Wotherspoon: — And any staff being seconded to

Executive Council at this point?

Mr. Pushor: — We currently have two staff seconded to Executive Council at this time, but we're staffing behind those vacancies.

Mr. Wotherspoon: — And the staff that are seconded, which roles were they . . . What departments or which aspects of your ministry were they engaged in?

Mr. Pushor: — They were involved in the First Nations and northern economic development unit as well as basic education, a division of our labour market services division.

Mr. Wotherspoon: — How many people would you have in that division, the First Nations and northern ec dev unit that you've taken them away from?

[19:15]

Mr. Pushor: — So one of them is in the labour market division, and Minister Harrison will be here on the 29th to discuss those. And I'm sorry I don't have the specific breakdown of that branch with me, but we can certainly look to get it for you.

In the First Nations and Métis in the northern development division of the economic development group, we have eight FTEs who are currently staffed with five people in those roles.

Mr. Wotherspoon: — Okay. So you have eight and you have one seconded and then you have two vacancies in that department?

Mr. Pushor: — Correct.

Mr. Wotherspoon: — Will you anticipate staffing those positions back up, or is that a place that you're thinking of maintaining vacancies?

Mr. Pushor: — Right now we're just evaluating our priority staffing as we move forward into the new fiscal year. And we've been assigning those based on a number of criteria, first and foremost being people who are directly facing clients in terms of service delivery: so if we were, for example, in our licensing divisions or some of our regulatory oversight; in addition to that, people like immigration services where they're delivering specific programs to people across the province. This group has been working quite efficiently at the size they're at, and we'll evaluate those vacancies against the rest of the ministry over the course of the year.

Mr. Wotherspoon: — How's that unit . . . What's that historical number over the last few years? Eight right now would be a full complement. There's five there. Is eight sort of what it's been for a number of years, or has it changed as well?

Mr. Pushor: — The division was created as a part of the creation of the Ministry of the Economy, so eight has been the FTE count from the start. And we've managed a vacancy or two over the course of the last couple of years.

Mr. Wotherspoon: — And what are they focused on right

now?

Mr. Pushor: — They've been doing a fair bit of work across northern Saskatchewan in terms of evaluating opportunities in the North, trying to work with communities as they grow and take advantage of a number of the activities that a number of the industries that we see expansion happening.

We have, as the minister indicated, a fairly significant reinvigoration of the forest industry as an example, so they're working with communities and operators in the North to try to take advantage of that growth as well as the ongoing engagement with the mining industry. We've also seen quite a bit of outreach into the First Nations and Métis communities, working with First Nations tribal councils, bands, as well as individuals, and individual businesses. In addition to that, we've just launched an Aboriginal Business Match, which has been a very successful program that we are just in the process of doing for the second time. It's been very successful in bringing opportunities to First Nations business and First Nations communities.

Mr. Wotherspoon: — Thanks. Can you explain the Aboriginal Business Match program just a bit?

Mr. Pushor: — It's not a dating service, but it has some similar properties. It's really a one- to two-day event where people pursuing opportunities in the province have a chance to meet First Nations leaders, First Nations businesses, and First Nations people from across the province, discuss opportunities that might be available and begin to explore ways that collaboration might exist.

Mr. Wotherspoon: — What are some of the opportunities? You said that this division is focused on identifying opportunities throughout the North. What are some of those opportunities that have been identified that might be potential?

Mr. Pushor: — Well Chris might want to supplement a little bit, but they're pretty wide ranging. We have every level of engagement, and you're seeing quite a diverse group of folks across First Nations and northern communities in terms of their ability to respond. You have very community-based opportunities that might be in the service sector with local businesses, like stores or food outlets or those types of things, all the way through . . . In the case of forestry, as an example, we're seeing increasing engagement in harvest and other support services across that sector: trucking, harvest, supplies of various and sundry initiatives. The same extends into the mining sector.

Mr. Wotherspoon: — Thank you for that information. As it relates to travel and conferences of the minister over the last year, how many out of province? Then I guess the second question: how many out-of-country trips has the minister engaged in?

Hon. Mr. Boyd: — Yes, April 27th, out of country to Hong Kong and Beijing, which were oil and gas-related meetings. Out of province, the next one would be Toronto, the labour market ministers, that would probably be Minister Harrison, I would believe; October 28th in Ottawa, the key-note speaker for the 50th anniversary of the potash mining in Canada; November

7th, a labour market ministers meeting; November 8th in Germany, France, and Belgium, Agritechnica and STEP [Saskatchewan Trade and Export Partnership] investment attraction events; January 20th, Calgary, Novus Energy's closing ceremony; February 14th, to attend in Winnipeg, the grain handlers meeting; February 19th, Montreal to meet with CNR [Canadian National Railways]; February 21st, Calgary to meet with CPR [Canadian Pacific Railway]; February 26th, Toronto, to meet with Mitsumi, Canaccord Genuity and Hitachi; March 4th in Dallas/Fort Worth to meet with Burlington Northern Sante Fe Railway; March 17th, Ottawa, the FPT [federal-provincial-territorial] and minister's meeting responsible for immigration; March 23rd, Portland, a briefing on the Pacific Northwest railway system and grain logistics, tour the Portland Bulk Terminal; March 26th, Shanghai, Beijing, Singapore, investment attraction mission. And that concludes travel that I would have had.

Mr. Wotherspoon: — Thank you for that information. When you're looking at the Hong Kong and Beijing trip from last year, how many officials would've you had with you on that trip?

Hon. Mr. Boyd: — On the one leg of the trip there would be one in Beijing, and on the second leg of the trip in Hong Kong there would be a different one.

Mr. Wotherspoon: — And who were those individuals?

Hon. Mr. Boyd: — In Beijing it would be William Wang, the investment attraction specialist for China; and in Hong Kong it would be Joe Donlevy, the Premier's chief of staff.

Mr. Wotherspoon: — And that was an oil and gas conference? Have you been able to . . .

Hon. Mr. Boyd: — Not a conference, but oil and gas meetings with potential investors.

Mr. Wotherspoon: — And have you had any outcomes? Have you met your goals from that exchange?

Hon. Mr. Boyd: — I think there's been some pretty good feedback on it. There is ongoing work, particularly on the Hong Kong leg, that we're optimistic will result in some very significant investment here in Saskatchewan. One never knows the timing of these kinds of things, but there's still ongoing discussions relative to that.

The Beijing one was a follow-up meeting with a company that listed on the Singapore exchange, I believe it was.

Mr. Wotherspoon: — And you said there's some potential coming out of the Hong Kong exchange that is . . . Is that public yet? What might be coming out of that?

Hon. Mr. Boyd: — No, it's certainly not public, but we're, as I say, we're optimistic it will become potentially a very significant investment here in Saskatchewan. As I said, one never knows. Sometimes these things can happen pretty quickly. Sometimes it can take a few years before you actually see investments. But as recently as a few weeks ago, there was additional follow-up meetings with respect to it.

Mr. Wotherspoon: — There's a, I believe, a Chinese company that's engaged in looking at a potash mine north of Regina. Could you expand on that project and who this company is and where that project is that and how it came about?

Hon. Mr. Boyd: — I'm assuming you're referring to the Yancoal one. Yancoal is a Chinese company that has expressed a fairly significant interest in Saskatchewan potash opportunities north and a little bit east of Regina here. I believe that's the location. They are . . . The ministry has . . . They have fairly significant potash dispositions. We have had a number of meetings with them. They're at the exploration stage, I guess, I would say. Again we're optimistic we're going to see something flow from that at some point in the future. I think it is a solution mine that they're looking at; pretty big potential it looks like. You know, optimistic that we'll see something go forward there.

Mr. Wotherspoon: — And how did they connect with Saskatchewan? Were they engaged or outreached to directly with some of the missions this year or previous?

Hon. Mr. Boyd: — There has been an ongoing relationship with them for a number of years, including the missions that have been to China in the past. There's been pretty significant outreach to them over the last number of years.

Mr. Wotherspoon: — And do you have any . . . Have you done any consultation with sort of the industry at large or done any analysis as to what the implications might be for this entrant into the market?

Hon. Mr. Boyd: — Well I would say that we are in pretty regular consultations with the industry in one manner or another, various individual companies through the Potash Producers Association, groups like that or individual companies like that. There is always, you know, I guess a view that potash production — or consumption, I should say — around the world goes up at a rate of 3 per cent or more on an annual basis around the world. Saskatchewan supplies a fairly significant portion of that. That's expected to perhaps even increase in the future. And I think that's probably why we're seeing the kind of interest that we're seeing here in Saskatchewan in terms of potash investments, whether it's Yancoal or whether it's Vale or whether it's BHP or K+S.

Mr. Wotherspoon: — So have you heard any, have you had any concerns noted with . . . Now this would be a Chinese state-owned company, Yancoal. Is that correct?

Hon. Mr. Boyd: — Yancoal is a sovereign fund, a sovereign-owned company, so there is obvious considerations around that. There would be . . . We would have the opportunity to adjust prices if they were going to set them at some kind of a loss-leader-type price back to the country. So essentially I guess what I'm trying to say is we would not see Saskatchewan potash leaving at, under fire-sale prices.

Mr. Wotherspoon: — I'm glad that piece is noted as a consideration. So how could, how would you be able to, with the structure, be able to modify it for . . . Because I think some of the concern, although you want to see an industry growing, some of the concern is that you have a large consuming nation

that then has an entity which it owns that would come over and be a part of the supply side of the equation, and of course you want to be cautious not to undermine the economics of the very important investments that have been made across Saskatchewan.

[19:30]

Hon. Mr. Boyd: — This is an important consideration with respect to it, so I asked Hal Sanders, assistant deputy minister, to speak to the issue. He's much more adept in terms of that file than probably anyone in the province.

Mr. Sanders: — Thank you. So over quite a number of years with the development of the potash system, we have very extensive rules concerning the selling price of potash and where there are opportunities for companies to sell that potash at below market price. We do have mechanisms in place where we essentially deem a fair market price of that, and of course we have access to sales of potash from all of the other producers in the province to know what an appropriate price would be.

Mr. Wotherspoon: — Okay. And so have you utilized that mechanism in the past?

Mr. Sanders: — I would have to say it's been used, but I would offer not much more than that only because it would be taxpayer-specific information on where we may have used it. But yes, it has been used.

Mr. Wotherspoon: — And when you're communicating with . . . Has this information been communicated to Yancoal and the Chinese entity that's looking at making this investment?

Hon. Mr. Boyd: — Yes.

Mr. Sanders: — Yes.

Hon. Mr. Boyd: — I think it's pretty common knowledge in the industry that the government's position would be that we would not want to see sort of a supply chain set up to export potash at a, you know, sharply reduced price than world prices are at.

Mr. Wotherspoon: — And you would be collecting enough information from this company to be able to ensure that that's the case, to make sure that they're not undercutting the market, if you will.

Hon. Mr. Boyd: — Well that would be the case if they were actually in production, but they're far from being in production. I think this conversation is very, you know, premature, but nevertheless yes, that would be the kinds of things that would be under consideration at that point in time.

Mr. Wotherspoon: — No. It's kind of the time though right now to make sure that you have some of the structures understood.

Hon. Mr. Boyd: — We have. I think there's a very, very well-defined structure in place that's been used in the past.

Mr. Wotherspoon: — Is that used in other industries as well? I

mean it wouldn't be . . . In oil and gas there wouldn't be the need for it. Or maybe if you could explain.

Hon. Mr. Boyd: — Oil and gas is not . . . I don't think there's anything quite the same with respect to it, but I guess I would say oil and gas is, you know, the field is much broader with very large numbers of producers and that sort of stuff. Not any one individual company can really set the market, shall we say, with respect to it. Although in uranium perhaps there is certainly . . . The ministry keeps an eye on that area.

Mr. Wotherspoon: — Sure. So is this, from your perspective, is this something that's proceeding or been rubber-stamped at the stages by government at this point? I guess, what does the process look like from here, from government's end?

Hon. Mr. Boyd: — I'm sorry?

Mr. Wotherspoon: — How does this proceed? Obviously it's Chinese or private capital, so their considerations are theirs. What considerations will occur from your ministry, or is this in essence rubber-stamped at this point? And if the capital and if the project . . .

Hon. Mr. Boyd: — Well we're at very, very, very early stages here. I think they have done a little bit of exploration is about all. They would be years and years and years away from it. There certainly has been though conversations around this with Yancoal and virtually every other company that looks to invest here in Saskatchewan that doesn't currently have investments. All the other players of course know the rules of the game.

It is something that's important to lay that groundwork out, that we will not be . . . Let's say the potash price is \$400 a tonne for argument's sake. We're not going to see potash being exported through that company or any other company at \$200 a tonne. That just simply wouldn't be in the best interests of the taxpayers of Saskatchewan and we simply wouldn't allow it to happen. There's enough price discovery through other producers to be able to ensure that there's very tight controls on that.

Mr. Wotherspoon: — Thanks. That's just some of the cautionary tone that I would want to, you know, sort of bring forward to make sure that there's sound economic fundamentals in place in the industry and that decisions aren't made in a quick way that would undermine a very important industry to the province.

Now when a company like that comes in and they're acquiring a tract of land, the question's been put to me . . . I've chatted with various producers and others who have been dealing a bit with the company. If that potash . . . If they acquire that land and then that mine doesn't proceed, what position is the province in as it relates to their ownership of the agricultural land I guess that would be left?

Hon. Mr. Boyd: — They have a very . . . Are we still talking Yancoal or are we talking someone else?

Mr. Wotherspoon: — Yancoal.

Hon. Mr. Boyd: — Yancoal. They would have very, very small

land holdings. However, they do have an exemption to take a look at a very large area and the reason that you would give them that opportunity is for site selection of their main plant. You'd want to give them the best opportunity that they possibly can, however keeping in mind though that once they eventually settle on a site, then they give up the rest of that surface exemption back to the government. They don't need more than probably a few sections at best to operate. And again this is pretty hypothetical because we're not anywhere near that stage, but they would give up the rest of that exemption. I think they have some 60,000 acres exemption currently in place.

Now the next step would be, they would make a site selection, bringing it down to a very, very modest number of acres and then returning the balance of that land in an exemption, that has been exempted.

Mr. Wotherspoon: — Sure. And then once they were down to that more specific few sections of land, as described potentially by the minister, if the mine didn't proceed at that point, how would that land be dealt with?

Hon. Mr. Boyd: — Well at this point there would probably be nothing would happen over . . . That is one of the things that we're looking at changing in the potash review that's going to be taking place where there would be essentially a use it or lose it, similar to oil and gas. There would be some time frames around that investment, I guess I would say, goals that have to be met in order to maintain the disposition going forward.

We think those are the right things to do with respect to it. We don't want companies to just sit on dispositions. And you know, I think that's . . . If we're going to see these resources developed in a positive way, I think that's an appropriate way to move.

Mr. Wotherspoon: — And are there protections to make sure that then a process like this wouldn't result in farm land, significant farm land being owned by that entity? The question is, what processes or safeguards, or what aspects would prevent a process like this or a company like this ending up with a fair amount of farm land?

Hon. Mr. Boyd: — They haven't bought any at this point in time. The only thing they would have is that exemption for site selection.

Mr. Wotherspoon: — How much land would they need to acquire?

Hon. Mr. Boyd: — Well I don't know off the top of my head. Obviously we're quite some ways away from that, but other potash mines have, you know, if you look at some of them, the land holdings are pretty modest, a few sections.

Mr. Wotherspoon: — And what about the water side of the equation? I'm hearing that water . . . the government has suggested they would pipe water from Buffalo Pound. Is that correct?

Hon. Mr. Boyd: — Well again, very, very preliminary in terms of nature. That's always one of the considerations for potash mines though is water and the availability of it and where that

might be sourced and all of those kinds of things. So there's always conversations about that and the potential for it. There's a lot of work that's being done, has been done by our ministry and others as well, to take a look at that, the availability, to ensure that there's a sustainable supply of it and one that would meet the requirements that they would have for a mine going forward.

Mr. Wotherspoon: — Certainly that's an important piece I think, is having a whole understanding of the actual water resource and what changes might occur in our water system, and of course we're connected through to Alberta. And you know, I know we're certainly through wet years right now but things can change on that front as well, and so I think that that's an awfully critical place to make sure that there's, before any commitments are made, that there is full examination of a full scope of options on, or I guess ranges of possibilities, for what water would look like.

Hon. Mr. Boyd: — Well absolutely, and that's something that there's a fair bit of work that has always been looked at with respect to that. I can't remember the numbers off the top of my head, but roughly 50 per cent of the water that flows into Saskatchewan, flows out of Saskatchewan. So we're not . . . We still have a significant amount of capacity for expansion or new ventures around that would draw on water supplies.

Mr. Wotherspoon: — As far as actually piping it from Moose Jaw, that is a significant distance. Who's picking up the tab for that?

Hon. Mr. Boyd: — Well there would be lots of considerations. Obviously the company that's wanting the water would pay a very large portion of it, if not all of it. Sometimes there's other municipalities want to share in those types of opportunities or other projects that want to share in them. It would generally be, I guess I would say that there's a range of options that would be looked at to accommodate any kind of venture.

Mr. Wotherspoon: — I know that the Quill Lakes themselves certainly are continuing to grow and certainly taking up more and more farm land, and it's certainly at risk of reaching their banks. I don't know their total capacity as a water source. Certainly I've heard from many local people saying that if this were appropriate to proceed — and they have some questions and concerns and cautions around that — but they seem to feel that that may be sort of a first call for water and alleviate some of the concerns and risks that that high water in the Quill Lakes has. Of course it's a much closer resource.

Hon. Mr. Boyd: — Yes. That would be the work of the Water Security Agency would largely be responsible in that area.

Mr. Wotherspoon: — And that's not certainly to give carte blanche to this project. I think there's lots of questions and concerns, some of which have been noted by the minister here tonight, that need to be understood before a government would approve or pursue the mine without some certain understandings in place. But I appreciate having some of the clarifications tonight around price and having I guess a Chinese company potentially owning a mine for which it would be supplying themselves in many ways as one of the largest consumers.

Looking at some of the other travel that you mentioned, the Shanghai-Beijing one that was more recently, what was that one all about? How many days were you there? Who else did you have with you, and how many days were they there?

Hon. Mr. Boyd: — That was in '14. Are you referring to the March 26th of '14?

Mr. Wotherspoon: — Right. Okay. That was last year. Right. Yes. So you had the Hong Kong-Beijing one that was . . . And I don't know if I have the date on it, but you spoke to it as to who you had with you.

Hon. Mr. Boyd: — That's the April 27th of '13 actually that one was. We went through it fairly extensive going back quite a ways.

Mr. Wotherspoon: — So the Shanghai-Beijing one, how long were you there? What did you engage with? Who was with you, and how long were they there?

Hon. Mr. Boyd: — We'll have to get some specific information of the companies that we met with. But that was April 1st to April 6th inclusive, so I'm assuming that would include travel of 2014. I remember some of the parts of it, that we in Singapore again met with a company that was listing on the stock exchange and met with Canpotex officials as well in Singapore there. Shanghai, we met with some potash-consuming companies there. And Beijing, I just . . . It just escapes me at the moment; we'll get specific information around that. Typically, I believe that William Wang again was there and I think, yes, my chief of staff.

[19:45]

Mr. Wotherspoon: — And your chief of staff and Mr. Wang, were they there for the same period of time as you were there, or were they there for an extended period beyond or before?

Hon. Mr. Boyd: — Same period of time.

Mr. Wotherspoon: — And as far as other delegations from your ministry that haven't included you yourself but officials of your ministry, what other out-of-country trips have occurred in the previous year?

Hon. Mr. Boyd: — We'll get the specific information on others. The ministry though has for a number of years had outreach programs in China around investment attraction in other places as well. We'll get that specific information for you.

Mr. Wotherspoon: — And what was . . .

Hon. Mr. Boyd: — As an example if you would like, we can, Mr. Dekker can provide information specific to his area of responsibility, and then we can provide for others as well at a later date.

Mr. Wotherspoon: — Sure, that would be great.

Mr. Dekker: — Hi, it's Chris Dekker, associate deputy minister. So for the investment attraction and the sector development areas of our responsibility in our division, we did

a total of 36 out-of-country trips. Japan and Korea were three; India, three; China, four; Europe, three; Mexico, one; US [United States] seven; and Canada, 15. Sorry if I went too quickly.

Mr. Wotherspoon: — No, it's good. We'll have it on the formal record there as well, which is appreciated.

Looking at some of the contracts that your ministry engages in, I guess, what services have been provided by external contractors in the past year and which ones are . . . Is there a change in the current year going ahead on that front?

Mr. Pushor: — We have a very broad range of services we contract from time to time. It can be advice on a variety of technical economic issues or other financial matters right through to contracting and engineering services, including things like site remediation around orphan wells and those types of services.

Mr. Wotherspoon: — And how many payees receive more than one contract?

Mr. Pushor: — We'd have to undertake to get some of that detail for you. We also have the labour market services division that we're going to speak about at another time that contracts with community-based organizations and educational providers. So it's very broad in terms of all the services we contract.

Mr. Wotherspoon: — Okay. Well thanks for endeavouring to get information. And maybe just then, if you can answer through that, the types of services that you're contracting for; how many payees with more than one contract; how many contracts were worth under \$50,000; how many payees received more than a contract worth less than 25,000; and how many, in essence how many, I guess if you could detail, the external contractors work they've provided.

Hon. Mr. Boyd: — We will certainly endeavour to provide you with all of that information. As I said or as Laurie mentioned, there certainly is a wide range of them, particularly when you get into CBOs [community-based organization].

Mr. Wotherspoon: — Thanks. What about lean in your ministry? Are you doing specific lean activities? Do you have people, FTEs, or staff that are focused specifically on lean?

Mr. Pushor: — We have one person working with us who is primarily responsible for coordinating and supporting our lean initiatives across the ministry. We have taken a very broad view to our use of lean and how we've implemented it. We have some parts of the ministry that are very extensively involved and very mature in their responsibilities. We have others that are just getting started.

We've been involved in a number of significant initiatives in this respect. We've, for example when the oil levy was put into place, we committed to creating a single-window licence application process for industry. We had a very significant event to engineer that process or design that process. It included the industry representatives, who are hands-on licence application folks from the other side of the table, who were involved in that event. And so we've taken a broad approach.

We continue to be active in a number of different places and find across our ministry very different levels of involvement.

So when we think about the outcomes of some of that, as an example, just to give you a few examples, that oil levy we discussed was a case where we looked at a process where we were assessing 20,000 different licence fees. Excuse me, 11 fees resulting in 20,000 transactions each year. We've streamlined that to a single levy where there's only 300 invoices sent each year. Our immigrant nominee program has been reviewed and streamlined down to a smaller number of brackets, and we can talk about that at another time. It's simple examples like allowing pre-authorized debits for some of the charges and payments we're putting in place.

Just because I like saying it, we did a major review of our sedimentary geocoding, which helped simplify and clarify things around there. Our technical administration, oil and gas technical administration was done through a process such as that. I would say our entire PRIME project, as we built that new system to automate all of our processes in the oil and gas division, has been a lean exercise from the start. We had some approximately 110 to 120 different types of processes in there. We were able to create about 70 to accommodate that. So we've taken a pretty pragmatic approach across the ministry to how we've engaged lean.

Mr. Wotherspoon: — And what contractors have you engaged as it relates . . . You spoke to the FTE, the person within the ministry. Which contractors have you engaged on lean projects?

Mr. Pushor: — We have been moving away from contractors as we built capacity within the ministry. We've used Westmark Consulting. In 2013-14 we spent \$14,000 with them, and in '14-15 we had no contracted services in lean.

Mr. Wotherspoon: — And this year, do you intend to maintain that FTE focused on lean, or is that decided at this point?

Mr. Pushor: — We do intend to continue with our work with lean. And if I introduced her to you, you would know that we have a strong individual there. And she's doing great work for us; it's been most helpful having her part of the team.

Mr. Wotherspoon: — I guess just going back to the travel piece just for a moment, the travel, the travel constraint or travel ban that was announced by government a couple months back here, I don't know the exact date of that, but from that statement around travel, around non-essential travel, what travel has continued out of your ministry, out of country?

Hon. Mr. Boyd: — Personally, very little. I can't even think . . . Out of country, Minneapolis, we were there to meet with a number of grain companies that are interested in expanding their opportunities here in Saskatchewan or starting new investments here in Saskatchewan. I think that's the only one for myself. The ministry has had, well I guess I would say a fairly sharply reduced number of them, but there has been some.

Mr. Wotherspoon: — Okay. And the ones that you've had, what have you had?

Hon. Mr. Boyd: — What did . . . Sorry.

Mr. Wotherspoon: — What did you continue with, I guess? There was some then that you deemed essential or that you chose to continue with.

Hon. Mr. Boyd: — There was that officials attended the Canadian Association of Petroleum Land industry event, the North American prospect — oh sorry, that one was cancelled — the Petroleum Land Administration meetings in Calgary. The mineral prospectors conference — I attended that as well on that same Minneapolis trip — that was in Toronto, which is of course a very, very large mineral exposition. There was Roundup it's called, which is another mineral event in Vancouver; outreach mission in Germany; in India as well around the India mission; and others related to PDAC [Prospectors and Developers Association of Canada].

Mr. Wotherspoon: — Okay.

Hon. Mr. Boyd: — With a reduced number of people in every case. At PDAC I think we had just a very small contingent compared to what was used in the past.

Mr. Wotherspoon: — Okay.

Hon. Mr. Boyd: — Two, I think.

Mr. Wotherspoon: — And is that, would that list be conclusive as far as the exchanges? There aren't others that occur that you haven't mentioned?

Hon. Mr. Boyd: — Well we'll make sure. Some of these people I don't even know of.

Mr. Wotherspoon: — Sure.

Hon. Mr. Boyd: — But we'll make sure of . . . I have a list of three pages here. We can provide them to you.

Mr. Wotherspoon: — That would be appreciated.

Hon. Mr. Boyd: — Yes, and check to see if there is any others outside of those.

Mr. Wotherspoon: — That'd be appreciated. So if that can be, that information can be provided that'd be helpful.

Some of the discussions in some of the travel related to some of the rail companies, CNCP [Canadian National and Canadian Pacific], Burlington, certainly this is an important issue when looking at the transportation network and the rail system for our economy as a whole and for all the exporters within Saskatchewan. So it's an area for which, you know, certainly I think requires significant leadership and attention.

I'm pleased to hear that there's been a few meetings, but what I'd be interested in hearing from, I guess, you on as the minister, is what work, what actions occurred in this last year? And where are we going on this file? Because certainly as I sit down with industry across our province — everyone certainly from our agricultural producers through to those in our mining sector and everywhere in between — getting our product to

market is critically important.

Hon. Mr. Boyd: — I would certainly agree with that. I think there was a number of initiatives taken either from our ministry or the Ministry of Agriculture's office. Certainly the Premier's been engaged on the file as well. They've been in a lot of consultation and discussion going back and forth between us and the federal government with respect to it, which resulted eventually in the targets that were put in place, all of those kinds of things. When it became obvious that there was a very large crop a couple of years ago, it also became apparent that there was, you know, simply not the capacity, expanded capacity to be able to move that crop. So there was a lot of discussion about that.

In addition to that, then we started looking at and canvassing all of the various players that use rail to export product out of Saskatchewan, whether it's, you know, the mining sector, forestry, manufacturing, agriculture, and so on. When you total up all of what they expect their expansions will be and their capacity will be in the future, it's pretty significant, and that was certainly what we wanted to discuss with both CN and CP. What kind of expansion do they see in terms of capacity to move forward down the road?

I think there was a bit of a better understanding in some respects. I mean the rail companies have the ability to expand to a certain degree. Some of that is limited by the availability of rolling stock where there's engines or cars. I don't remember exactly the time frame, but it was something like a two- or three-year lead time if you want to buy a new locomotive. So it takes a fair bit of time to ramp up additional capacity in that respect. They see that growth potentially as there as well. Certainly our discussions were, you know, that they need to very seriously consider the expansions that are coming forward.

I do understand though that looking at it, I think the comment is you don't build a church for Easter Sunday, but still Easter Sunday comes once a year. So we need to have responsive companies I think that are looking down the road a little bit. And I think that was also the genesis to some degree of the meetings that the Premier hosted here in Saskatchewan with the New West partners of Premier Prentice and Premier Clark around that. I think that was very, very . . . I think there was a great deal of public awareness around that as to the need for increased capacity going forward and trying to identify where the bottlenecks in the system are, whether it's in terms of the availability of personnel or whether it's the availability of rolling stock or whether it's that port capacities, all of those kinds of things. There has been a fair amount of follow-up work around all of that to continue to try and identify where some of those areas are.

[20:00]

You know, just to use as an example for the sake of agriculture, at one point in time not too many years ago, grain was not loaded when it was raining in Vancouver. Well it rains a lot in Vancouver so you can imagine the constraints that that puts on the system right there. Now I think, through a lot of pressure, there's been tarping systems implemented and that kind of thing so they can load much more frequently than they have been able to in the past. But there's a limited capacity there in terms of

being able to move product in and out in a timely way just simply because of the congestion at the harbour there. So I think there's efforts being made to take a look at that and see how that could possibly be adjusted.

Some of those kinds of things, of course, are outside of the control of the province of Saskatchewan, but certainly we have made representations to other governments with respect to that, including the British Columbia government and the federal government around that. So I think that it's certainly a top-of-mind issue for people in industry here in Saskatchewan. When I say industry, broadly all of the various groups that would export product and certainly on the minds of the Government of Saskatchewan as well.

We've also had some discussions around opportunities of moving perhaps through Hudson Bay or east to the Lakehead which of course is limited in terms of its availability through winter and as well as Hudson Bay and also opportunities to move products out.

Mr. Wotherspoon: — Yes. I know it's an important file and I know that certainly industry's been feeling the hit and recognize that, you know, that basically if our economy's firing on all cylinders, it's become abundantly clear that we're not going to be able to get that product to market. And when we look at the importance of those exports as a resource-driven economy and as it relates to our manufacturers and our producers, certainly it's an area that needs some significant action. And I know, even if you look at some of the laudable targets that lie within some of your government's initiatives, those targets are only going to be so good as we can get the product to market.

You talked a bit about some of the . . . So I guess I was, you know, I am hopeful to hear of specific actions or initiatives that could become a reality. I'm hearing about some different conversations, you know, when we're hearing about the two rail companies there and potentially the time to get new rolling stock online, and you know, it certainly reminds many of the massive reduction that those companies themselves have undertaken in reducing rolling stock and reducing cars and also locomotive capacity. So I don't think it's going to be delivered just by those two companies.

Are there any other specific actions that you're working on or projects that you're working on specifically? You did mention a couple of alternative routes. Are those becoming viable and has there been some economic plans built out behind them?

Hon. Mr. Boyd: — Well some of that would be undertaken more along the analysis side in our ministry and more along the action side, I guess I would say, in the Ministry of Agriculture's portfolio. But through the Pacific Gateway Alliance, I think there's a lot of work being done in terms of trying to identify where the problems are.

Even though there was, as you said, there's been a reduction of some rolling stock and that sort of thing, they still were able to export more than they had in the past. So you know, some of the criticism certainly was around a very, very large crop, but it also . . . You know, I think the railways not only have agriculture to service but other customers as well — the potash industry and so on and so on.

So they I think were able to increase their capacity in some respects but certainly not to the degree that I think anybody would like to see them. But when you have a, you know, a 20 or 25 or even perhaps 30 per cent increase just in one area alone, it's difficult to manage that coupled with a very challenging winter that particular year.

So it's, you know, I think there's still a lot of work that's being done with respect to that, a lot of discussions around what needs to happen in the future and options around that. Some of it is certainly in the public arena, and some of it is not at this point.

Mr. Wotherspoon: — Okay. Well you're maybe a bit . . . Your tone's a bit more understanding with them than I think a lot of industry partners across the province who certainly would like to see the large crops, would like to see our potash moving, would like to see our goods that are produced, you know, exported from the province. And I think they've clearly identified with pretty clear numbers that that's not possible, even if you have a few of those cylinders really starting to hit their stride again. So anyways, I appreciate the attention to the file and I think it's going to require more action than, you know, is being discussed here tonight, but I wanted to make sure we paid attention.

Hon. Mr. Boyd: — I would say that as it became apparent of the problems around it, I think the Government of Saskatchewan engaged pretty well with respect to it, looking first of all to gather the information and understanding the situation of both the producers of grain. As someone who has a direct stake in that industry, I certainly am aware of the challenges around that but I'm also aware of just the logistics on a farming operation. When you have 30 per cent more production, just being able to move it yourself results in some significant challenges, the product that you have grown yourself, that is.

So I think that this is an area that we are spending a fair bit of time working on and thinking about. We certainly understand at times the frustrations that farmers have around it. I wouldn't want the conversation here tonight to be taken as somehow or another we are complacent about it because we certainly aren't. This is an area that is of concern.

Mr. Wotherspoon: — Thanks for those comments. Looking at the impact of the new pricing environment for oil, I'm just wondering what sort of analysis your ministry has undertaken to better understand its impacts on the Saskatchewan economy and specific supply chain business and service industries, just so we can fully understand what the implications are now and I guess what some of the other, what's projected in the year ahead.

Hon. Mr. Boyd: — Well that's a pretty broad topic but I would say obviously there are impacts on a lot of areas here in Saskatchewan. We are as a province impacted by the fact that oil prices have gone down and the royalty streams from them flowing to the Government of Saskatchewan certainly have been impacted as well. We're seeing businesses that are being impacted and of course most importantly, we're seeing families that are being impacted as well, where there's been some layoffs. There's extended breakup periods that are likely, a situation likely is going to happen as well. Production is likely going to come off as a result of that, as well as there being

either slowed down or shut in entirely, that sort of thing. So it has had a pretty significant impact, no question about it. It's something that we're watching very closely.

I don't think anybody follows the price of oil, I would dare say, in Saskatchewan, more than the Minister of Finance does. I think he looks at it hourly or perhaps even more often than that, and I think he has alerts and everything else on his iPhone or whatever technology he may be using, to bring forward any information as quickly as possible around that. He is I think watching it very closely. Certainly our ministry is as well. But it's definitely having an effect. We're seeing slowdowns in a lot of areas affecting families, no question about it.

Mr. Wotherspoon: — Yes. No, it's really an unfortunate circumstance that many families are facing, and some no longer in their employment. Certainly as well impacts to a lot of businesses across Saskatchewan. Have you been able to quantify some of this as to how many jobs have been impacted and potential jobs that would be put at risk if the price environment maintains for a certain period of time?

Hon. Mr. Boyd: — If you use as a comparison 2009, when there was a pretty significant pullback in prices as well, there was about . . . Nearly a third of production dropped off, so it's possible we could see some something similar to that happening here in Saskatchewan.

In terms of the employment numbers, that's something that we'll be watching closely around it. There hasn't been really large, there hasn't been thousands and thousands and thousands, but there certainly has been some pullback in terms of the numbers. Fortunately in Saskatchewan there's a pretty strong job market out there, so people have other opportunities out there, not necessarily what they would want or how they would choose to have that impacting their families, but the good news is there is other opportunities out there, so people are, you know, availing themselves of those other opportunities.

But it is something that we'll be watching closely going forward and monitoring as closely as we possibly can.

I'm sorry. I misunderstood what my official was saying to me. Investment was reduced by about a third, not production.

Mr. Wotherspoon: — And certainly I've met with and heard from and been down to meet with folks in through Weyburn and the Bakken area and families that have been impacted and where there's been job loss. I know in a real unfortunate way we've recently heard of Advance Engineered Products in the province as well, and I believe there's some supply chain folks that are connected to that operation. Are you tracking these pieces, and do you have specific numbers that you can attribute to either these regions and specific to the oil industry down in the Southeast for example, or whether you're tracking that across the province, and then also these related businesses that are directly impacted?

Mr. Pushor: — Our labour market division keeps more close track of that so when we're back with Minister Harrison, we can be more specific. I would just say that the oil industry, sometimes the employment decline lags a bit, and we also see some shifts in the oil industry where it's, you work for a shorter

period of time in a year, which isn't necessarily great, but there is some employment. So we're waiting to see . . . not waiting to see. We will watch very carefully coming out of breakup to see how the industry engages following the normal spring breakup.

Mr. Wotherspoon: — Well it's an important area that we all watch, and it certainly does have direct impacts back to families and certainly businesses that have invested in the province as well, and fiscal impacts for the province of Saskatchewan.

Just moving along to some of the changes in the budget itself, and maybe if we can just get a bit of an understanding of what sort of uptake has occurred with the manufacturing processing exporter tax incentive just as far as which companies are expressing that they'll be utilizing that program and what sort of initial comments are coming by way of industry to the minister.

Mr. Dekker: — The initial uptake has been actually fairly substantive. We're getting phone calls and interest at this point in time mostly from Saskatchewan manufacturers and producers and exporters, mostly inquiring as to how the tax incentive will work, whether they're eligible, and have expressed interest in following through. So at the very early stages, interest has been good. We've got a communication strategy and a rollout strategy that will go beyond our borders and we'll start to send out information to the industry across the country as the weeks pass.

[20:15]

Mr. Wotherspoon: — And this is a revenue-neutral tax credit? Can you maybe justify that to folks or explain that to folks that are watching?

Mr. Dekker: — Yes. This is an incremental tax incentive and so it applies only in this case to new growth and new employment. So in the case of manufacturing and processing, it'll be \$3,000 credit per job and for head office it'll be \$10,000 credit per job. But it'll be on incremental increases only so there'll be no impact to the treasury directly.

Mr. Wotherspoon: — And those numbers, is it based on . . . So new growth, would that be based off numbers as of April 1, 2015?

Mr. Dekker: — Yes. As of the announcement.

Mr. Wotherspoon: — As of the announcement. As of budget time.

Mr. Dekker: — Correct.

Mr. Wotherspoon: — And the credit with Evraz, or I'm not sure if I'm characterizing it properly, maybe if that could just be described a little bit better. Certainly Evraz and its predecessor IPSCO have, you know, played a very important role in our province and certainly in our community here in Regina. And that's important employment and a very important operation. So maybe if you could just speak to the very specifics of the structure. I think there's been some criticism that some of the information's been a bit vague around the costing of this as revenue neutral. So maybe if it could just be described in clear

and direct terms as to the full cost on this front.

Mr. Dekker: — Well likewise the primary steel manufacturing incentive is also incremental in that it would not occur without new investment coming on board. So there's a trigger of \$100 million. And Evraz came forward and announced an expansion and a new large diameter pipe facility that amounted to \$200 million. So this would then apply to that new incremental investment. It is a break on their incremental income that accrues from that expansion so it'll be 100 per cent in the first two years, 75 per cent, 50, and 25. So it'd be declining so that in the third year the government will actually be positive. There'll be money flowing into the treasury and this is ring-fenced from existing income so that will not be touched or be affected. So it'll be the incremental income that accrues from that expansion that this will apply to.

Mr. Wotherspoon: — They're corporate taxes?

Mr. Dekker: — Provincial income tax. Corporate tax, that's correct.

Mr. Wotherspoon: — Right, okay. And so it's a sliding scale over the number of years and the amount of corporate income taxes that you'd . . . or corporate taxes you're receiving from them you're saying right now are ring-fenced, I think was your term.

Mr. Dekker: — That's correct.

Mr. Wotherspoon: — And so over this period of time the producer will soon be paying on that expansion as well?

Mr. Dekker: — That is correct.

Mr. Wotherspoon: — I wouldn't mind shifting my attention just a little bit to the Global Transportation Hub and getting an update as to activity in the previous year and activity in the year ahead.

Mr. Richards: — Bryan Richards, CEO of the Global Transportation Hub. I'd like to update quickly in answer to your question in terms of what transpired in fiscal year '14-15. There was three individual transactions translating into revenues of \$12.9 million. That was a total of 66 acres of land sales. That exceeded our budget, which was set at 65 acres. That was 54 acres to the Morguard company and two 6-acre transactions totalling 12 for Sterling Horno including S.H. StorPark and Genesis, two businesses that he's going to establish out there.

Mr. Wotherspoon: — Thanks for the update. Any acquisitions of land by GTH [Global Transportation Hub] itself this past year?

Mr. Richards: — There was no acquisitions of land in fiscal year 2014-15.

Mr. Wotherspoon: — Okay. What were the last acquisitions of land for the GTH?

Mr. Richards: — The last acquisitions of land were two sections of land directly to the east of our initial footprint for the purpose of ensuring we had the proper land for the

completion for the west Regina bypass and all of the related interchanges for access to the GTH. And that would have been in late 2013.

Hon. Mr. Boyd: — When you say two sections of land, not two sections in terms of acreage but two parcels of land. I think they were both on . . .

Mr. Richards: — 204 acres.

Hon. Mr. Boyd: — Yes.

Mr. Wotherspoon: — They totalled 204, so a little more than a quarter section in total.

Mr. Richards: — Correct. Two parcels of land, I should have said.

Mr. Wotherspoon: — Two parcels. And when was it identified that those parcels were required by the GTH?

Hon. Mr. Boyd: — I think we're going back a little ways beyond the estimates here tonight, but fair enough. I don't think there's any problem in responding to that. I think those parcels were identified, along with the Ministry of Highways, in terms of what's necessary to have free-flow access, as it's known, into the GTH coming into the facility. That was an important part of the commitment that was made by the government in terms of the operations of that facility going forward. The design of the . . . And keeping in mind the design of the bypass on the west side of the city.

Mr. Wotherspoon: — Okay. So when was it known to the GTH that you required that land?

Hon. Mr. Boyd: — Oh it would go back before my time as minister. I think probably right at the very outset of our government taking over in 2007 would've been, that would've been a priority of the GTH, to acquire those lands to accommodate that free-flow access.

Mr. Wotherspoon: — The two smaller parcels accounting to 204 acres, those were identified back in '07?

Hon. Mr. Boyd: — A long time ago, yes.

Mr. Wotherspoon: — So why did government not act until 2013 to acquire them?

Hon. Mr. Boyd: — Well part of it is willing seller. You know, there was some parcels there that were, people that weren't necessarily interested in selling at that point in time or the government simply looking at it and saying that maybe the timing isn't quite right in terms of the sales of it. All of that, you know, preceding my time.

Mr. Wotherspoon: — And what did you pay per acre for that land?

Hon. Mr. Boyd: — I think it was \$103,000 per acre.

Mr. Wotherspoon: — So that'd be the most expensive land that the GTH paid for?

Hon. Mr. Boyd: — Yes. Land has escalated in price considerably around the GTH over the last, around the GTH or around the city for that matter, over the last number of years.

Mr. Wotherspoon: — No, I'm aware of that. That's part of where I was wondering, if it was identified as land that was required, why action wasn't taken to acquire it until it came in at such a high sum.

Hon. Mr. Boyd: — Well I guess it's one of those coulda woulda shoulda kinds of things, you know. With hindsight you can easily look back and say perhaps should've bought two or three times the amount of property that the GTH did at the time. But you know, government's made decisions around budgets and the availability of capital and all of those kinds of things. And now it looks like . . . And I think Bryan would agree with me that, if we had our druthers, we wish they would have probably bought a lot more land because there's some pretty decent opportunities coming forward.

Mr. Wotherspoon: — And what was the average, the going rate for most of the other land that the GTH acquired?

Hon. Mr. Boyd: — How far back do you want to go?

Mr. Wotherspoon: — Well give me some historical numbers so we can track the trend then from it.

Hon. Mr. Boyd: — Well I think pretty modest sums initially, but then there was the expropriation, and then there's been court action around that expropriation. So it's escalated fairly significantly from a few thousand dollars up to where we are today.

Mr. Wotherspoon: — Have you realized that sort of expense through expropriation as well then through . . . I know there's the lawsuits that have been hanging over the government on this front. So I remember numbers at one point of . . . Oh I can't recall all these numbers, but I think there was land that had been acquired around 25,000 an acre at one point, and I think there was some . . .

Hon. Mr. Boyd: — I think those were the settlement numbers, yes.

Mr. Wotherspoon: — So those are settlement numbers.

Hon. Mr. Boyd: — Yes.

Mr. Wotherspoon: — And are there lawsuits still outstanding as it relates to the expropriation?

Hon. Mr. Boyd: — I think there's just one left to settle.

Mr. Wotherspoon: — So how many lawsuits were there, and so how many have been settled then?

Mr. Richards: — There were six particular landowners that were involved initially. Of those, there is one remaining landowner with 159 acres, so about 1,429 of those acres have been settled. The settlement prices are at either 13,000 or 23,000, depending on the timing of when the particular land was expropriated, and there has been a settlement made to that

remaining landowner. It isn't the subject of a lawsuit per se at this point in time. It's just an offer-acceptance issue and hoping to look to get to settlement the same as the others.

Mr. Wotherspoon: — So what was the other . . . Setting aside this parcel of land that came in fairly costly, what's been the other, I guess, what's examples of the other most expensive land that you've acquired whether through settlements or through court processes?

Mr. Richards: — Well the remainder, the most expensive would be the \$23,000 that we have settled on in terms of the bulk of the landowner, the other five landowners.

Mr. Wotherspoon: — Okay. So certainly the 100,000 paid is significantly higher than that though. Okay.

As far as the activity out there, you described some of the partners that were coming out, some of the industry that's locating out there. I remember, I guess it was two years ago that SaskPower made some announcements as well on this front. Are they moving ahead with that shift with their operation out to the GTH?

Hon. Mr. Boyd: — Some of the site has been prepared in terms of land preparation. SaskPower is still working in terms of design work as to what they want to have there. I think SaskPower looked at it as a good base to operate out of for Saskatchewan and for Regina particularly. I think there's something like six or seven locations eventually that will be closed within the city of Regina or sold perhaps in the city of Regina, shut down and moved out to that operation out there. They see again things like the free-flow access as an important consideration, access to the bypass that is being constructed. All of those things are a good thing for them, taking operations outside of the city of pretty heavy traffic that they now have that has been generated over the last number of years.

Mr. Wotherspoon: — When you were dealing with SaskPower, of course you were also the Minister for SaskPower. Did you separate any of your responsibilities in representing the taxpayer or the public through the GTH as minister and then as Minister of SaskPower? Was there any separation of duties or responsibilities through that process?

Hon. Mr. Boyd: — I'm not quite sure what you would mean with respect to that. SaskPower officials approached myself as minister to take a look at it and say that they think this is a pretty good opportunity for them, a pretty good . . . It makes some sense in terms of their operational concerns and interests. Looking at it and assessing it with the SaskPower folks, it certainly looked like a good opportunity as well. Then of course moving to price it with the normal pricing structure with the GTH at that point in time, I think all around a pretty good . . . I think it made a lot of sense in terms of SaskPower's concerns, and I think it also made some sense in terms of the GTH, of course not providing any significant discount or anything else like that but pricing it similar to what they would be pricing it to any other company that they might look to sell to.

Mr. Wotherspoon: — It's just sort of interesting in the interplay between the ministerial portfolios there and sort of negotiating with oneself, I guess, in this case. But I'd be

interested in knowing just what your target is for this year. So the target last year was 66 acres of land, or 65, and 66 acres have been committed to in the previous year. What's the target for this year?

[20:30]

Mr. Richards: — The target that has been set for this particular budget year that has been presented at the treasury board is 65 additional acres of sale.

Mr. Wotherspoon: — How many acres of land are available, and what's your timeline that you're realizing to have that land fully utilized?

Mr. Richards: — Quickly, if you don't mind, I'll expand with a couple pieces of information. The total footprint now after the purchase of the other land is now 1,871 acres. Of that, there's about 599 that are remaining to be sold, of which slightly over 300 are prepared for sale, i.e. they've been rough graded and prepared. So we do have 300 ready for sale and about 599 will be the complete build-out, that is, give or take a few acres. Depending on how the bypass goes and how many acres may be needed for borrow pits and etc., that may adjust slightly, but that's our estimate at this point in time.

Mr. Wotherspoon: — And are you at a stage where you're doing some assessment from GTH on sort of the value-for-money proposition? Or is Finance engaged on studying, I guess, what's gone into the GTH and where you're at on your specific goals and what sort of return is being provided back to the public at large?

Mr. Richards: — If I understand your question, I can answer it. We are looking at a 10-year model currently. If we look at the current base of sales, we expect that those remaining 599 acres could be sold within the next seven to eight years. That obviously gets a little more constricted as you have less and less acres left to sell. You're not as greenfield, if you will. But we've been looking at a 10-year modelling in terms of sustainability relative to, you know, the dollars received in revenue for the sale of that particular land as well as the tax revenues based on the new legislation to build out a model that ensures that this particular entity is viable in the long term and contributes to the Saskatchewan plan for growth.

Mr. Wotherspoon: — An item that certainly has been a point of discussion at this committee in years previous and also in the legislature and in the community is the concern around the safety of the flow of traffic that, in the case of Dewdney Avenue, has inundated Dewdney Avenue. And certainly, certainly I've brought forward these concerns.

We've had some discussions around the table. I think last year there was a discussion saying that there was going to be increased enforcement, but really what I continue to hear from people and what I certainly observe and experience is that that issue remains and that there's a very significant safety issue that exists on Dewdney.

And certainly I know the long-term solution is a very . . . is the west bypass of a sort there to deal with that, that traffic. But on the interim it's, you know, simply not acceptable to continue to

allow Dewdney Avenue to be inundated the way that it is. So I guess I'd be interested in hearing from the minister what sort of actions he may be considering on the interim to address this very urgent safety issue.

Mr. Richards: — You know, from our perspective, that's a grave concern. Safety has been a critical element of our strategic plan, certainly the two years I've been in the position and prior to that.

From an enforcement perspective, we work with the city of Regina and the RCMP [Royal Canadian Mounted Police] of the White Butte detachment. They are our contracted service provider. We also have now our own enforcement officer who has been extremely active on Dewdney, Pinkie, and within our own footprint. And we have seen a huge reduction in terms of the number of infractions, the speeding tickets issued, and that is again confirmed by the city of Regina in terms of their activity on Dewdney.

No question from the perspective of the city that the congestion downtown that prompted, you know, CP [Canadian Pacific] rail to move to that particular location, it was a benefit, but it came with the cost of increasing road traffic along Dewdney Avenue. You know, we do have to wait for the additional infrastructure to ease that in particular, but we continue to work with our clients on a regular basis to ensure that as often as possible they go south on Pinkie to use that particular existing bypass and around the Ring Road. Loblaws in particular must send all their trucks in that direction because they use a lot of turnpike doubles and triples that has to go on the four-lane access.

But for somebody who's accessing the city, there's much less control in terms of their ability to have an effective and efficient route. Thereby we continue to work on enforcement to make sure that the speed, which is at 50 kilometres an hour through the residential zone and at 80 kilometres an hour as it exits the city, maintained to a level. And we're seeing definite evidence that that is working.

Additionally we have expanded our safety programs. You will see billboards, you will see our LED [light-emitting diode] sign, and etc., trying to work with the public and communicate that, you know, that truck traffic is important to be observed. And we would like to take, continue to take every step as much as possible from a safety perspective, but certainly recognize the short-term concerns for Dewdney Avenue.

Mr. Wotherspoon: — I appreciate some of the attention, but it's certainly not making the improvements. The improvements certainly aren't being noted by community and residents along Dewdney Avenue. It continues to be a very significant safety issue. It also is, you know, a peace of mind issue, just having this pounding and the shaking and the vibrating of the homes. And I know that many relate that they're experiencing all sorts of structural changes and damage as a result of this activity. That should certainly be a concern as well.

So it, certainly the enforcement hasn't been sufficient in dealing with this traffic. I think ideally, that traffic shouldn't be on Dewdney Avenue. You've talked about some of the alternate routes that you're suggesting to truck traffic accessing the GTH. Why couldn't that be a more conclusive statement, ensuring

that Dewdney Avenue isn't being utilized, for example, by truck traffic coming in off Highway No. 11?

Mr. Richards: — Certainly respecting that particular comment, we are in constant communication with the city of Regina. Unfortunately that is a city of Regina decision in terms of the truck routes and of the availability. As I say, we continue to work with our particular clients to ensure that, as often as possible, they use the alternate route. But you know, the city of Regina has established that as the preferred route for traffic to use to the inner parts of the city. And we continue to work with them in terms of ensuring that Dewdney Avenue has the proper enforcement and compliance.

Mr. Wotherspoon: — So I guess, to the minister: I've written you directly and put forward some suggestions and a possible proposal that was supported by our area's city councillor, Mike O'Donnell, as well. And that would be making some improvements to Pinkie that could allow safe flow of traffic, and to get those trucks off of Dewdney. That was sent November 19th, 2013, so well over a year, year ago. Are you willing to explore some of these other options in conjunction directly with civic partners who, I know, are ready to, or interested in engaging on some of these discussions?

Hon. Mr. Boyd: — We would always be interested in anything that the city has to offer or suggest with respect to traffic flow patterns to the GTH. We're open to those types of discussions. I'm certainly aware that the officials from the GTH are in fairly constant communication with the city around this issue.

Safety is always a concern. It's always one of those kinds of things that is top of mind in terms of all of the operations of the GTH. There has been significant traffic that the GTH has generated, perhaps even beyond what the expectations were initially but there is, I think, ongoing discussion with respect to it.

Mr. Wotherspoon: — No, from my perspective, the vast majority of that traffic isn't required to utilize Dewdney. The traffic that's typically using it is coming in off Highway No. 11, and it shouldn't be coming up Dewdney Avenue.

I guess the question to the ministry . . . I mean certainly, I'm continuing to urge interim actions to ensure safety and to get the trucks off of Dewdney, but what is the timeline around the utility of the plans around the bypass on the west side? That would certainly be the long-term solution.

Hon. Mr. Boyd: — It's still probably a number of years out before we'll see that. We will, you know, undertake once again to take another look at this and certainly work with our partners, the city of Regina.

Mr. Wotherspoon: — I appreciate that because I hear recognition out of that. I know, I've seen the billboards. I've heard in these committees about enforcement. But the reality on the street or the reality on Dewdney Avenue is things aren't getting better, and there's a massive safety risk that sits there each and every day.

And you know, I think it's just counting our lucky stars that we haven't dealt with a very significant event on that street, let

alone the impacts, as I say, to quality of life, peace of mind, and damage, not just of the roadway infrastructure but also alleged damage to homes and property along Dewdney Avenue. I'd certainly urge urgent action on this front and working directly with the city in looking at some of the other routes that could be supported until that long-term bypass is in place.

So thanks for the comment on it. You'll, I think, appreciate my frustration. I've raised this for some period of time. I do appreciate a statement around recognition here today of safety and a commitment to dig back into this. And I hope in a way that I can find a solution in the interim, so I'll leave those comments here tonight.

Hon. Mr. Boyd: — Certainly duly noted. I think the GTH is exceeding expectations in terms of the amount of truck traffic that it is generating and the amount of activity, the sales, all of those kinds of things. Along with those good points, there also becomes other considerations that need to be looked into as well. Safety is always paramount in terms of operations of this type, but again operations of this type, if they're to be judged as successful in terms of their scope of activity around the economy, increased traffic is one of the consequences of that. But nevertheless we will certainly undertake once again to sort of redouble our efforts with the city of Regina around this topic.

Mr. Wotherspoon: — Okay. Well just the, you know, the fast movement of freight should never trump the safety of individuals, so I'm just touching on this important point. There is a multitude of options outside of using Dewdney. I've put a proposal specifically to the minister back on November 19th, 2013 supported by the area councillor, Mike O'Donnell. That could be something to follow up on. There's other options as well that might add a couple of minutes to the route of a truck. But those trucks should not be inundating Dewdney Avenue and compromising the safety of those families and those users of Dewdney Avenue. So I know this . . . You know, I know I've made the point in here.

This is certainly about the families that are directly impacted. Also Dewdney connects directly to Pioneer Village, the largest care facility in the province that connects the entire province in many ways and families to that property. It has Government House. It has the RCMP Heritage Centre. It has many families that are using it for school, all sorts of families of course that are using it for work. It's simply not an appropriate artery for that sort of freight, and it deserves urgent attention. And I appreciate the undertaking that I've heard here tonight, and I appreciate the minister keeping me up to speed as to what those actions are.

I'd like to look into a couple of the other areas here. There was changes this year in the research and development tax credit. Maybe if those . . .

Hon. Mr. Boyd: — Are we finished with the GTH then?

Mr. Wotherspoon: — Correct.

Hon. Mr. Boyd: — Just so we can have the proper officials.

Mr. Wotherspoon: — Sure. And thank you very much. The research and development, the changes to the research and

development tax credit, maybe just explain the justification for these changes and I guess the fiscal impact for the province.

[20:45]

Hon. Mr. Boyd: — We would just indicate to the member that those are under Minister Harrison's areas of responsibility, so perhaps you could follow up with questions with him when he's here.

Mr. Wotherspoon: — Okay, sure. So the R & D [research and development] tax credit changes, follow up with . . .

Hon. Mr. Boyd: — Mr. Harrison.

Mr. Wotherspoon: — Mr. Harrison. You bet.

The small-business loans programs that were eliminated, maybe if you could speak to what information you gathered to make that decision and what the fiscal and other impacts are for the province.

Hon. Mr. Boyd: — The small-business loans program was one that we were seeing a continued reduction in the utilization of it going back to . . . well approximately a third roughly of the number of loans that had been utilized in the past. Now we were seeing about a third only of the applications for loans. Most of these loans are very modest in size. A lot of them, just to use an example, would be, for example, tradespeople looking to perhaps buy a truck or a van or something like that to carry on their businesses.

I think part of the consideration is that, you know, there are a very, very large number of outlets available for that type of financing, often right within dealerships themselves, automobile dealerships or banks, to look at that. So I think it was felt that in a tough budget year, looking to save whatever dollars possibly could be saved, this was a program that we saw, have seen a sharp reduction in the utilization of it, but it resulted in a savings of about \$747,000 per year. We don't think that there will be much in terms of necessarily problems around this simply because availability of modest-sized loans of that type are readily available through other institutions.

Mr. Wotherspoon: — So when you've gone and looked at who's engaged in these loans in the past, do you have a qualified opinion that those entities would have received the borrowing from respective other capital markets, institutions?

Hon. Mr. Boyd: — As we reviewed the program, and of course these types of things are always difficult to look at, good, bad, or indifferent, or what we need to do here, but as we looked at the program, as we looked at what potential savings there was to the taxpayers of Saskatchewan, as we looked at lower, much lower interest rates over the last few years, all of those and availability of capital at other institutions, the decision was taken to move forward.

Mr. Wotherspoon: — What was the borrowing rate from that program? How was it set?

Hon. Mr. Boyd: — They were all under 10 per cent, and each loan association can set their own borrowing rates.

Mr. Wotherspoon: — And I think certainly it's a program that's been utilized by many businesses. Certainly I've heard from some that were disappointed to hear of its elimination. Certainly it's important for government to be recognizing gaps and barriers that may be in place for entrepreneurs and small business, and it seemed that this played an important role at various times within our provincial economy, but I appreciate some of the information that's been provided here tonight.

I think I'm going to pass the torch here a little bit to another questioner who's probably going to focus in a bit more so into energy and resources, the member from Lakeview, who serves as our Energy and Resources critic.

Hon. Mr. Boyd: — Thank you.

Mr. Nilson: — Good evening, and thank you for taking questions from us this evening. I'm going to go across a few different areas, but I think I'll start of with the changes you made around the potash taxes. Can you explain what the practical effect is for the potash corporations in this year versus down two or three years?

Mr. Pushor: — So the change that was made was really about the timing that deductions are allowed within the potash profit tax structure. Within the capital allowances that are built into that system, with the 120 per cent, they were eligible historically to claim all of that within the year it was incurred should they choose to. We've said the pacing of that has to be varied now, where 60 per cent of expansion capital and 20 per cent of sustaining capital would be allowed to be deducted in any given year. And so they will be allowed to access the full value of those credits over time. It'll just take them longer to claim all of them, keeping in mind that at the same time the government implemented a review of the entire potash structure, and so one would anticipate some more permanent changes in the not too distant future.

Mr. Nilson: — What is the practical effect in this year? Are they paying more tax or less tax in the year '15-16?

Mr. Pushor: — They're paying more tax, and they would pay 150 million more, was the estimate within the budget.

Mr. Nilson: — And so basically it's moving up the payment that they might have had or might have been able to delay it for a few years. So were there any direct benefits of cash to them this year on as far as sort of an incentive to accept this program?

Mr. Pushor: — Just wonderful persuasion.

Mr. Nilson: — Okay. No, it's just when we're looking at this, we were trying to figure out exactly what the effect was in this year, and it looked as if there were some advances of money to the corporations as well as them paying more.

Hon. Mr. Boyd: — There's no advances of any funds from the taxpayers to any of the companies. It's actually the other way around. The companies will be paying more tax in this fiscal year.

Mr. Nilson: — What about in the last fiscal year?

Hon. Mr. Boyd: — It wasn't implemented in the last fiscal year, nothing with respect to it.

Mr. Nilson: — Okay, thank you. What's the timeline for the potash tax review? Can you give us an idea of . . .

Hon. Mr. Boyd: — I'm sorry?

Mr. Nilson: — What's the timeline for the review of the potash taxes over the next . . .

Hon. Mr. Boyd: — We haven't completely determined that. This is, as you would know, a very complex area that's been in existence since through the previous administration. I think 2002 was the last changes that were made with respect to it. I think at that time it took approximately two years to go through. I would think we would be looking at some sort of a similar timeline with respect to that.

As we work our way through the summer months here, we'll be working to establish the timelines around it. But I think it's safe to say that we want to have very careful and thoughtful deliberations with the industry but also within government itself to ensure that it's being done in a responsible way, a sustainable way, also a . . . but keeping in mind that the resource is owned by the people of Saskatchewan.

Mr. Nilson: — Okay. Thank you for that. Some of the information that we've received from the Ministry of Labour Relations and Workplace Safety has indicated that they're doing mine regulations review. Can you explain what that topic is and what kinds of regulations are being reviewed?

Hon. Mr. Boyd: — That would be not under our ministry but under Labour, but they would be presumably looking at safety considerations.

Mr. Nilson: — So do the officials in your ministry work with them as this is developed? Because obviously it's a cost factor for the mining companies.

Hon. Mr. Boyd: — We have no doubt that we will be approached at some point in time, but we haven't been at this point.

Mr. Nilson: — Okay. So that's an internal review that's taking place in Labour and it hasn't yet hit the Ministry of the Economy. Would that be an accurate way of describing it?

Hon. Mr. Boyd: — Yes.

Mr. Nilson: — Yes. Do you have any involvement with the dispute between the Canada Revenue Agency and Cameco?

Hon. Mr. Boyd: — No.

Mr. Nilson: — No? Now speaking as a minister or as a whole ministry?

Hon. Mr. Boyd: — I have none and neither does the ministry.

Mr. Nilson: — Okay. But obviously you're following that one with interest as well, like we all are. Now another mining

question relates to the potash companies and specifically the Potash Corporation Rocanville mine and all of the landowners in that area who are in the no-drill zone. What discussions have you had with them, and are we close to seeing resolution of the issues for these landowners?

Hon. Mr. Boyd: — This, I'll call it a situation, developed prior to our government. However there has been some court actions taken with respect to this, so it's something that we really can't comment very thoroughly on other than to say that, you know, it certainly has been a topic since I've been Minister of the Economy and previous to that, as to what possible solutions might be out there. But it's under court action right now. Perhaps Hal can add some additional comments.

Mr. Sanders: — It is fair to say that there have been some discussions over the last while, but of course they're out-of-court discussions that are intended to be confidential between the parties as we see whether or not there's an opportunity for a resolution.

Mr. Nilson: — So we know that the Premier had sent these particular landowners a letter — this was probably about eight years ago now — saying that he would resolve this matter when he became the premier. Has there been any discussion between the Premier and these landowners that you know about?

Hon. Mr. Boyd: — None that I'm aware of, but I think it was certainly the hope of the leader of the opposition I think at that point in time, and now Premier, to see resolution to it. But it's a complicated piece of work to say the least.

Mr. Wotherspoon: — Maybe just to follow up, I've had correspondence over the years with the minister and have been frustrated with the lack of action on this file, recognizing certainly that it's complex, but the commitments were pretty straightforward coming from the now Premier of Saskatchewan. And I believe shortly after election, I believe, I believe you as minister were also out there and let them . . . I believe communicated that this should be dealt with in a timely way. And I guess the reality is that it hasn't.

And I continue to hear from many surface rights holders out there that are incredibly frustrated, you know, that have been impacted in a . . . not surface rights. Sorry, mineral rights holders that have been significantly impacted, many that are actually, through this period of time, are getting to a time of passing away. And you know, it's just something that needs to be resolved.

I've been out and I've met with them out there in Rocanville as well, but we really would urge some timely resolution of this matter. And I know there's great frustration out there with the lack of action when there was a pretty straightforward commitment. And certainly circumstances certainly do warrant a resolution to this.

[21:00]

Hon. Mr. Boyd: — Well, Mr. Member, and Mr. Chair, certainly when it enters the arena of court action, then a lot of that is out of our hands, as you would know. So while we are all I think wanting to see it resolved at some point in time, we also

have to watch and wait for the court to wind its way through the situation. I'll try not to be overly political here, but this is a situation that we inherited. Certainly we would like to see it resolved. But again, once you enter the arena where there's court actions, then there's not a whole lot the government can do until it winds its way through that.

Mr. Nilson: — In your action plan you talk about a goal of increasing the value of mineral sales from 7.1 billion in 2014 to 8.8 billion in 2015. Can you explain what that goal is or what that performance measure is and how it was calculated?

Hon. Mr. Boyd: — That would be certainly a part of the build-out that we're seeing in potash and uranium, currently significant investments by both of those industries that we are witnessing here in Saskatchewan, very significant increases in investment that will result in that kind of activity.

Mr. Nilson: — So what were the sales or what was the value of the mineral sales for 2014?

Hon. Mr. Boyd: — In potash alone it would be roughly 5.5 billion in '14. In '15 it's projected to be about 6.7 billion in sales, that is. We will have to get information around the other areas, but it would be primarily around uranium. And I think we have . . . The value of sales in uranium is projected for '14 at 1.2 billion in '14, and 2.1 billion in '15.

Mr. Nilson: — So the numbers are slightly less than what you had in this plan, is that correct?

Hon. Mr. Boyd: — Well, they would be very slight. There's also of course other minerals here in Saskatchewan. I think we'd be pretty . . .

Mr. Nilson: — Pretty close?

Hon. Mr. Boyd: — Pretty close, yes.

Mr. Nilson: — Okay. One of the areas of concern that's been raised by individuals but also by the auditor relates to orphan wells. And we know that you worked on a position paper around the Oil and Gas Orphan Fund and the orphan wells. Can you give us an update on what's happened with that?

Hon. Mr. Boyd: — We will bring the expert forward.

Mr. Dancsok: — Ed Dancsok, assistant deputy minister with the petroleum and natural gas division. So the orphan well program provides a proactive way to manage wells that have become orphan by companies becoming insolvent. The program has been around for about six years, and in the life of the program there have been 138 wells abandoned. Most notably, in '13-14 there were 59 wells abandoned, and in '14-15 there were 62.

Mr. Nilson: — Okay. And so in working with the auditor have you put in place this whole position paper and plan on how you're going to work with this, and has that been finalized? I know I was provided with a draft copy last summer, but has it been finalized, the actual report?

Mr. Dancsok: — So, I'm sorry, are we talking about orphaned

wells or just shut-in wells?

Mr. Nilson: — It's the Oil and Gas Orphan fund. There were three issues, and it related to the Provincial Auditor management letter from November 7th, 2012. And the three issues were, should a liability be recorded for orphaned wells and facilities? And then the second one: are levies received from industry a form of taxation? The third one was, does the government have a liability related to legacy sites? And these are all issues raised by the auditor in the audit report as it related to your ministry. And so I just know I had this from about a year ago, and I was wondering if it's been finalized and if there's an update on this whole situation.

Mr. Dancsok: — So the shut-in wells that are not orphans of course are the liability, and it's been accepted by industry as they are, they hold the liability with relation to those. The future abandonment and reclamation liability for that is about \$1.2 billion. And most of these shut-in wells are owned by responsible licensees with assets many, you know, many times greater than that liability, and therefore they've assumed the liability or they've accepted the liability for those wells.

Mr. Nilson: — And is that the information that's then been provided to the auditor as it relates to the questions that were raised in the 2013 report volume 2?

Mr. Dancsok: — The auditor has . . . Update to that, the auditor has accepted that position that I've stated, that we do not have the liability for the shut-in wells, and that the orphan fund itself accepts — and that's the industry-funded orphan fund — would have the liability for the orphan wells only.

Mr. Nilson: — And so then the orphan well fund covers the 123 or whatever the number was that you gave me there earlier . . .

Mr. Dancsok: — That's correct.

Mr. Nilson: — And does it have sufficient funds to deal with the liabilities there?

Mr. Dancsok: — So every year we levy the industry for further funds to abandoned wells as they become orphaned, and so I do have that, those numbers here somewhere. So for example, in 2014-15 we expended 1.78 million on abandoning wells, and we collected about 1.9 million from industry in order to do that. And every year there will be a new levy assessed to the industry based on their liability rating, and that levy will be sent out and collected every year to fund the next year's collection of orphan wells as we find them and deal with them.

Mr. Nilson: — Okay, and because of that process that you just described, that's why it's not a tax. It's actually, they're being billed for work that relates to the orphan well fund. Would that be an accurate description?

Mr. Dancsok: — That's correct. And they've assumed that liability to do so. Yes.

Mr. Nilson: — Okay, so well that's . . . Well so what we now then have is a process to deal with orphan wells on an ongoing basis, as well as a process to have the solvent companies deal

with the larger liability, the 1.2 billion. Is that accurate?

Mr. Dancsok: — That's accurate, yes.

Mr. Nilson: — Okay. Well thank you for that description. It often gets a bit complicated. Now let's go to another mining issue which relates to the Gunnar mine. Can you give an update on the environmental liability there and the progress of the reclamation at the Gunnar mine?

Mr. Dancsok: — I can't, but someone else can.

Mr. Nilson: — Oh, okay. Good.

Mr. Sanders: — So the Gunnar mine site has been going through a number of phases over the last little while. In the last several months, we did receive a CNSC [Canadian Nuclear Safety Commission] licence to begin some work leading, essentially detailed engineering work that'll lead then to some actual remediation work at the site, beginning with some open tailings areas. The liability that's currently on our books for the Gunnar site is \$208.5 million. This is the Gunnar site as well as close to 30 satellite sites in the Uranium City area.

Mr. Nilson: — Okay, so it includes the Gunnar site plus a lot of the other little mines that are related, at least for your administrative purposes, even though they might not have been related as mining operations.

Mr. Sanders: — It does relate to those satellite sites. And the reason they're related is because they were going to a common mill site.

Mr. Nilson: — Okay, and so then the contributions from the federal government, are they on a 50-50 basis? Or are they paying 100 per cent of the costs, since this was a federally regulated operation or what's the arrangement?

Mr. Sanders: — Initially this was an agreement with the federal government that provided approximately 24 million to be cost shared. And within that agreement was a commitment to look at funding requirements if the amount exceeded that 24 million. So to date, the federal government has only committed to the \$12 million and have yet to come to the table with a 50 per cent share for the increased cost.

Mr. Nilson: — Are the discussions ongoing with the federal government around this responsibility?

Mr. Sanders: — We continue to pursue this issue with the federal government, yes.

Mr. Nilson: — Okay. Well it's a massive task to repair a lot of damage that was done not over, not that many years actually when you look at the history of the mining in that area. So I wish you all the best on behalf of the taxpayers of Saskatchewan because it sounds like we're going to have to pay for it if the federal government doesn't step up. Is that correct?

Mr. Sanders: — Well certainly the liability is on the provincial books rights now until the federal government is committed to paying 50 per cent. So ultimately if the federal government does not come through, it would be a provincial liability.

Mr. Nilson: — And so I know in some of the notes I have the Encana Corporation paid some money on this site. Is that correct? And are they completely free now from their responsibility?

Mr. Sanders: — So at the moment, because of the original \$24 million agreement, they had committed to 12 million. To date we've received 1 million, but it's based on where are we at, at different stages of the Gunnar remediation. So once we have the licence in place and we're moving to detailed engineering and actual work is when they'll turn over the other \$11 million. And as I say, the issue around 50 per cent cost sharing beyond that is still under debate.

[21:15]

Mr. Nilson: — Okay. What is the status of other mines in Saskatchewan that need remediation? Is there a plan similar to the orphan well program on the oil and gas side to deal with what I know are hundreds and hundreds of different mine sites across the province?

Mr. Sanders: — There is one other mine in that particular area called the Lorado site. It was originally owned by of course a company called Lorado which then became Encana. Encana turned over about \$23 million to remediate that site approximately nine years ago, and about 60 per cent of the site was remediated last year. We expect the site to be fully remediated this coming season, and then it'll go into a maintenance and monitoring mode for a number of years. And then when Environment is satisfied that it's in a state that it can move into a more permanent control, it'll move into an institutional control program that we have for just long-term maintenance and management.

And then the other mines in the province of course have other mechanisms where they are expected to remediate their sites, and they provide commitments for funding for that activity. So really the two sites that we're talking about are the Gunnar and the Lorado site.

Mr. Nilson: — Okay. And the provisions for new mine sites across the province, are they more stringent now? And who is monitoring these mine sites? Does it come out of your energy and mines area or does it come from Environment or a combination of the two?

Mr. Sanders: — It is a Ministry of Environment function where they have processes to make sure that the money's available in a bond system or some other system that's acceptable to the Ministry of Environment, so that when it comes time for remediation, that activity is taking place and that there's funds available to do that.

Mr. Nilson: — And do you have any responsibility from your ministry to deal with some of that work with the mining companies? I ask that because I've visited a few of these places up north, and I mean I guess if you're not used to mine sites, they can look quite like they're fairly dramatic changes to the local scene. And I'm told, well just wait a little bit; it won't look so bad later. But my sense is that basically there isn't a lot of monitoring of what's going on with these mine sites, and I raise that because, you know, 10, 20 years down the road, we

may be sitting with more situations like this.

Mr. Sanders: — We do not directly get involved, but I do know that there is annual monitoring by our Environment department at all of the active mine sites. And then post-remediation of the sites, we do have a process where we do go out with Environment and monitor those sites to make sure that they continue to be in a state of essentially repair, that they are remediated properly, and that things like growth is happening again to try and bring them up to as close to the state that they were in prior to the mine.

Mr. Nilson: — Okay. Thank you for that explanation. Some good news and some work obviously to be done over the long term, but to be proceeding on the work at both Lorado and Gunnar, that's good news for the province.

Now I'm going to shift over into the forestry side and ask some questions. The first questions revolve around, what is the general state of the forest industry right now? I know that there were some announcements around I think it was Carrot River recently. But can you give a state-of-the-forest report, please?

Mr. Sanders: — If I could respond to that as well, certainly there's a couple of different factors in the forest industry. It has been recovering over the last number of years. One of the measures that we have for forestry is the percentage of actual operating rates against their annual allowable cut. In 2008-2009 we saw it at essentially its lowest level, which was about 15 per cent of the annual allowable cut.

It's been steadily increasing over the last number of years. In 2013-14 it was at 45 per cent of its annual allowable cut and it did . . . We anticipate it will drop this year, not because the industry is in worse shape, but because of the spring that we had. There was a lot of stranded essentially assets, trees that were not able to come out of the forest so, you know, they're working off inventories and we do anticipate those trees will make their saw mills in the '15-16 year, but not in '14-15.

Mr. Nilson: — And I saw I think somewhere in your plan that you've either gone through a forestry stumpage kind of discussion or planning to go through one where you review the rates and changes. Can you describe what you're doing in that area?

Mr. Sanders: — In the forestry industry there were I believe five to seven different royalty structures. They were tied to forest management agreements. In fact a year ago, we went through a process with Environment and the industry and consolidated the stumpage fees into one system.

So it's now in the regulations themselves and those regulations are administered again by the Ministry of Environment. But we did work with them to try and find a way in which to consolidate and ensure that the stumpage fees were consistent across the industry and then competitive in the different categories whether they be, you know, OSB [oriented strand board] market, pulp, or dimensional lumber.

Mr. Nilson: — And then these rates then basically overrode the various forestry agreements. Would that be an accurate way of describing it?

Mr. Sanders: — They did. And we did have the support of the industry to make those changes.

Mr. Nilson: — You know, any time you do something like that, there are winners and losers. Who would have been the winners and who would have been the ones maybe didn't fare so well in that process?

Mr. Sanders: — It has been over a year since we did that. It was last fiscal year, but the distributional impacts were fairly minor across the industry. Surprisingly it was . . . The changes to the system really didn't make a significant difference to the companies.

Mr. Nilson: — What about the smaller independent loggers? There aren't a lot of them left in the province, but they kind of bid on access to trees relatively close to their small operations. I grew up in BC [British Columbia]. We used to call them gyppo loggers. I don't think they use that term here, but it's a term that describes a smaller operation. What kind of provisions have been made for them in this overall change in the system?

Mr. Sanders: — The system itself moved to fees for the different dimensions of the log itself. So it really impacted everybody in the industry in terms of how you calculate it but not in terms of the total amount of money that they would pay. Again whether it be a small independent person that was looking at specialty logs for some of their activities, they really have not paid any more than what they would've in the past because it's looking at the log specifically and the dimensions of the log.

Mr. Nilson: — I think, you know, I think that's accurate because that's what you intended to do is try to make things fair on the financial side, but a question that's been raised with me relates to the access to logs. And so some operators who were, you know, working in a forest ended up having some of the bigger companies come in and basically take all the trees around where they are and eliminate their long-term viability. Can you comment on that please?

Mr. Sanders: — I would just say that the area of access to the logs is really Environment's purview in terms of the licences that they issue through their licensing process for access to logs. So I'm, to be honest, not familiar with how they would license those logs and how those would've changed over time. I had not believed that that actually did happen in terms of access to the logs over the last number of years.

Mr. Nilson: — Okay. Well I understand why you defer on that question. On the operations that are in existence now, I understand Weyerhaeuser in Hudson Bay is working, going fairly I guess at a good pace, and one of the questions in that area is that they're having to go farther and farther away from Hudson Bay to get their log supply. Is that an issue that comes up on your side of the equation in Economy or is that an Environment issue as well?

Mr. Sanders: — As a competitiveness issue, it is raised in our ministry. Certainly there is concern expressed about having to go further away, but of course the balance is the health of the forest and ensuring that there's enough of a cycle around a large area so that there's sufficient trees over a longer period of time

to be able to have available. So if you are taking trees in closer proximity to a mill, of course you would see your overall operating costs increase over a longer period of time if you have to go a further distance for that.

But it's really based on the spatial area that Environment would determine, that you need to be able to determine the health of a forest and ensure that there's enough of a recycle time for those trees.

Mr. Nilson: — Okay. With the new or the rejuvenated operation in Carrot River, where do they get their trees? Are they hauling them in from all over or are they a specialty operation?

Mr. Sanders: — It's fair to say that the forest industry is very dynamic in terms of how it gets access to its trees because you may have people with licences in different parts of the province and they're trading activities. They may be contracting with one harvester in one area and moving, agreeing to take hardwood and softwood products to different mills from one particular area. So it's really largely a balancing act amongst the different millers of that wood to see how they best get their product and try and make it economic amongst all of them.

Mr. Nilson: — How far north has the cut gone now? Or is that an area that you know about or is that Environment kind of question?

Mr. Sanders: — It is an Environment question. I know that in the stumpage review, we recognize that there is some northern forest that is not being utilized today. And we certainly have tried to incent the use of that forest, but distance and the cost of that distance does make it prohibitive.

Mr. Nilson: — And so are you talking about the forest up along the Churchill River and north of the Churchill then?

Mr. Sanders: — It would be along an area like that, running from the northwest to the southeast in a diagonal, running from northwest to southeast.

Mr. Nilson: — Just south of the Churchill River system then would be . . .

Mr. Sanders: — Yes. I don't recall the line. I mean certainly we can get that line for you if you like.

Mr. Nilson: — Okay. With the operation over in Meadow Lake, do they have sufficient access to fibre in that area or are they bringing fibre in from Alberta as well?

Mr. Sanders: — To my knowledge, they do have enough supply in Saskatchewan. It's not coming in from Alberta.

Mr. Nilson: — Okay. For a while some of our fibre was going to Alberta. Is that still happening?

[21:30]

Mr. Sanders: — I understand that some of our fibre may be going out of province, and a lot of it is dependent on the availability of processing capacity in some of the mills.

Mr. Nilson: — And as far as the operation at Prince Albert, what's the latest on the cogen project and related activities there in Prince Albert?

Hon. Mr. Boyd: — Well we continue to work with the company involved there. There was obviously a very significant setback when the Chinese government put some significant barriers in place in terms of taxation on dissolving pulp. That action hasn't changed and, as a result of it, they're not able to produce dissolving pulp to sell into that marketplace.

So we continue to work with the company. They are, you know, I think hopeful that they will see operations start up in the future, but at this time it's pretty challenging. That was their business model, to produce dissolving pulp and sell it into that Chinese market, but the government kind of put the damper on that.

Mr. Nilson: — And so that's still then, what's it called, Paper Excellence? And they're in charge, and they've made an agreement. Was it a full purchase from Domtar when they took it over so that they're completely on their own, or is Domtar still tied in to this somehow?

Hon. Mr. Boyd: — Domtar is still tied in with a non-compete for other types of pulp. So the only opportunity that they really had was in the dissolving pulp area which Domtar doesn't compete in. So as a result of that non-compete there, they don't have the ability to produce other forms of pulp.

Mr. Nilson: — Okay. So any idea of when something may change in this area? Or is this basically into a long-term shutdown?

Hon. Mr. Boyd: — Well your guess is as good as mine with respect to the communist government of China. I have no idea when they're . . . if they have any plans to change their views on dissolving pulp taxation. I think Paper Excellence though is, you know, optimistic I guess that something may happen there or that they're able to convince Domtar around the legal considerations of the non-compete.

Mr. Nilson: — Okay. Thank you for that update. And I guess we'll all be waiting on that one. Sounds like a decades-long wait, not necessarily a yearly wait.

Next questions relate to legislation which we thought we were going to see but we didn't see on surface rights. Is there any possibility that you would be able to share the draft legislation that you have somewhere with us so we get a bit of an idea what you're thinking about, in case it's introduced next year or the year after that?

Hon. Mr. Boyd: — This is an important area. As we got deeper and deeper into the discussions and consultation with farmers and ranchers and also the industry, we found that there was many, many complex issues that need to be examined.

Almost every well is unique in some respect: its proximity to someone's home or farmyard, or a town, or a river, or a livestock operation, or many different factors such as that. And so then you start looking at that, and the nature of the well itself: whether it's a horizontal, whether it's a vertical, whether

it's a multi-pad well, all of those kinds of things again add additional complexity to it.

And we quickly found, within the discussions with everyone in this topic, that it's difficult in legislation to contemplate all the various circumstances that are out there. This has not been opened up in a long time and so we're, you know, we're wanting to make sure we do as complete of an overview of this as we possibly can and not have to come back to the legislature time and time and time again to add additional either regulation or amendments to the Act. So we're going to take another look at this.

We've had some additional consultations just recently with, APAS [Agricultural Producers Association of Saskatchewan] is one of the groups. And I think they certainly understood our concerns around that. I think, you know to be fair, I think a lot of people would like to see it move forward pretty quickly. But when we explained our concerns around this, I think it became apparent to them and others that it is complicated — very, very complicated. And we want to try and strike that proper balance between the concerns of farmers and ranchers, and also the concerns of the industry around that, keeping in mind that the very vast majority of the utilization of wells in Saskatchewan are done in a very positive way, that there's very few disputes. But there are some, and that's the job of the Surface Rights Arbitration Board, is to adjudicate those kinds of considerations.

So our anticipation is that we will go through another round of consultations with everybody to take a further look at this, and perhaps in the fall reintroduce the legislation. I think we found that, through the consultation process, there was some deficiencies in what we were looking at. So we want to correct them before we come forward with it again.

Mr. Nilson: — So will the proposal look at model forms of compensation? In other words, sort of setting some standards around compensation for all of these variations that you've just described?

Hon. Mr. Boyd: — Well that may be the case; it may not be. But I guess I would say that we're certainly open to all of those types of considerations, and that's why we've undertaken to have further consultations with both the landowners and oil companies in general. We want to make sure we get it right, where that balance, to the best of our ability, is struck.

Mr. Nilson: — And will you be looking at, I guess, area-wide compensation? Because sometimes you have landowners that are quite drastically affected, but they don't actually have any very, you know, direct methods of getting compensation because it's not on their land. But they are affected, you know, down the grid road or wherever. Is that part of the discussion?

Hon. Mr. Boyd: — Well again, it may well be. I mean again that's sort of . . . I think it illustrates our point that these things become quite complicated very quickly. You know, a single well on a quarter section probably doesn't do a whole lot in terms of issues around landowners' rights. But then when you start adding additional wells, multi-pad wells, batteries, roadways, all of those things, then you start getting into all of those kinds of considerations like, you know, dust control,

noise, all of those kinds of things that a single well out on its own probably doesn't have.

So the nature of the industry is changing as well, as we all know, out there where technology is making very significant strides. I mean, I think of it in my backyard — when I say backyard, I mean my constituency — an area that was thought to be completely done is completely rejuvenated now. And we see tremendous amount of activity taking place there, where I can't remember a well being drilled in the Plato field for a long, long time, and now we're seeing dozens of them over the last few years. So you know, technology again is changing all of that. And so then you start, you know, is it the same to have a new well being drilled or re-entering an old bore? Is that, you know, what kinds of considerations have to be looked at there as well?

So I think the complexities are much greater than I think anybody anticipated initially, and I think that's why we want to take a look at it. And I think we also, to be fair, I think we also, when you see oil prices dropping as significantly as they have, the considerations around investment in jobs are also a consideration there. We don't want to come up with something that's really onerous, that results in unintended consequences.

Mr. Nilson: — So it's a combination. Well we'll look forward to hearing what you're going to propose. And clearly we've talked to quite a few people about some of these things. I'm not sure if you have any questions on this at all, Trent?

Mr. Wotherspoon: — Well I think you've covered some of them. And you know, I think that getting this balance right is important. And I think that the rights of those surface rights holders is important; it certainly impacts their land, their utilization of that land in a big way. I certainly appreciated meeting with a host of organizations and groups, some referenced here today in APAS and the South East Surface Rights Association. And there's other farm organizations that have also brought forward some perspective.

So I think all of those individuals that have put forward submissions, I guess you've come through, you've looked at these submissions. Are you able to identify some aspects for which you would like to see addressed, that are in some of those submissions, whether that be APAS's or the South East Surface Rights Association group?

Hon. Mr. Boyd: — Well I think that when you start looking at compensation rates, I think when you start looking at the availability of the Surface Rights Arbitration Board hearings for example, that's a consideration, travel. All of those kinds of things become issues for landowners. Timing becomes an issue as well. I mean obviously people in the farming and ranching business are very, very, very busy at certain times of the year, and to deal with an oil company at calving time or seeding time or harvest is very challenging, to say the least, for someone in the agriculture business.

So yes, I think those definitely are some of the things that we want to take a look at that have been identified by the groups, and I think they have made a very good case for their concerns. And you know, I guess I've been surprised time and time and time again. When you thought you had it kind of where you

wanted it, someone would come forward and say, what about this circumstance that you hadn't contemplated.

And so you're kind of, you know, back to the drawing board again as to what do we do about that circumstance that no one really contemplated up until that particular unique well, as I describe it, was being licensed. So you can almost imagine, as I say, every well is unique and, as a result of that, difficult to have legislation that deals with them all, but yet the individual characteristics of that particular well are also given consideration to.

Mr. Wotherspoon: — Just one more point on it: is there any concern from the minister? I suspect he's heard some concern from producers or others related in this discussion just to the fact that it was the previous minister that was quite engaged in the consultations with the stakeholder groups around surface rights, and then that minister has moved over into another role that now represents the oil industry itself. Certainly I've had brought forward concerns from folks out there that felt that they shared their position. They shared it in good faith, and there's some concerns as to, I guess, that information being available to others and the integrity of the process. Is that a concern of the minister, and is that any reason for some of the delays?

Hon. Mr. Boyd: — I would say no, it's not the reason for any of the delays. I think the complexity of the whole circumstance is the reason for the delay at this point in time. We will certainly move forward at some point in time, but we want to make sure we get it right.

I would also, Mr. Chair, want to take the opportunity to try and allay any fears that anybody may have with respect to the questions around that. We have had no contact with the previous minister — myself or officials — about his consultations that he may have had. I can't think of very many circumstances that would be of a confidential nature that people would have that they would be bringing forward. There may be some, but it certainly hasn't been identified to us as a significant concern. I think that the subject is so broad and complex that we felt that it's important that we try and do the best job we can to strike that balance, and certainly activities of the previous minister or current activities have played no role whatsoever.

[21:45]

Mr. Nilson: — Thank you for that. I'll move on to another area. That's the whole area of venting and flaring and capturing of the vented gas. Are there regulations that have been developed for this area? Are there plans coming about how this can be dealt with, and what can we expect over the next while?

Hon. Mr. Boyd: — Well I can start and then we will let the guy with the real experience in this area give you more specific information. Obviously this is, for the government, an area of interest and concern. Certainly there is flaring that takes place. It's under pretty strict regulation with respect to it and for defined timelines and all of those kinds of things as wells come into production.

We want to keep it at a minimum, from a general perspective I guess I would say, but we understand the necessity of it at times

as a well is being brought on stream and the ability to gather those flared gases is simply not there. I think it's something though that we would like to see some solutions developed around that, and there are starting to be some things coming forward from a technology basis that may be able to do that. It's not just as simple as, you know, putting a generator in place and using that flared gas to power a generator because we see significant drop-offs in production, and then as it becomes, that unit then becomes uneconomic. So they almost have to be portable in a way to be able to make use of gas.

Then of course we have the whole issue of sour gas and the real safety hazards around that as well that need to be considered here also. But I would ask Ed to elaborate a little bit on what we are doing with respect to it and some thoughts going forward.

Mr. Dancsok: — So we've developed a directive called directive S-10 in consultation with industry, the Ministry of Environment, SaskPower, and the utilities were involved with the joint solutions around this. Its directive is sort of a set of guidelines beyond the regulations. The directive came into effect on July 1st, 2012, and so any wells drilled after July 1st, 2012 had to be in compliance with this directive. There was a three-year phase-in period so that any wells drilled prior to July 1st, 2012 were grandfathered, but after three years they must also be in compliance.

So what compliance is, is around any wells that produce associated gas above a certain threshold, and that threshold is 900 cubic metres per day, must demonstrate that the economics . . . an economic threshold is there that prevents them from economically gathering that gas. And if they cannot demonstrate that, then they must conserve the gas. They must either shut the well in or get the gas into a pipeline or re-inject that gas back into the reservoir.

Mr. Nilson: — So how many wells are we talking about here? I mean, I assume it's all the wells in the province.

Mr. Dancsok: — Yes, I can safely say that every oil well in the province produces some level of associated gas with it. Whether or not it's above that 900 cubic metre per day threshold is the question, and so operators are regulated to measure the gas that they produce and report that gas. There's associated gas royalties that are involved with it, so that's one of the reasons for that requirement to report the gas. And if it's below the threshold, they can flare the gas or incinerate it.

Mr. Nilson: — What percentage of wells are below the threshold?

Mr. Dancsok: — I do have that number . . . I'm sorry, I don't have that number with me, but I will get that for you.

Mr. Nilson: — Well I'd appreciate that because just to have some idea of . . . You know, because obviously by this summer, "all" is going to apply to all of the wells in the province because that will be three, the three years will be up.

Mr. Dancsok: — I certainly do have numbers on that. I just misplaced them.

Mr. Nilson: — Yes, okay. So the plan is to set up a system

working together with SaskPower or others, so does that mean sometimes it's being used to generate electricity in the province?

Mr. Dancsok: — There's certainly different ways that the gas can be utilized. One is to get it into a pipeline and get into a market that way. Another way is through power generation through SaskPower with these mobile units for power generation. There's other ways too.

There's a certain technology coming out, technology companies now using a process like a gas process to convert the gas to liquids. And that is certainly a market there where a diesel-type liquid can be created converting the methane gas into diesel. So there's a lot of other solutions.

Another good solution is just to re-inject that gas back into the reservoir where it came from, thereby helping that reservoir pressure and allowing better utilization of the oil that's coming out of the ground by providing that pressure support in the reservoir. So there's a number of different ways that we can get there.

Mr. Nilson: — Okay, well thank you for that report, and we'll look forward to ongoing reports on that. In the Provincial Auditor's report, 2014 report volume 2, there were recommendations around establishing an appropriate management framework to monitor compliance around pipelines and assessing pipelines. Can you give me some idea of the status of this and whether or not you have money in this year's budget to comply with some of the concerns that were registered by the auditor?

Mr. Dancsok: — Certainly. A number of those recommendations are in progress, especially around the checklist for approvals, the guidelines for applications. That has all been put into place and is working quite well.

We were able to reallocate staff to that pipelines area to provide better approval processes but also inspections of pipelines when they're put into service. And these are just the pipelines within the province. So for example, there's about, I'll say, in the order of 30 to 40 pipelines a year that are approved in the province. Prior to the recommendations being put into place, we were probably inspecting six or seven of these lines a year. Now we're in the order of 80 per cent: 24 to 30 of these pipeline constructions are now being tested and witnessed by inspectors before they're being put into service.

So it's things like that out of the recommendations . . . There was a number of recommendations, and we're in progress with each and every one of them as we move forward.

Mr. Nilson: — So related to this is the whole issue of the flow lines and licensing of flow lines. Is that something that's on the agenda or is that to be worked at later? Or what's happening there?

Mr. Dancsok: — Okay. Flow lines, of course, as we're working through the PRIME project which the minister has already talked about, it was seen because of the project, a cost that flow lines was not made part of the scope of the project. But the project is being built in a way that is evergreening, or

continuous improvements being built so that new modules can be added to it. So we see the inclusion of flow lines as a part of the licensing process being built into the system once PRIME has gone live, which is going to be this fall. And so it's one of our first priorities in system improvements beyond this fall.

adjourned until April 21st at 3 p.m. tomorrow.

[The committee adjourned at 21:58.]

Mr. Nilson: — Okay, so obviously lots of work to do that. And I guess, do we sort of know where they all are or that's part of the project just to figure out where they are?

Mr. Dancsok: — We do have a database from a data vendor that has provided us information on where they are with respect to their start point and their end point. There could be some variations in that pathway, from point A to point B. And certainly that is something that we would want to verify and confirm through the licensing process.

Mr. Nilson: — So you may eventually have a multi-layered map of Saskatchewan, including all the flow lines and pipelines.

Mr. Dancsok: — And we do have one right now that's been provided to us by a data vendor.

Mr. Nilson: — Okay. So well I think we're getting close to our adjournment time here, and I'm not sure if . . . Trent, do you have any more questions at all? I know I don't. I thank you for the responses and look forward to the reports as this moves forward.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — Thanks. Thanks as well to the minister and the officials that are here tonight, the ministry officials who work throughout the year. I know there's been some commitments to get some information back to us as well, and I appreciate and look forward to that information. But otherwise, thanks for the time tonight. I look forward to following up with the other minister on some of the other components.

Hon. Mr. Boyd: — Thank you, Mr. Member, both of the opposition members, and committee members. We appreciate the questions that have come forward. I think we had a very good discussion here this evening about the economy of Saskatchewan and the operations that we're responsible for.

I would want to thank all of the officials that were here today, and the ones that are back at the office that do very good work on behalf of the people of Saskatchewan on a daily basis. So thank you, Mr. Chair, committee members.

The Chair: — Thank you very much, committee. And to echo sentiments, thanks to the officials again for appearing before the committee this evening. Seeing the time is 9:58, near the agreed-upon time allotment, I'd ask a member to move a motion of adjournment.

Mr. Toth: — So moved.

The Chair: — Mr. Toth has moved. Are we agreed?

Some Hon. Members: — Agreed.

The Chair: — All agreed. Carried. This committee stands