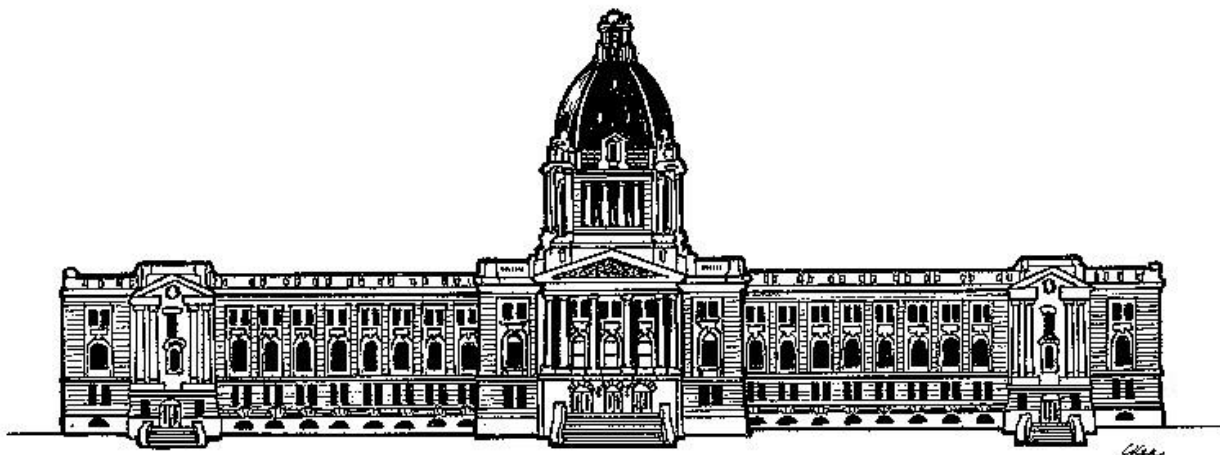




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Ms. Colleen Young, Chair
Lloydminster

Ms. Vicki Mowat, Deputy Chair
Saskatoon Fairview

Mr. David Buckingham
Saskatoon Westview

Mr. Terry Dennis
Canora-Pelly

Mr. Delbert Kirsch
Batoche

Mr. Warren Michelson
Moose Jaw North

Mr. Doug Steele
Cypress Hills

[The committee met at 15:11.]

The Chair: — All right. Welcome, everyone, to the Standing Committee on the Economy for May the 7th, 2019. I will introduce committee members who are here today: myself, Colleen Young, as Chair. We have committee members David Buckingham, Terry Dennis, Delbert Kirsch, Warren Michelson, Doug Steele, and substituting for Vicki Mowat is Ms. Cathy Sproule.

Today we are here to consider estimates for the Water Security Agency and Innovation Saskatchewan, the resolutions for the 2019-20 estimates, and 2018-19 supplementary estimates — no. 2, and Bills 140, 162, and 170.

**General Revenue Fund
Water Security Agency
Vote 87**

Subvote (WS01)

The Chair: — We'll begin consideration of the estimates for the Water Security Agency, vote 87, Water Security Agency, subvote (WS01). Minister Duncan is here with his officials, and I'd ask officials to state their names and their titles when they speak the first time at the mike. So, Minister Duncan, if you'd like to introduce the officials that are here and begin with your opening comments.

Hon. Mr. Duncan: — Thank you, Madam Chair. Good afternoon to you and to committee members. It's our pleasure to be here for consideration of the estimates for the Water Security Agency.

This afternoon I'm joined by a number of officials, including Susan Ross to my right. She's the president and CEO [chief executive officer]. Kendra Altwasser-Mang is director of finance, and she's seated to my left. We also have with us John Fahlman, vice-president, technical services; Clinton Molde, executive director, integrated water services; Doug Johnson, executive director, special projects. Joining us in a few moments will be Marjorie Simington, the general counsel; as well as Patrick Boyle, executive director, communications and client services. Sam Ferris, vice-president regulatory, is here as well.

The Water Security Agency just concluded a busy and successful year, advancing the goals of our government's 25-year water security plan, and it's readying for another busy year in 2019-2020. WSA [Water Security Agency] continues to fulfill our government's vision to deliver an integrated approach to the safety, security, and management of Saskatchewan's water supplies and related infrastructure.

In 2015 WSA ambitiously set a course to change how drainage is managed in Saskatchewan. We asked Saskatchewan producers and communities to come together in a new process to ensure that our drainage infrastructure is sustainable. The strategy is the first meaningful change to drainage policies in this province in over 30 years. We understand the strategy represents a paradigm shift for producers used to unilaterally building their own works without permit.

A part of WSA's work involves communicating that this change is about more than flooding risk. It's also about longer term environmental benefits such as retaining wetlands, maintaining habitat, and protecting water quality. A record 1,481 quarter sections were brought into regulatory compliance in the 2018-2019 fiscal year, 92 per cent of which occurred through approvals. That's more than double the last fiscal year and represents a tenfold annual increase since 2014-15. The strategy has set the stage for thousands of quarters to come into compliance in future years.

[15:15]

Moving to capital, I'm proud of the government's historic \$75 million investment in Saskatchewan's water infrastructure, including the 72 dams and almost 200 kilometres of conveyance channels now under WSA's purview. This infrastructure is vital to our economic livelihood, our recreation, and our way of life and now includes 28 structures previously owned by the federal government. The \$75 million investment represents another substantial increase over 2018-2019. As of March 31st, 2019, it will bring our cumulative investment since 2010 to about \$124 million.

More than 40 facilities will see at least some maintenance work, but I will highlight some of the most significant investments. Work securing land control, as well as initial design in soil consolidation will occur in advance of a much-needed replacement of the control structure at Crooked Lake. The 10-year, \$100 million project to rehabilitate the M1 canal, a vital piece of the province's infrastructure, will continue with a \$10.8 million investment to rehabilitate another 3.3 kilometres of the canal. This year's M1 investment will increase canal capacity, improve reliability, and alleviate seepage.

Just under \$5 million is expected to be invested on the Grant Devine dam as we commit to further environmental and engineering studies to upgrade the spillway. The work to rehabilitate and upgrade the previous federal dams remains a key priority, with \$31 million of capital spending allocated to this initiative. Water management infrastructure, including dams and conveyance works, remains an important water supply tool for municipalities and producers across Saskatchewan.

The Water Security Agency is also supporting the Prairie Resilience plan. Climate variability is a reality for our province and our communities and our agricultural producers. Being proactive is the best way that we can prepare our public infrastructure to withstand these extremes. One million dollars has been allocated in WSA's operating budget to assist communities with flood damage prevention measures.

Last month we announced that the province and the federal government will invest an additional \$1.3 million in working with community organizations to improve climate resiliency. Through the funding, WSA will offer educational workshops for up to 2,500 producers to help them understand the need for responsible agricultural water management, as well as to incorporate climate change and mitigation strategies into the design of their drainage projects. The new funding will also allow communities at high risk to develop drought response plans. These initiatives build on several core WSA functions to help

Saskatchewan manage climate variability and water resources.

Our surface water supply studies use the historic knowledge of flows and climate going back as far as 600 years to help communities project water risk and sustainability. Our work to support the farm and ranch water infrastructure program through the Canadian Agricultural Partnership helps drought-proof our producers. And WSA has also enhanced its forecasting tools to better predict hydrologic droughts, as well as mapping an inventory of the province's wetlands.

Lastly, the Water Security Agency continues its important work in ensuring safe drinking water for Saskatchewan people. It has been some 18 years since the people of North Battleford suffered the consequences of a water-borne illness, and the province has not diverted its attention from the important work of ensuring adherence to the regulatory standards that protect our citizens. Disinfection, such as chlorination, remains a critical tool in ensuring safe drinking water, but as these processes evolved, WSA will continue to ensure disinfection by-products are monitored and managed to minimize any associated health risks.

WSA will also be advancing compliance with *Wastewater Systems Effluent Regulations* by making sure municipalities understand the requirements of the Canada-wide strategy on the management of municipal wastewater and the federal regulations on wastewater systems.

Since 2007-2008 over \$375 million of provincial funding through the Ministry of Government Relations has been committed to 897 Saskatchewan water and wastewater projects that serve local communities. To date, under the federal-provincial New Building Canada Fund and the Clean Water and Wastewater Fund, the Ministry of Government Relations has also announced more than 200 projects in the province. WSA collaborates on the technical assessment of these funding applications and actively works with communities needing to do infrastructure upgrades. While there has been tremendous progress, we continue to work with those few municipalities that continue to face challenges with upgrading their drinking water and wastewater infrastructure.

Madam Chair, this concludes my introductory overview of our budget for 2019-2020, and with that we'd be pleased to take your questions.

The Chair: — Thank you, Minister. I'll now open the floor to questions from committee members and recognize Ms. Sproule.

Ms. Sproule: — Thanks very much, Madam Chair. Thank you for that fairly comprehensive overview, Mr. Minister. Last year in committee I had asked you to provide a list of the legal descriptions for the, I think at that time it was 693 quarter sections of land. I note that hasn't been tabled with the committee, so I'm wondering if you could actually table it with the committee rather than sending it individually to myself because it's easier to find when we're looking for it. But I wonder if you would update that to the 1,481 quarters that were referenced in your opening comments as well?

Hon. Mr. Duncan: — We can provide both of those lists. I believe we had provided the first one, but I'm not sure if we tabled it with the committee or if we . . . We'll check on that, but

I know the officials had gathered the information. But we can table both of those.

Ms. Sproule: — Yes, thank you very much. I had specifically asked that you table them to committee because it's just easier to locate. You haven't seen my desk. Anyways, in 2018 how much has Water Security Agency spent on the Blackbird Creek drainage networks?

Hon. Mr. Duncan: — Thank you for the question. Water Security Agency has spent \$23,000 on lidar and \$50,000 for a qualified person.

Ms. Sproule: — And are you aware of any other funding that the Government of Saskatchewan provides or has provided the Blackbird Creek drainage network?

Hon. Mr. Duncan: — So through the Ministry of Agriculture, it's my understanding that the Blackbird Creek project has received funding under the CAP [Canadian Agricultural Partnership] program. We don't have the exact number, but it would be less than \$100,000, and those are matching dollars.

Ms. Sproule: — Thank you. And could you give us information on how much the Smith Creek Regional Watershed Association has received from the WSA?

Hon. Mr. Duncan: — Thank you for the question. So just on the previous question, I don't think I mentioned it, but I believe the roughly 90,000 — it was somewhere less than 100,000 — that was, we believe, funding from cost-shared funding through the CAP program through the Ministry of Agriculture to pay for, I believe, some engineering work.

With respect to your last question, so nothing directly to the watershed. The project initially began under the C & D [conservation and development area authority], and the funds were held by the Sask C & D association in trust for the project. Now in that time the watershed association is now the lead on the project, but we have not funded the watershed association directly. The previous funding has gone towards the project now being led by the watershed association, but we have not funded them directly.

Ms. Sproule: — All right. I think you will know that in October 2018 the Information and Privacy Commissioner made a direct recommendation to you to request the Minister of Justice to consider more transparency when it comes to watershed associations, conservation development authorities, and agencies like that through the freedom of information. Have you made any advances on that with the Minister of Justice? Or can you bring the committee up to date on terms of where you are at?

Ms. Ross: — Susan Ross, president and CEO. At the request of the deputy minister of Justice, I met with him — I don't know, it was probably eight months ago, something like that — and discussed it. He wanted to know our opinion as to whether a watershed association was within the meaning of the legislation, the local authority freedom of information legislation. And that's really a question for Justice. But the question to us was, should they be? And it is of no consequence one way or the other, I think, to Water Security Agency. If this is a local authority, and if that's the appropriate place for it to be as a matter of public policy, it's

fine with us. So that's where we left it. We're waiting to hear back from the Ministry of Justice.

Ms. Sproule: — So you recommended to Justice that you have no opinion about this. Is that the position of the Water Security Agency?

Ms. Ross: — Yes, I recommended that it was a question of public policy that had to be considered. It really isn't within our purview. Is a watershed association among the type of entity that should be within that legislation overall? I don't know. That's a question for someone else.

Ms. Sproule: — I think, considering that you are funding some of these associations, they are actually expropriating land and are refusing to release minutes to local ratepayers, wouldn't that sort of jeopardize the transparency of the funding that you're providing?

Ms. Ross: — I've just been reminded that the funding coming through us is totally transparent so anyone can track down who we're sending money to. But it may be a consideration. That legislation's been in effect for a long time. *The Watershed Associations Act* has been in effect for what, 30 years or something. Maybe it's time to consider whether that is the type of agency that should be within that legislation.

[15:30]

Ms. Sproule: — I think, given the level of activity, that's increased significantly. The Minister of Justice reported last week that his staff are working with Water Security Agency on something he said, mutually beneficial solutions. I'm just wondering if you can tell us what those mutually beneficial solutions are.

Ms. Ross: — I'm not directly involved, and I'm not sure who is within the agency. But I think perhaps what he is referring to is our initial conversations with the deputy minister about whether this should or should not be within that legislation, caught by that legislation. It actually could be if it was getting sufficient of its funding from government, but I don't think it is.

Ms. Sproule: — I guess this is something that's very important to the ratepayers. It's certainly important to the public when it comes to transparency. And if it's not full transparency in terms of disclosure of minutes of meetings of those agencies, maybe, Mr. Minister, I'm not sure what your position is on this, but it's becoming concerning to ratepayers who are actually having their lands expropriated and they can't get minutes of the meetings of the organizations. Is that something you'd take a position with Justice on?

Hon. Mr. Duncan: — Well I would just, I guess, echo the comments of Ms. Ross that it wouldn't be under our Act. And so if this is something that the minister and the Ministry of Justice chooses to pursue based on the conversation that the CEO has had with the deputy minister of Justice, we have no concerns if the Act is amended to include the watershed associations.

Ms. Sproule: — *The Watershed Associations Act* then is under which ministry's purview?

Hon. Mr. Duncan: — So our understanding is that it would be a change to the local authority freedom of information, which falls under the purview of, I believe, the Justice minister, not under any Acts that we're responsible for.

Ms. Sproule: — But you are creating watershed associations under *The Watershed Associations Act*. I know there's a new one approved last year. And this is what I'm asking, is whether the office, the Privacy Commissioner, specifically recommended that you speak to Justice and make that recommendation. So I'm just wondering, you're saying you don't want to take a position. Are you not in a position to take a position because you're not dealing with the local information privacy Act? But you are creating new watershed associations who have now started declining to release minutes of meetings to ratepayers.

There is a direct connection to the work your ministry is doing. I think it's quite clear. And certainly the Privacy Commissioner singled you out specifically in that ruling back in October. So just wondering, if you're going to take the hands-off approach, that's certainly within your purview. But you know, the Premier himself has released \$5 million more for SCDA [Saskatchewan Conservation and Development Association] to do more work. We see more and more activity and certainly you're encouraging more and more activity at that local level.

So if they're not being accountable and transparent — we saw it in question period today with respect to a community in the North — you hold the purse strings and you create these bodies. So I just would anticipate that you'd be willing to recommend to the Minister of Justice that you make those changes to that local information Act.

Hon. Mr. Duncan: — Again I would just say that certainly we're aware of the recommendation that was made by the Commissioner. That has led to a conversation between the CEO and the deputy minister as to the Water Security Agency's opinion on the matter. We have no problem if the minister chooses to go forward with amendments to the Act, to add the watershed associations. We would certainly support that.

Ms. Sproule: — Can you tell me how many drainage complaints or requests for assistance WSA received in 2018?

Hon. Mr. Duncan: — 153.

Ms. Sproule: — And of those, how many were withdrawn? How many were brought into compliance? And how many were closed or treated otherwise?

Hon. Mr. Duncan: — Sorry, Ms. Sproule. Can you just repeat the question?

Ms. Sproule: — Just wondering how they were managed, what the disposal of them was. Were any withdrawn? Were any closed? Were any brought into compliance? How many are outstanding?

Hon. Mr. Duncan: — So in 2018 there were 97 that were dismissed or withdrawn. There were 19 approved, and 118 were closed. If you're starting to do some math and your numbers are higher than 153, it's because there's a carry-over that carries over from the previous year. So that would account for why the

numbers don't quite match.

Ms. Sproule: — And the 118, what happened to them?

Mr. Molde: — Clinton Molde, executive director. A hundred and eighteen were voluntarily closed by landowners.

Ms. Sproule: — And 97 of last year's were discontinued?

Mr. Molde: — They were dismissed or withdrawn.

Ms. Sproule: — We know that illegal drainage has continued since the ag water management policy began in 2015. In the course of WSA's duties and travels, I'm sure the WSA staff see new illegal drainage works right along Highway 16. You just have to drive down and they're right there by the highway. How many times in 2018 did WSA close or bring into compliance illegal drainage works where WSA staff initiated an investigation on their own without a request for assistance?

Hon. Mr. Duncan: — So I think I'll begin by saying, Ms. Sproule, that I think as we've been working through the changes to the regulations in the legislation and moving away from the old complaint-based system to the request-for-assistance system, what our staff is trying to do is look at, first and foremost, the highest areas of risk. The highest areas that would be our priority network areas, where we can try to move into compliance either through approvals or closures or a combination of both areas, certainly would rank high in terms of our priority list.

So there have been cases where WSA officials will proactively work to gain compliance from landowners, but I think this notion of our officials just driving around and looking for ditches, it's not really the way that WSA is going about their business these days.

Ms. Sproule: — Last year in committee, I reported six quarters with new illegal drainage works to WSA in the Wadena area. Can you provide me an update on what the WSA has done to bring these landowners into compliance?

Mr. Molde: — We listed 12 quarters that were read in last year.

Ms. Sproule: — Yes, 12.

Mr. Molde: — So what we did, we looked at these in a proactive nature. First of all we do a desktop analysis to see if there are works on those lands, and we also did some by site visit. And what we found was that 11 of those quarters had drainage works on them; one did not. So being that late in the year, early winter, we continued to work with those landowners and will continue to work with those landowners to bring them into compliance over this coming year.

Ms. Sproule: — I got a call from a reeve from that area in January, and he told me that the Premier had shut down your investigation. Is that true?

Hon. Mr. Duncan: — I think that the fact that the Water Security Agency is continuing to work with those landowners and committed to working to move them into compliance, I don't think anything has been shut down.

Ms. Sproule: — Can you share with the committee, then, what activities have taken place since January on those 11 illegal works?

Mr. Molde: — So since January there has been no work done yet because the Quill lakes is no longer a point of adequate outlet. We will be working with the landowners to come up with consolidation plans to keep the drained water on their land or closure of their works. So that is work that's going to be ongoing now that the snow is off the land.

Ms. Sproule: — Have you issued any recommendations or orders on those 11 illegal drainage works or 11 quarters?

Mr. Molde: — Initially we sent the landowners proactive compliance letters stating that they needed to come into compliance.

Ms. Sproule: — Yes, I'm aware of that because one of the landowners actually came to my office and was quite upset about that and felt that you didn't have the authority to do what you were doing. So you sent them a proactive compliance letter. And then did you send anything other than that to these landowners?

Mr. Molde: — So there would've been some initial phone conversations and, just like I mentioned, that there were some site visits for some of these landowners.

Ms. Sproule: — But no other legal action has been taken.

Mr. Molde: — No.

Ms. Sproule: — Okay. I'll follow up with you next year on that one. As you well know, Mr. Peter Onofreychuk has been forced to go to the courts in order to get WSA to act on some drainage that he's dealing with that's going onto his land. And you actually got a court order last summer ordering, order mandamus, for WSA to take further action. How much money did WSA spend on the legal proceedings?

[15:45]

Hon. Mr. Duncan: — We don't have an answer on that but we'll commit to providing an answer to the committee.

Ms. Sproule: — Thank you. Back in March 2017, WSA sent a letter to Mr. Onofreychuk saying that the Blackbird Creek network had been identified as an important area to demonstrate the new network approach to drainage. And you've talked about that, Mr. Minister. The letter also stated that if an application for the approval to construct and operate drainage works was not received by May 1st, 2017, WSA would begin working towards the closure of targeted, unapproved drainage works. Did WSA receive that application by May 1st, 2017?

Mr. Molde: — No, we did not. What we did do is we were working with the landowners and employed a QP [qualified person], Assiniboine Watershed Stewardship group, and they were to work on our behalf with landowners to look at the possibility of a joint application.

Ms. Sproule: — So we're using government dollars to help landowners come into compliance then basically. The qualified

person from Assiniboine would come from government funding.

Mr. Molde: — This is a priority network and we are targeting these areas are because they have historic issues. They could be RFAs [request for assistance] or they could be flooding, and so we take it upon ourself to target these areas.

Ms. Sproule: — So then why did you tell them if you didn't get the approval, you would begin working toward the closure of those targeted, unapproved drainage works?

Ms. Ross: — If I could just make a comment, this is a massive undertaking we've got under way and these are very large — Clinton could give you the details — very large, very complex networks. This whole development of the agriculture water management strategy has been quite a learning experience. As we've gone out to try to achieve compliance and try to turn the minds of people to how to do this co-operatively and in a reasonable, organized way, we've changed tracks a number of times. It's been inevitable as we've learned more about what we have to do.

So for instance, while our people were out thinking that these people should come together jointly, the decades of hostility among them wouldn't allow that to happen. And that's why eventually Sask C & D came in and tried to form a C & D, which is the only thing to do when you can't get past the conflict. So have we changed tracks a few times? Yes, we have, and it's in good faith and attempting to get these people to work together to a solution that's fair for everyone.

Ms. Sproule: — Seems to me there's a law in place here, though, and you have an obligation, as the court said, to enforce the law. And in Peter's case, you know exactly where those unauthorized works are and yet you're trying . . . In terms of getting past the conflict, when the farmers refuse to bring those works into compliance, the solution is to expropriate Peter's land? How does that make any sense at all?

Ms. Ross: — Well, I mean, it's not us expropriating Peter's land. It's the group of proponents that are trying to put this together. But we did take a number of steps in relation to the closures, and I'll let Clinton pick up on that, please.

Mr. Molde: — So I'm just reading my notes here. So on December 21st, 2018 an ATO, or an approval to operate, was issued for one quarter of those RFAs. And then landowners received an approval to construct for the remaining 22 quarters on March 18th, 2019. And those landowners are working towards completing that construction and obtaining an approval to operate. I should say those approvals are for consolidation.

Ms. Sproule: — Can you explain to the committee what that means — an approval for consolidation?

Mr. Molde: — Okay. It's approval to construct or approval to operate. A consolidation project is where a landowner is moving the water from a wetland to an area on his land that he can store the water. So it's holding the water from the wetlands. It's not holding the water that would naturally run off the land.

Ms. Ross: — So he's keeping the water from leaving his land in a consolidation.

Ms. Sproule: — So this is happening now. In March of 2019 you issued an approval to construct. That was supposed to be received by May 1st, 2017, the application for the approval to construct and operate. You didn't get it in May of 2017. Did you ever get the application from the drainers? Or are you just going ahead and ordering it?

Mr. Molde: — I'm assuming you're talking about the large project that is for the main stem and the two laterals.

Ms. Sproule: — No, I'm talking about the ones that were in the lawsuit.

Mr. Molde: — Yes. For us to issue an approval to operate or approval to construct, we would require an application.

Ms. Sproule: — When did you receive the application?

Mr. Molde: — I don't have that information, but certainly we can pass it along.

Ms. Sproule: — I'm just going back to the court order. On August 27th, I believe you sent recommendation letters to the people in conflict with the law, recommending they bring their works into compliance by getting approval or closing the works, and that if neither occurred, you would issue an order to bring the works into compliance. Did the landowners comply with your recommendations on or before October 30th, as they were required to do?

Hon. Mr. Duncan: — They were showing progress and so they were given an extension.

Ms. Sproule: — Until?

Hon. Mr. Duncan: — So the extension was given until March 31st. The main project had been moving along as well, to the point where we're almost to conclusion for that. And so it didn't make sense to close while we're in a process of approving the main project.

Ms. Sproule: — So even though the farmer, Peter, had to take you to court, get an order for mandamus — this was in July of last year — there still has been no closures of any works. This has been going on as you know, Mr. Minister, for several years now and yet not one ditch has been closed.

Hon. Mr. Duncan: — So thank you for the question. It's felt that there is a significant amount of progress being made. We want to work with all of these landowners to bring everybody into compliance to get approval for the project. Clinton has already talked about the consolidation that had been . . . the approval for the consolidation. And we're moving towards approvals. Again it didn't make sense while we're getting progress and co-operation, to move in and move on any of the closures, including Mr. Onofreychuk.

Ms. Sproule: — What do you think is a reasonable time frame for progress and compliance? This has been going for, as far as I know, at least eight years. So there's distress and concern and obviously a lot of conflict in that area. Do you think this is taking too long?

Hon. Mr. Duncan: — So I think it's important to note that under the new strategy, it's been going on for about one and a half years. Most of this and most of the not being able to get to an agreement and, I think, even previous mediation that had taken place was under the former policies, the former regulations and legislation.

So in whole has this project in this area been going on for some time? Yes. But under the new strategy we're moving forward, and at the end of the day we're certainly hopeful that we will get to a point where we can issue approvals.

Ms. Sproule: — Do you think that other producers who are struggling, like Mr. Onofreychuk, should be required to go to Court of Queen's Bench in order to get an order for mandamus for the Water Security Agency to do what they're mandated to do?

Hon. Mr. Duncan: — I would say no.

Ms. Sproule: — Okay, I'm sure Peter would agree. Moving on to the Quill lakes, last year in committee I was told that WSA was focusing their attention on drainage in the Quill lakes watershed. Can you provide updates on the following: first of all, drainage complaints or RFAs. You reported there were 11 RFAs remaining to be investigated and followed up on in 2018. What are the results of those investigations?

Hon. Mr. Duncan: — Well thank you, Ms. Sproule. So I think, as a way for background, water levels at the Quill lakes have receded 0.5 metres from the past record, peak level due to the warm and dry summer conditions and are now one metre below the natural spill level.

There are, aside from the 11 proactive compliance work that is being done that we've already discussed, there are 30 RFAs. Currently seven are under investigation, seven dismissals, five withdrawals, four are in proactive compliance, four are in compliance and working towards approvals, two are partially closed, and one is a voluntary closure.

Ms. Sproule: — And have any of them resulted in the actual closure of illegal drains?

Hon. Mr. Duncan: — Yes.

Ms. Sproule: — Last year Mr. Molde reported that WSA will be consolidating drainage in two drainage networks consisting of 77 quarters and that a third voluntary drainage network will be completed in 2018. Were any of those networks completed?

[16:00]

Hon. Mr. Duncan: — The answer is no.

Ms. Sproule: — Is there progress being made at least?

Hon. Mr. Duncan: — I think, I guess the short answer to that would be that we certainly, you know, want to continue to work with these landowners. We want to, I think, go back to this area, particularly the ones that you're referring to, and communicate more with the landowners in terms of, you know, what we think, how we can achieve co-operation with those landowners. But to

date there hasn't been that progress.

Ms. Sproule: — I believe last year Mr. Molde reported that 42 landowners with illegal drainage had been contacted by the qualified persons hired by WSA, and that 20 refused to participate. Can you explain what the WSA did with those landowners who refused to participate?

Ms. Ross: — I could try to answer this question. It's a difficult one because the situation in the Quill lakes is very frightening for the producers up there. The Quill lakes is not an adequate outlet, and they think that their livelihood is going to be diminished if we go and enforce those regulations there.

And this is a really long haul we're in here. It's like a 10-year process. And it's been our approach to try to get a better understanding ourselves and to give the public a better understanding about what the strategy is and why it will work before we try to go back into the Quills and make people stop, completely stop draining, and consolidate. It's more about creating understanding, I think, than going in and enforcing. It's really not . . . I'm not sure if it's practicable to try to go in and enforce.

Ms. Sproule: — If you look at the agricultural water management strategy, it says very clearly, no. 1, "All drainage needs an approval." It says:

Drainage approvals will consider how to reduce impact and will reflect the risk involved.

"Qualified persons" will assist landowners to prepare drainage applications.

WSA's response to drainage complaints now focuses on achieving compliance.

So that's what you're saying on paper, but what I'm hearing is that if people don't want to comply, they just don't comply.

Ms. Ross: — That is what we're saying on paper, and I would suggest that we've made more progress in the last two or three years than has ever been made in relation to drainage in this province. It's not an easy task, and we're doing not a bad job.

Ms. Sproule: — I've never suggested it's not an easy task, and I think I understand somewhat the complexity. Obviously I can't fully understand the complexity because I know Quill lakes is — how many? — dozens of thousands of acres. And I can tell you as a critic for this agency for many years now, the number one complaint I get over and over again is from the farmers who are being the result of the people who refuse to comply. I know you know that. I know you know that. I also think what we see happening with climate change and concerns about losses of wetlands, that's also a significant concern.

And I don't understand the balance in this agricultural water management strategy when it comes to retaining wetlands. Working to compliance doesn't always mean retaining wetlands. So how do you balance the needs of the environment with the very real concerns, and you said fear, of producers? I mean producers can talk to you, but of course ducks and cattails can't. So how do you balance the needs of the environment, which is

one of the primary goals of your agency, with the fears that farmers have?

Hon. Mr. Duncan: — Well I think that, you know, we certainly consult not only with producers but a number of different organizations. And I can say that there has been a lot of work being done over the last year, perhaps even longer than that.

Ms. Sproule: — Decades, really . . . [inaudible].

Hon. Mr. Duncan: — But specifically on the . . . So there's an agricultural water management advisory committee and it has representations from a number of organizations including Ducks, and one of the things that they have been looking at is a mitigation policy for the province. And we're working through some work that they've been doing in conjunction with WSA to get a better understanding of what this looks like.

So these are issues that we certainly are grappling with and the committee is grappling with. And as the CEO has said, these are complex, challenging issues. We want to strike the right balance between protecting the environment but also the economic livelihood of this province and producers across the province. And that's why, first and foremost, I think, you know, putting in place the new policy — the most significant change in over 30 years — the policy, the regulations, and the legislation but, as I said in the House, at the end of the day we cannot fix relationships. And so we need people to work in good faith, in co-operation. And I think that's the best way that we're going to move this forward.

And I think that's the approach that WSA has taken and is trying to take. At the end of the day we've achieved more in terms of moving producers to compliance in the last year than we did the previous year, and certainly more than we did the previous year to that, and certainly more than we have ever done prior to the changes that we made with the ag water policy. So as Ms. Ross has said, we're learning a lot and there's a lot coming at us. We're trying to balance off all of these different priorities and trying to find that right balance.

Ms. Sproule: — I just think of my kids when they were little. If they knew they were going to get away with something, they would continue to get away with it. And I think that's why there are enforcement penalties in your legislation. But I think farmers have been thumbing their nose in some cases at that especially when, you know, the farmer has to take you to court to get you to enforce the law. That's not a good message for producers, when they know that compliance is basically voluntary at this point in time, without enforcements. And I think anyone who's raised children understands that sometimes enforcement is a necessary measure.

I only have time for one more question, and I'm ranting here. But I just want to touch base on one more. I have probably four hours worth of questions. But last year the Provincial Auditor recommended that the WSA stop approving drainage projects until a wetland conservation policy was in place. So I just wonder if you could update with the committee whether you are following those recommendations and developing a wetland conservation policy, and if so, what is the status of it and when will it be implemented?

Hon. Mr. Duncan: — Just very quickly, you know, part of the work of the WSA is obviously enforcing the legislation, the regulations. So I don't want the committee to be left with a belief that there is no work being done on closures. Last year we had 118 quarter sections with RFAs that resulted in closures and significantly more that were resolved with approved drainage.

At the end of the day we know we have a challenge with unapproved drainage in this province. We're working very diligently to try to bring all those projects into compliance either through approvals or through closures. So closures happen. We had I believe two prosecutions last year. So I don't want the impression to be left that people can just do what they want; that's not the case. But we certainly have a number of challenges that we're trying to deal with.

The wetland policy, again we have an advisory committee. They are bringing forward and have brought forward the results of their work and I think that I'm, you know, looking toward the next number of months, perhaps into the summer. You know, it'd be my hope to look at a series of recommendations that we'd be able to move forward on.

The Chair: — Thank you, Minister. The time allotted now for the estimates for the Water Security Agency has expired and I'll ask you for any wrap-up comments that you'd like to make.

Hon. Mr. Duncan: — Very quickly, I just want to thank the members of the committee and Ms. Sproule for her questions. I also want to thank the officials that are here, as well as the ones that you don't see here at the committee, that are doing the very good and the very hard work of the Water Security Agency all across this province. So thank you, Madam Chair.

The Chair: — Ms. Sproule, do you have any comments you'd like to make?

Ms. Sproule: — Very quickly, to yourself, Madam Chair, Hansard, of course the Clerks, and Minister Duncan and all the officials for the incredibly challenging work that you do.

The Chair: — Thank you. We'll just take a couple of minutes now to switch out ministers and their officials.

[The committee recessed for a period of time.]

[16:15]

General Revenue Fund Innovation Saskatchewan Vote 84

Subvote (IS01)

The Chair: — All right. Welcome back, everyone. We will now consider the estimates for Innovation Saskatchewan, vote 84, Innovation Saskatchewan, subvote (IS01).

Minister Beaudry-Mellor is here with her officials, and I would ask that officials state their name and their titles the first time they speak at the mike. Minister, if you want to begin with introduction of your officials and any opening remarks you may have.

Hon. Ms. Beaudry-Mellor: — Thank you very much, Madam Chair. I'm pleased to be here for the consideration of the '19-20 estimates for Innovation Saskatchewan. And here with me are some officials from the agency. To my right is Kari Harvey, the chief operating officer. To my left is Wes Jickling, the CEO. Behind me is Avery Vold, the manager of corporate strategy, and Jon Altwasser, the director of budget development and sector accountability at the Ministry of Advanced Education. And then my chief of staff, Tessa Ritter, is here, and we also brought our summer student, Lacy Orange, to sit in and learn from the process. And I believe Dan is here as well.

Innovation Saskatchewan is the Government of Saskatchewan agency responsible for advancing our province's innovation agenda and priorities. It coordinates government strategic direction in research, development, science, and technology. Madam Chair, we know that our province's future economic success will depend increasingly on knowledge and innovation. To help ensure this success, Innovation Saskatchewan has developed a strategy focused on three important goals. These are, first, to ensure that research carried out at its funded institutes aligns with the province's research and development priorities; second, to support rapid growth in the volume and quality of technology start-up companies in our province; and then thirdly, to help create the conditions for established Saskatchewan technology companies to continue to grow and create jobs in our province.

To achieve its goals, the agency manages research and innovation investments on behalf of the Government of Saskatchewan. It also supports and partners with a variety of stakeholders in alignment with our government's priorities. This fiscal year, Innovation Saskatchewan has received an expense budget of \$24.398 million. The budget includes incremental funding for programs, including \$100,000 increase to the tech entrepreneurship programs to further expand the emerging technology communities in our province, and \$1.6 million increase to the Fedoruk Centre in the first year of a new multi-year funding agreement.

In addition, Innovation Saskatchewan will devote 2.5 million this fiscal year for the Saskatchewan technology start-up incentive or the STSI for short. The incentive allows eligible investors to receive a tax credit for qualifying investments in Saskatchewan-based early stage start-up, technology start-up companies.

In the first six months of this pilot, results are very encouraging. As of April the 1st of 2019, \$3.19 million in private investment has been attracted. 1.435 million in tax credits have been approved. 86 investors and 31 tech companies have applied for eligibility; 26 of those have been approved and 83 of the investors have been approved.

Madam Chair, Innovation Saskatchewan's 2019-20 budget also includes the following commitments: 1 million for the Saskatchewan Advantage Innovation Fund, to target the commercialization of new technologies; 4.1 million for the Canadian Light Source, which is a major national science facility at the U of S [University of Saskatchewan]; 2.979 million for the Innovation and Science Fund which matches federal funding of research projects at Saskatchewan universities, colleges, and research institutes; \$2 million for the Petroleum Technology

Research Centre, which provides project management and funding support for research into enhanced oil recovery and CO₂ storage.

2.131 million for the international vaccine centre. The centre is a facility of the Vaccine and Infectious Disease Organization, which has over four decades of experience working with public and private partners to research and protect humans and animals from infectious diseases. \$250,000 for Co.Labs, the province's first technology incubator, located in Saskatoon. In two years of operations, this incubator has coached and mentored 71 technology start-ups, which have secured over 6 million in private equity investment and created 119 jobs.

There's \$100,000 for the made-in-Saskatchewan technology program that will see government partner with technology companies to develop innovative solutions to government challenges; and there's \$250,000 for programming in support of technology entrepreneurs and start-ups in Saskatchewan; another 256,000 for the industry-led International Minerals Innovation Institute; 3.749 million, of course, to the Vaccine and Infectious Disease Organization; and 4.849 million to the Saskatchewan Health Research Foundation.

Madam Chair, Innovation Saskatchewan works very closely with its numerous partners and stakeholders to ensure its investments are successful. For instance, it promotes industry engagement with its funded research institutes, encouraging and supporting their pursuit of a research agenda that helps solve the technical challenges faced by industry in Saskatchewan and worldwide, like genomics testing for wetlands and effluent management in the mining sector and global food security, among others.

Of importance I think, in addition, last fiscal year the agency created and launched the RoboX program in collaboration with SaskCode and the Saskatchewan Science Centre. This program provides hands-on training for teachers in the North, showing them how to incorporate robotics and coding in the classroom.

Innovation Saskatchewan also works closely with the technology sector on behalf of the provincial government. And one of the ways it does this is through SaskTech, an industry group that is focused on building Saskatchewan as a key technology centre in Canada. The past year was truly remarkable for Saskatchewan's technology industry, which saw a number of accomplishments which I am going to be happy to outline throughout our discussion.

I do want to point out however, that SaskTech companies hired 220 new jobs in 2018 and their members report an average growth of 100 per cent year over year. It is forecasting more than 400 new jobs to be created by the end of 2019.

To help attract and retain skilled workers and sustain the rapid growth of this sector, Innovation Saskatchewan has been working together with ministries across government on a number of initiatives. And these include developing, of course, a coding and robotics component in the provincial school curriculum, hosting a technology job fair and conducting social media campaigns to recruit talent — for example with the Regina Open Door Society in the event we did there — and supporting the industry's efforts to recruit international talent for Saskatchewan's jobs and more.

Innovation Saskatchewan also collaborated with ComIT, which is a non-profit organization that delivers coding and programming training for underemployed or unemployed individuals, to run a pilot program in Saskatoon last year. The pilot program was highly successful, with 19 out of 26 grads securing employment. Given the success, ComIT has committed to delivering up to three courses each in Saskatoon and Regina this year. As a result of these initiatives, Saskatchewan is now experiencing more relevant responses from potential skilled workers on its technology sector recruiting campaigns.

So, Madam Chair, as you can see, Innovation Saskatchewan's investments have been paying off. By working together with key stakeholders, industry leaders, and all levels of government, Innovation Saskatchewan is helping advance innovation for our province's economic growth. Madam Chair, this concludes my remarks, and I welcome any question the committee may have on any of these estimates.

The Chair: — Thank you, Minister. I'll now open the floor to questions from committee members, and I'll recognize Ms. Mowat.

Ms. Mowat: — Thank you, Madam Chair. And also thanks to the minister and all the officials who are here today. I was trying to listen diligently to the opening remarks, but I may have some redundant questions. We'll see how it goes; I think that, just due to the volume of activity, that's probably to be expected.

So I'll start with the vote (IS01). In terms of the estimated allocation for 2019-20 compared to 2018-2019, by my math there's a reduction of \$2.7 million under Innovation Saskatchewan. Just wondering what we're going to see impacted by this reduction.

Hon. Ms. Beaudry-Mellor: — Okay, so the reduction comes from the following places, and keep in mind that some of this money was actually redirected as well, and I'll speak to that.

So 1.6 million came from VIDO [Vaccine and Infectious Disease Organization], which has a significant and sizeable accumulated surplus. The same was true for IMII [International Minerals Innovation Institute], which 900 K came from IMII. SHRF, 500 K came from the Saskatchewan Health Research Foundation. They have some very heavy overhead costs. There was a small amount taken out of operations at Innovation Saskatchewan amounting to 31 K. And then from that, 300 K was redirected to some of our tech entrepreneurship programs, which I'm happy to speak about if you have questions about that.

[16:30]

Ms. Mowat: — Sure. So where would that money show up in estimates then?

Hon. Ms. Beaudry-Mellor: — So it doesn't get broken down. There's only one vote. There's no subvotes in these ones. So the 300 K difference, 100 K will go to MIST, the made-in-Saskatchewan technology program; 50 K will go to an accelerator program attached to Co.Labs. Another 50 or so will go to the Regina Cultivator programs in Regina, and then another 100 K will go towards developing tech entrepreneurship in some of our smaller cities like Weyburn.

Ms. Mowat: — Thank you. What is the rationale for, you said \$900,000 from IMII? It looks like they have steadily received 1.2 million for the past couple of years anyway. So what's the rationale being provided there?

Mr. Jickling: — Wes Jickling, Innovation Saskatchewan. I'm the CEO. So the reduction to IMII, the rationale behind that . . . And you're correct, I mean it had been at about 1.2, but the reduction for this fiscal year is due to the fact that IMII is carrying an unallocated surplus.

And that's one of the strategies we had in our budget this year, was to target the institutes that we had unallocated surpluses, where they've piled up money in the bank essentially. And so their surplus was 2.3 million unallocated. I mean there's a bigger surplus, but some of that is allocated to projects and contracts that they have. And so the decision was taken that, instead in providing them with the full 1.2 this year, we would reduce that and ask the institute to draw down on the unallocated surplus that they have.

Ms. Mowat: — So the feeling is that this will not impact operations or any ongoing projects that exist?

Mr. Jickling: — No, we don't expect any implications or impacts on, sort of, the services or operations, given the size of the surplus that they're carrying.

Ms. Mowat: — I'll just go back to SHRF as well. So the minister mentioned that, I think, there's a \$500,000 reduction for the Saskatchewan Health Research Foundation and also spoke to overhead costs. I'm wondering if you can elaborate on that a little bit.

Hon. Ms. Beaudry-Mellor: — So thank you for the question. The reduction to SHRF is 500 K. They have a \$5 million budget that they manage, and frankly they had 30 per cent in overhead costs to manage that budget. And so we want to see less of taxpayer dollars go to managing overhead and more money into health research.

Innovation Saskatchewan is very aggressive about funding health research, and I think we're doing a pretty good job of it, frankly. You know, we support the Canadian Light Source which is not just . . . One of the parts of it is of course the biomedical beam. We are a big funder of the cyclotron which has played a key role in providing medical radioisotopes to help us reduce surgical wait times in the province. There's now the first medical commercialized research medical spinoff company from that, which is the Canadian Isotope Innovations Corporation.

We of course fund a number of Med.Hack events to spur innovation. The most recent one, I believe, was the one I was at at the SUN [Saskatchewan Union of Nurses] conference. Of course we fund VIDO as well. The list is actually quite long about the amount of health research that we fund, and that is where we want taxpayer dollars to go.

Ms. Mowat: — In terms of that overhead, I guess we can come back to that in a second. So I know in the past you've provided a report on ROI [return on investment] for all of the different funding that Innovation Saskatchewan provides. Can you provide us with some updates for each of these institutions and

funds?

Hon. Ms. Beaudry-Mellor: — In terms of return on investment, I think the place where we see the largest return on our investment is through many of the tech entrepreneurship programs that we have. And I'm happy to go into some of those numbers in just a minute, as well as through the funds that we administer through both SAIF, Saskatchewan Advantage Innovation Fund, and also the Innovation and Science Fund that we support.

So with respect to the STSI, as I said in my opening comments, the return on investment there is really 2.3 to 1. So 2.3 for every one dollar that we invest we get back in a SAIF fund, which is the Saskatchewan Advantage Innovation Fund. It enables us to leverage really significant, I think, dollars. There's a 242 per cent return on investment in that program.

In the ISF [Innovation and Science Fund] fund it's about 1 to 1. And in my opening comments I talked about Co.Labs. You know, to date for a \$250,000 investment per year, WD [Western Economic Diversification Canada] has almost doubled their investment there. But also, you know, there's been a \$6 million private sector investment, 119 jobs created, and another 71 companies spun off out of there. And so that return on investment is really very high.

Ms. Mowat: — Thanks. I'm sure that the ministry is aware that SHRF just recently received an ROI award that was international — I understand that there were hundreds of applicants, 70 countries — from the ROI Institute that demonstrated that there was a return of \$2.62 for every dollar that was spent there. And we know that there's an importance in terms of supporting health research and innovation. So in terms of the funding that IS [Innovation Saskatchewan] oversees, is ROI a part of that consideration? And how much of that does it account for?

[16:45]

Mr. Jickling: — Thanks for the question. We've seen the ROI Institute news release and we've reviewed the report that was submitted as part of the application for that. And, you know, certainly congratulations to SHRF for winning that award.

So when we go through the analysis in that report, a couple of things to note about that 2.62 to 1. You know, my understanding of the report was that that number includes, is primarily focused on, the definition or the calculations that go into that 2.62 is really about how much more federal money have we been able to attract into Saskatchewan health research projects.

And I think probably the first thing to say is we consider the impacts of health research and the return on investment about health research to be much more than about, you know, how much federal money we can attract. I think we would argue that when we're calculating or tallying up the impact of health research, I think a better outcome for us would be, you know, how many Saskatchewan health care health problems have we solved, how many problems, how many local problems did we solve.

That's a different conversation, but as part of this 2.62, again it's primarily focused on how much federal dollars did we lever into

those projects. But the total number that's applied there includes money that we anticipate receiving, right? It's not all actuals. Some of it certainly is. But we had, to be quite honest, we had some concerns with how that number was calculated. Just because, you know, I anticipate that I'll get X number of dollars really shouldn't be calculated and factored into a ROI calculation, in the view of Innovation Saskatchewan.

Ms. Mowat: — So does the ministry have a different, like their own value of the ROI for SHRF then? Is there a different number that you have used?

Mr. Jickling: — So thanks again for the question. So in this year's budget, I think the strategy we took was to refocus and rebalance our resources that we have towards the highest impact in terms of, you know, problem solving, job creation, where there's a real increase in terms of economic diversification. Where's the greatest potential for diversification and growth?

And so I talk about rebalancing, where we rebalanced. I mean there's places that are going to be reduced and places that are going to be increased and SHRF falls into the category of places where we made reductions. And on that side of the equation, on the reduction side, you know, like we've mentioned, this was about asking our institutes that we fund, in some cases 100 per cent of the funding, where we ask those institutes that have a few million dollars in the bank of money accumulated over the years, we ask them to draw down on that instead of taking fresh dollars from the government or from Innovation Saskatchewan this year.

In terms of SHRF, they have a small accumulated surplus, not to the extent that some of the other institutes have. But our view was, you know, a greater percentage, a greater share of that allocation to SHRF should be spent on actual research, less on overhead and more on research. And so we shifted resources from there into some of the tech entrepreneurship programming that we've been talking about. I won't go through the list of those items just now, but I hope that answers your question.

Ms. Mowat: — So you talked about the cyclotron a little bit. We've heard some concerns about when operations have been down occasionally at the cyclotron and PET [positron emission tomography] scans being delayed in Saskatoon. Is there any indication of what impact these outages have had from a research perspective?

Hon. Ms. Beaudry-Mellor: — I think you may have confused the Canadian Light Source with the cyclotron because PET/CT [positron emission tomography/computerized tomography] scans, that hasn't been down. The CLS [Canadian Light Source Inc.] was down from January to June . . . or pardon me, June to January; I think I have that one mixed up. But Fedoruk Centre and the cyclotron have not experienced the downtime. The CLS did, a very significant, for a significant period of time. PET/CT scans are not done at the CLS.

Ms. Mowat: — Aware of the differences. Had a conversation in Health estimates about PET scans being down, so there have been outages. I think most recently the biggest ones happened in December, and then there was some indication of outages since then. But if there's no knowledge of this impacting research, then I guess the point is moot . . . [inaudible interjection] . . . Easily confusable for sure, but I was just wondering if you've heard

anything. Okay.

In terms of the employees of Innovation Saskatchewan, last year there were 12 FTEs [full-time equivalent]. Can you update us on where we are at now?

Mr. Jickling: — It's the same. The employee FTE count is the same as last year.

Ms. Mowat: — Thank you. And to move to CLS synchrotron, there was an indication that there's been an increase in funding, and I saw that there was a decrease in funding last year. So can you just clarify what you said the increase was going to be for CLS in this budget and what that puts them at?

Ms. Harvey: — Hi. Kari Harvey, chief operating officer with Innovation Saskatchewan. So our funding for CLS this year, so our provincial funding was actually 4.1 million. So what I'm wondering is maybe there's, you know, confusion around the federal funding that's provided. So the federal government, through the Canadian foundation of innovation, is providing an increase of 20 per cent. So they'll be funding 60 per cent of their operating costs versus 40 per cent of their operating costs.

Ms. Mowat: — Thank you. Can you provide an overview on what federal funding is being received this year?

[17:00]

Hon. Ms. Beaudry-Mellor: — So Innovation Saskatchewan doesn't receive money directly from the federal government. Our research institutes and some of our programs do. And so with respect to the research institutes in particular, they would have federal funds from a number of sources, whether that's through tri-council grants, whether it comes from a number of the foundations that are out there already, whether it comes from CFI [Canada Foundation for Innovation] funds.

So we could do a roll-up for you if you wanted those numbers. We wouldn't have them here right now because it's quite complex. I'll give you a couple quick examples that come to mind. Western Development provided \$1.3 million over three years for Co.Labs, so adding to the investment that we've made, a very small investment on our part. And DEEP [Deep Earth Energy Production] geothermal, you may recall the announcement that was made by the federal government earlier this year. It was attended by the Prime Minister. We provided 175 and the federal government provided 350 into that particular project. But on the rest we would have to do a roll-up for you and we would be happy to do that.

Ms. Mowat: — Thanks. I would certainly welcome that if you could provide it back to the committee.

The Chair: — Thank you, Ms. Mowat. Seeing that the time allotted for these estimates are now done, we will close off with any remarks that you'd like to make, Minister.

Hon. Ms. Beaudry-Mellor: — Well first of all, I would like to thank the officials from IS. I feel very blessed that I have a really incredible team at Innovation Saskatchewan. We're doing some pretty cool things, and it's a great file that I enjoy working in very much. I also want to thank of course my chief of staff, the

committee members, and yourself, Ms. Mowat, for your thoughtful questions.

The Chair: — Ms. Mowat, if you have any closing remarks you'd like to make?

Ms. Mowat: — Sure. Thank you to the minister and to the officials for being here today, as well as committee members and Hansard and Madam Chair.

The Chair: — Thank you. We will begin to vote off the estimates, but before that we will allow the minister and her officials to leave if they so wish.

Hon. Ms. Beaudry-Mellor: — Thank you, Madam Chair.

The Chair: — You're welcome. The committee will now begin with voting of vote 84, Innovation Saskatchewan estimates. Innovation Saskatchewan, subvote (IS01) in the amount of 24,398,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Innovation Saskatchewan, vote 84, in the amount of 24,398,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2020, the following sums for Innovation Saskatchewan in the amount of 24,398,000.

Mr. Buckingham: — I so move.

The Chair: — Mr. Buckingham so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

General Revenue Fund Agriculture Vote 1

The Chair: — Okay, we will move on to the estimates for vote 1, Agriculture. Central management and services, subvote (AG01) in the amount of 11,247,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Policy, trade, and value-added, subvote (AG05) in the amount of 5,348,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Research and technology, subvote (AG06) in the amount of 31,943,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Regional services, subvote (AG07) in the amount of 32,181,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Land management, subvote (AG04) in the amount of 6,586,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Industry assistance, subvote (AG03) in the amount of 3,864,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Programs, subvote (AG09) in the amount of 26,652,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Business risk management, subvote (AG10) in the amount of 271,871,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 1,571,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Agriculture vote 1: 389,692,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Agriculture in the amount of 389,692,000.

Mr. Dennis so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Energy and Resources
Vote 23**

The Chair: — We will move on to vote 23, Energy and Resources. Central management and services, subvote (ER01) in the amount of 20,060,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Energy regulation, subvote (ER05) in the amount of 13,206,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Resource development, subvote (ER06) in the amount of 46,231,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 3,338,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Energy and Resources, vote 23: 79,497,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Energy and Resources in the amount of 79,497,000.

Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Environment
Vote 26**

The Chair: — Estimates, vote 26, Environment. Central management and services, subvote (EN01) in the amount of 18,187,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Climate change and adaptation, subvote (EN06) in the amount of 5,313,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Fish, wildlife, and lands, subvote (EN07) in the amount of 14,333,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Compliance and field services, subvote (EN08) in the amount of 19,823,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environmental protection, subvote (EN11) in the amount of 38,599,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Forest service, subvote (EN09) in the amount of 8,069,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Wildlife management, subvote (EN10) in the amount of 71,624,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 12,212,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Environment, vote 26: 175,948,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for

Environment in the amount of 175,948,000.

Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Highways and Infrastructure
Vote 16**

The Chair: — Vote 16, Highways and Infrastructure. Central management and services, subvote (HI01) in the amount of 17,732,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic municipal infrastructure, subvote (HI15) in the amount of 22,745,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Operation of transportation system, subvote (HI10) in the amount of 105,909,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Preservation of transportation system, subvote (HI04) in the amount of 116,382,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Transportation planning and policy, subvote (HI06) in the amount of 3,418,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Custom work activity, subvote (HI09) in the amount of zero dollars, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Infrastructure and equipment capital, subvote (HI08) in the amount of 439,844,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 202,891,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

Highways and Infrastructure, vote 16: 706,030,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Highways and Infrastructure in the amount of 706,030,000.

Mr. Kirsch so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We're getting there, folks.

**General Revenue Fund
Immigration and Career Training
Vote 89**

The Chair: — Vote 89, Immigration and Career Training. Central management and services, subvote (IC01) in the amount of 18,526,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Immigration, employment, and career development, subvote (IC02) in the amount of 11,178,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Training and employer services, subvote (IC03) in the amount of 5,430,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Labour market programs, subvote (IC04) in the amount of 135,111,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Non-appropriated expense adjustment in the amount of 585,000. Non-appropriated expense adjustments are non-cash adjustments presented for informational purposes only. No amount is to be voted.

[17:15]

Immigration and Career Training, vote 89: 170,245,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Immigration and Career Training in the amount of 170,245,000.

Mr. Buckingham so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

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

The Chair: — Vote 35, Saskatchewan Research Council. Saskatchewan Research Council, subvote (SR01) in the amount of 19,968,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Saskatchewan Research Council, vote 35: 19,968,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Saskatchewan Research Council in the amount of 19,968,000.

Mr. Dennis so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
SaskBuilds Corporation
Vote 86**

The Chair: — Vote 86, SaskBuilds Corporation. SaskBuilds Corporation, subvote (SB01) in the amount of 9,214,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. SaskBuilds Corporation, vote 86: 9,214,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for SaskBuilds Corporation in the amount 9,214,000.

Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Trade and Export Development
Vote 90**

The Chair: — Vote 90, Trade and Export Development. Central management and services, subvote (TE01) in the amount of 5,533,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Strategic policy and competitiveness, subvote (TE02) in the amount of 1,736,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Economic development, subvote (TE03) in the amount of 10,264,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. International relations and trade, subvote (TE04) in the amount of 3,097,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Trade and Export Development, vote 90: 20,630,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Trade and Export Development in the amount of 20,630,000.

Mr. Michelson: — So moved.

The Chair: — Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Water Security Agency
Vote 87**

The Chair: — Vote 87, Water Security Agency. Water Security Agency, subvote (WS01) in the amount of 52,875,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Water Security Agency, vote 87: 52,875,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2020, the following sums for Water Security Agency in the amount of 52,875,000.

Mr. Kirsch so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Agriculture
Vote 1**

The Chair: — Vote 1, Agriculture. Business risk management, subvote (AG10) in the amount of 31,140,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Regional services, subvote (AG07) in the amount of 6,515,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agriculture, vote 01: 37,655,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2019, the following sums for Agriculture in the amount of 37,655,000.

Mr. Buckingham: — I so move.

The Chair: — Mr. Buckingham so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

**General Revenue Fund
Supplementary Estimates — No. 2
Environment
Vote 26**

The Chair: — Vote 26, Environment. Environmental protection, subvote (EN11) in the amount of 3,300,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Environment, vote 26: 3,300,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2019, the following sums for Environment in the amount of 3,300,000.

Mr. Dennis so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Committee members, you have before you a draft of the seventh report of the Standing Committee on the Economy. We require a member to move the following motion:

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

Mr. Michelson: — Madam Chair, I move:

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

The Chair: — Mr. Michelson so moves:

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

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Bill No. 140 — *The Animal Health Act*

Clause 1-1

The Chair: — All right. Welcome, Minister, and your officials. We can now move on to Bill No. 140, *The Animal Health Act*. And I will open the floor to Minister Marit to introduce his officials. And the first time you speak at the mike, if you could state your names and your position. And, Minister, you're welcome to begin with your introduction and any opening remarks.

I also want to note that in the committee this evening we have

Mr. Yens Pedersen substituting for Ms. Vicki Mowat.

Hon. Mr. Marit: — Thank you, Madam Chair. With me tonight I have, to my right, Dr. Betty Althouse is the chief veterinary officer, and to my left is Paul Johnson, assistant deputy minister of policy. And behind me I have Deputy Minister Rick Burton and also Grant Zalinko, executive director of livestock branch. And way in the back corner is my chief of staff. She doesn't want to sit up near the front. Ashley Anderson is my chief of staff.

So just some brief opening remarks. The proposed animal health Act will replace *The Diseases of Animals Act*. Modernized legislation will help ensure that animal health and animal agriculture in Saskatchewan continues to be protected and supported.

The proposed changes to this legislation will expand the definition of "disease" to include non-infectious threats to animal health — examples would be lead poisoning, ergot toxicity, and antimicrobial resistance; provide the chief veterinary officer authority to make decisions respecting the prevention, control, and response to threats to animal health; ensure quick response to animal health threats; clearly describe the veterinary inspectors' authorities and responsibilities of entry and inspection and for making animal disease control orders; provide authority for the establishment of disease surveillance and control zones for the control and containment of animal diseases; and increase the scope of potential animal health-related issues — examples would be non-disease events such as toxicities, zoonotic diseases, traceability, and other emerging issues; and increase financial penalties for contravention of the Act from the current \$500 to 25,000 per offence.

So that's my opening remarks and now I'll open it up for questions, Madam Chair.

The Chair: — Thank you, Minister. And now I'll open the floor to questions from committee members and recognize Mr. Pedersen.

Mr. Pedersen: — Thank you, Madam Chair. So I guess my first question will be, what are other provinces doing in this regard? And you know, did you look at what the other provinces are doing in coming up with this legislation?

Hon. Mr. Marit: — My own experience is this Act was obviously something we've been working on, and it's an old Act and I think since about 2012 we've been working on it. And there was obviously some legal issues we were concerned about. But if Betty wants to answer some technical things . . . But I think my understanding is, is there was only two provinces that hadn't upgraded their animal health Act, and we were one of the last ones, so that's why we did it.

Ms. Althouse: — Dr. Betty Althouse, chief veterinary officer. So we did look at other Acts. We drew heavily on Ontario, Manitoba, and Alberta Acts, but we looked at all of them across all the provinces and also consulted with their veterinary staff as far as things that they wish they had or things that they wish they had done differently in their Act as well so that we could incorporate those.

Mr. Pedersen: — Thank you. I guess the other . . . I'd be curious

in hearing your comments as to how you see this legislation fitting in the national scheme, because of course the federal government, through CFIA [Canadian Food Inspection Agency] has a lot of power and jurisdiction in this area as well. So I'm curious, you know, where you see the province stepping in, you know, or where CFIA steps in, you know. Or is everybody just subject to both? Will everybody be subject to both regimes?

Ms. Althouse: — So there are federally reportable and notifiable disease lists as well and CFIA normally responds to those diseases or takes the lead, and the province may be more supportive, play a more supportive role. But in the recent past, CFIA has stopped responding to some reportable diseases such as anthrax and rabies, so those are diseases where the province now takes the lead and is already doing disease control actions.

[17:30]

There have been new, emerging diseases like porcine epidemic diarrhea, where the federal government has chosen to not take any action but there is a strong desire from the industry and provincial governments that the disease be controlled. So we're not alone in being a province that has disease response plans for that disease.

And there could be other new and emerging diseases where the federal government chooses not to respond but it still may warrant a disease response at the provincial level. So we work with and coordinate with CFIA. Also in some cases even where CFIA has the lead, we may be able to act more quickly. One example would be if African swine fever were to be detected in the province, it may take CFIA a few days to get mobilized and we could implement something like a stop-movement order under this new Act fairly quickly and help prevent disease spread.

Mr. Pedersen: — Is there any difference between, you know, from an individual's point of view whether they'd be obligated under the federal legislation or the provincial? I know, like when it comes to say, meat handling, you know, it depends where you're selling the meat as to whether you're provincial or federal. What about for disease management? Is there any distinction? Or is somebody who has a diseased animal, are they actually responsible under both federal and provincial to report?

Ms. Althouse: — In some cases they may be responsible under both. So again anthrax as an example, it remains reportable under federal legislation. It's currently notifiable in Saskatchewan. Under the new Act it would become reportable in Saskatchewan as well. So in that case it's usually the veterinarian that suspects, but would report to both, and the province in that case takes the action.

In some diseases there may be control orders issued under both, federally and provincial controls. Chronic wasting disease would be one where CFIA is transitioning out in response to some herds and some classes of herds, but not to all cases. So they may put a quarantine or a declaration of infected place on either temporarily or longer term, and we will also put some provincial controls on. So in that case, producers could be subject to both at the same time.

Mr. Pedersen: — So one thing that was mentioned in the

minister's opening comments were about, you know, toxins. I think lead was mentioned at one point. Where in the Act . . . Or in the bill, I guess I should say. It's not an Act yet. Where in the bill are those type of substances mentioned or regulated?

Ms. Althouse: — So under the meaning of disease in section 1-3, disease is defined as:

. . . any condition, syndrome or group of characteristic symptoms or behaviours that:

(a) are generally recognized by the scientific community as resulting, or likely resulting, from a specific cause that may be an organism, poison, toxin or other agent . . .

So we tried to define that fairly broadly so the other agents could include things like prions or viruses or infectious or disease-causing organisms or substances that aren't even recognized yet. I think it's broad enough that it should be able to look into the future and address any of those things.

Mr. Pedersen: — Okay. So disease basically is broadly defined there so it could include, you know, what would normally be considered just an environmental poisoning. Okay.

Hon. Mr. Marit: — Yes.

Mr. Pedersen: — And is the idea that under the bill that the ministry would actually be able to regulate and deal with that environmental toxin as well? Or is it just the animals that are going to be regulated and the people in care of the animals that will be regulated?

Ms. Althouse: — So the intent here is that the animals or animal product would be regulated so that it wouldn't be a risk to other animals or to people or human health. So I guess lead was used as a common example. So animals that are exposed to lead could have toxic levels in their tissues, and then they're toxic to people. But it also does include controls if animals are over the residue limits prescribed by Health Canada for, you know, that CFIA regulates on slaughter animals.

So again, if it were detected there and there were other animals in the herd that also had high levels, there could be controls taken to prevent human health effects from that exposure, but the actual toxin in the environment, it would not be addressed here.

Mr. Pedersen: — I want to spend a little bit of time just talking about the difference between the reportable diseases and the notifiable diseases. So there is that distinction in the bill, and I guess where I'm struggling and the question I have is the powers that the ministry has for both reportable and notifiable diseases seems to be the same. And I'm curious why there's no distinction between the ministry's powers when it comes to the two types of diseases.

Ms. Althouse: — The main difference is that notifiable diseases are ones that are required to be notified on confirmation at the lab so that there's a diagnosis confirmed and that monitoring for trade. Usually there is no specific response, but if it were warranted, related to a trade issue or some other issue that came up, then the powers of entry would be there. But normally for the reportable diseases, those are the only ones where there is a

defined response plan and a plan to respond to every case. The notifiable, the powers of inspection are really there as a, you know, sort of in that unusual case that there were a trade impact or something like that with the notifiable disease.

Mr. Pedersen: — Yes, because like with reportable diseases, I mean those are ones where there's, you know, some sort of animal health actual issue and so you're looking at quarantining or somehow containing the spread. So I guess it just seems like the measures to deal with a reportable disease maybe should be different than the measures to deal with, you know, which might be a trade dispute or some type of problem like that.

Ms. Althouse: — I think the intent there was to allow flexibility as things can sometimes move from one class to another, so that while there's something that you're monitoring now, but the risk changes — whether it's from a change in the organism or a change in trade or change in zoonotic potential — so that the potential would be there to respond while it's still notifiable, while you were working through changing it to a reportable disease.

Mr. Pedersen: — One of the, I guess, things that maybe lawyers might be concerned about is that there is this kind of threshold when it comes to inspections and so on to trigger the power that says, you know, if an inspector has reasonable grounds to believe that there's something there. So that's important, but it seems like once that first threshold is passed then there's no obligation of kind of like a reasonable element to the response once that initial threshold is passed. And I'm thinking that that's something, you know, that lawyers and property owners might be concerned with.

You know, if you happen to have, for example, an animal herd, you know, of maybe 1,000 animals and something's triggered, clearly before the inspector comes in and does an inspection, you want them to have reasonable grounds. But beyond that you also want them to take reasonable measures if they find something. And it might be that the whole herd has to get destroyed, but I don't think you want the ministry having complete carte blanche to destroy the herd and say well, we don't have to be reasonable in our response. We just want to be fast and furious and, you know, too bad so sad for you.

So I guess I'd like to know why there's no obligation for the ministry to act reasonably in its response or its exercise of the powers.

Ms. Althouse: — I guess that may be a better question for the lawyer side or the legal side. Certainly this was well vetted through legislative drafting as far as the authorities and the reasonableness and the consistency with what happens in other Acts. We would be responding as per a disease response plan that's based on, you know, sound science and the epidemiology of the disease. You know, under the regulations we'll be developing rules around compensation. And although it's "may" pay compensation for animals ordered destroyed, I think it would be extremely unlikely that there would ever be animals ordered destroyed and compensation were not paid.

So that helps to moderate some of those responses because it is going to increase the cost. So I think any disease control action, you're taking the action required to control the disease, protect

animal health, protect the public, protect trade, but you're not going to go beyond that just because of the resources that it takes, both human and financial.

Mr. Pedersen: — Well it's not that I doubt, you know, the good wishes of ministry officials. But you know, every once in a while sometimes egos get involved, sometimes there's differences of opinion. And you know, it is important to have safeguards there for producers or animal owners.

You know, I can think of one example many years ago close to home where a beef producer lost his entire herd, you know, and lost 60 years' worth of genetics when that happened. And there's, I think, a pretty good argument that when you get compensated at basically slaughter prices, you know, that's not adequate compensation for the loss of 60 years' worth of selective breeding.

So you know, that's where my concern comes in, is that I'd feel a lot more comfortable if the ministry had an obligation to act reasonably in exercising its powers once they've . . . beyond just having reasonable grounds to go in there in the first place.

Ms. Althouse: — Yes, and as you pointed out, the reasonable grounds to respond initially is related to a report of a suspicion or a confirmed laboratory result. So there wouldn't be inspectors on your doorstep without a very strong reason for that response.

Mr. Pedersen: — Is that something that the minister could look at, is go back to legislative drafting and have that consultation with Justice?

[17:45]

Hon. Mr. Marit: — I think first and foremost the intention of the Act is obviously to protect the animals and to protect the industry, right? And so that's why I think giving the authority to the provincial vet officers is the right way to do it, and I think that's the intent of the Act. I'll ask Betty if she wants to add anything more on the technical side of what you're saying.

Ms. Althouse: — Yes. I think the decisions are made on the best ways to control the disease and to protect the provincial herd. In some cases it may result in losses to individual producers, and that's why the compensation is fairly broad that we're proposing in the regulations, like to cover a lot of expenses related to the destruction, not only the value of the animals. And those decisions need to be made on the basis of disease control, make the best decisions based on stopping the disease.

Mr. Pedersen: — Right, and yes there's obviously no problem I think if there is that limitation on an inspector's powers, that it has to be the best practice for limiting that disease. My issue is I don't see that that limitation is actually in there. There is no obligation, you know . . . Basically as I read the bill, as soon as the inspector goes in there, finds a disease or a disease-causing agent, at that point they can act completely arbitrarily even if it exceeds best practices for managing that.

So that's my concern, is that I think there should be a limit on there because this will be up to a court to oversee if there's a dispute. So we have to have a court to oversee. The court should be able to say this wasn't in best practices, and so the minister

acted, you know, too harshly perhaps. But obviously if the minister was acting with best practices obviously, you know, it's in the public interest that the minister have the full ability to do that. That's my concern.

Hon. Mr. Marit: — I just want to add that I understand what you're saying. I guess I would hope that the integrity of the provincial vet inspector would be reputable enough that, you know, decisions like that wouldn't be made as a result of what could be, where I think you're trying to get to, is maybe it could be a political decision on what's done. But I would hope the integrity of the provincial vet inspector would qualify that the reasons for the actions that have to be taken is obviously so we don't impact the industry as a whole.

Ms. Althouse: — And I guess I would add as well that the inspectors that are responding are veterinary inspectors appointed, and they are also governed by their professional obligations under *The Veterinarians Act* and have professional obligations to meet as well and could be sanctioned by their profession if they went beyond what was reasonable as well.

Mr. Pedersen: — So moving on to division 7, which is actually where it talks about, well it's not just compensation, but it's basically somebody who doesn't like the minister's decisions asking for a reconsideration. There's a process there where the person can ask for reconsideration. It goes to a committee. What I'm curious on here is why the committee that's reviewing the minister's decision is only issuing a non-binding opinion. Like I'm curious as to why that process was provided there.

Hon. Mr. Marit: — Yes, we felt it was just another appeal mechanism, right, that you could do. But you can still always go to the courts if you're not happy with the decision. So that's kind of where we went that way on that.

Mr. Pedersen: — Was there any consideration given to having that committee's decision be binding on the ministry as opposed to not?

Ms. Althouse: — So again, looking at other legislation, both in other provinces and other legislation within the province, binding committees are not in use. So the minister has the final authority, and again the court is still an option if they still disagree.

Mr. Pedersen: — Section 4-14, it talks about the contents of an appeal. So if somebody does appeal to the court, it's setting out what materials will be before the court. I'm curious there is to why the evidence that, you know, was looked at beforehand isn't listed there. It's just kind of would be in this catch-all category that other material that the court might requires.

Ms. Althouse: — Sorry, I'm missing where?

Mr. Pedersen: — Subsection (4) is where it's . . . 4-14 in subsection (4).

Ms. Althouse: — Subsection (4), okay.

Hon. Mr. Marit: — Can I just get clarity on what you're asking here again?

Mr. Pedersen: — I'm just curious why, you know, like there

would be written records and evidence in a lot of cases that the minister would of had access to in making whatever decision is being appealed from. I'm curious why those documents aren't automatically, you know, being listed there as being part of the appeal record that the court would be looking at.

Hon. Mr. Marit: — We're just trying to get clarification. We're trying to understand what you're asking for, but I think section 4-14:

(4) The record of an appeal pursuant to this section is to consist of:

(a) the decision, order . . . [to appeal from];

(b) the notice of appeal commencing the appeal; and

(c) any other material that the Court of Queen's Bench may require.

So it probably would fall under that. That's what we're surmising.

Mr. Pedersen: — Yes, it would definitely fall under that. I was just wondering why, if there was a conscious choice to just leave it in that catch-all category.

So moving on to section 4-20, there is an ability there to apply to the Court of Queen's Bench. The minister can apply to the Court of Queen's Bench. But there doesn't seem to be any further right of appeal after that. And that's different than 4-15, where there is a right of appeal to the Court of Appeal. And so I'm curious why there isn't a further right of appeal on 4-20.

Ms. Althouse: — I believe 15 applies to compensation. And so that can go to the minister, to the appeal committee, and then to the court. And on a compliance order, we actually would go to the court to get that compliance order served, so the court has already reviewed it. Whereas the other one moves up to the court, this one is starting with the court. So I think if the court issues it then there isn't that secondary . . .

Mr. Pedersen: — Well I guess I'm just curious. I mean the reason we have a Court of Appeal is because sometimes, you know, judges at the Court of Queen's Bench get it wrong. And so it's just curious that there wouldn't be that option on the compliance order in 4-20 when there is in the 4-14 appeal.

[18:00]

Ms. Althouse: — So in this case we're looking for . . . A person has been given like a quarantine order or something else and asked to comply. They're refusing to comply so we're going to court to compel them to comply. And this would be things like somebody who is supposed to be maintaining an animal in an enclosure and they threaten to turn it loose, or they're told they can't move an animal off their property and they're moving them to sale. So it's something that would . . . They're already breaking a quarantine order before you go to the compliance order. So I don't know that you'd want an appeal at that point. I mean they're deliberately breaking the law, kind of, twice before they get to this point.

Mr. Pedersen: — I guess if I'm not mistaken, I think there was a provision in here saying that appeals didn't stay the effect of an order, although maybe my memory's not perfect on that. But you know, to use that example that you just gave, if you did go to the court and say we want an order, you know, requiring this person to comply, let's say you didn't get it. Let's say for whatever reason they were successful and you thought the judge screwed it up. Now you don't have a right of appeal to go to the Court of Appeal to actually get that fixed. And so I mean, appeals go both ways, right? There's no guarantee who wins. And I'm just curious as to why the Court of Appeal was excluded there. But maybe there isn't . . . Maybe you don't have a good answer.

So obviously under the bill here — and if it becomes law, which it presumably will — you know, the ministry and the chief veterinary officer will have lots of records. Will those be subject to freedom of information requests?

Ms. Althouse: — So yes, it would. They would be subject to FOIP [freedom of information and protection of privacy] and freedom of information, and as well there is a lot of . . . Well all of part 7, right, talks about the ability to disclose information, including personal information if it's required for the management of disease or sharing with other government agencies.

Mr. Pedersen: — In the second reading speech of the minister, there was a statement that this bill would greatly reduce the threat of legal challenges, and I guess I'm just curious what the rationale for that statement was.

Ms. Althouse: — So when we were first looking at the old diseases of animals Act, when we were looking at responding to the federal diseases like anthrax and rabies that they were no longer responding to, when we looked at the Act it was brought to our attention then that it was very old. It's, you know, it's 60 years old. It gives very broad ministerial powers without really any limitations, and there was concern expressed that if it was challenged in court that it may not stand up because the powers were so broad. So by defining the powers of inspection more fully, I think we're giving that protection now.

Mr. Pedersen: — That's kind of going back to the concerns identified before that, you know, when it comes to, for instance, exercising those powers, I think I'd prefer to see some sort of limitation that it has to be exercised in accordance with, you know, the best management plan for that disease.

One of the other comments that the minister made in the second reading speech was that under this Act there would also be regulations dealing with oversight of stray animals. And I guess I'm a little curious where that's coming from because we have at least two other pieces of legislation on the books that deal with stray animals. And so I'm wondering why we would be dealing with stray animals under this legislation as opposed to the other two that are there.

Ms. Althouse: — So what we're looking for I think is again that future flexibility and the ability to make regulations regarding stray animals under this Act. So stray animals obviously can be a disease spread concern, but there also are some issues with stray animals that may not be related to diseases. So yes, you're right. Currently there is a stray animals Act, but one of the future

options may be to get rid of that Act and be able to have regulations under this Act instead, if that was a future choice. So it's just to give, you know, future options.

Mr. Pedersen: — All right. Moving on to 8-1, the requirement there is that prescribed records be kept for 10 years. And I must say that I'm a little aghast at the length of time that we'd be requiring people to keep records. You know, we used to have this general limitations period in Saskatchewan of six years, which basically meant you had to keep records for seven years, and the province shortened that to two years, getting to be quite some time ago now. But even, you know, like 10 years is a long time to be having to keep records. Did you consult with businesses about that time length?

Ms. Althouse: — So again this is prescribed records, so these would have to be records that would be prescribed in regulations. So at this point we're not looking at prescribing any records be kept in regulations. But an example would be movement records for traceability. So if you're looking at disease control, for example bovine spongiform encephalopathy or BSE, because it's a long-incubating disease, you may need tracing animals to have movement control records for that long.

It's just an example, but the ability is there for a future disease where we wanted records to be kept. It would be defined in regulations what records, what disease, and what period of time, but up to a maximum of 10 years would be allowed. And that should cover pretty much any disease we can think of, epidemiologically, for records.

Mr. Pedersen: — Well this says for a minimum of 10 years, not up to 10 years.

Ms. Althouse: — Okay. Sorry.

Mr. Pedersen: — So BSE is a great example because of course it's relatively fresh in all of our minds. You know, that's still very much an issue that's of concern to the livestock industry. But you're not thinking that you're going to be making beef producers keep, you know, their records for 10 years, you know, for what is currently a disease of concern?

Ms. Althouse: — So BSE is again federally regulated, a federally reportable disease, and a federal response plan, so it's not one that the province has responsibility for currently. But again this is looking at future flexibility for a disease that we might be controlling and to be able to have the ability to have records kept. Again it's prescribed so, you know, there has to be regulations written to define when you would want those records to be kept.

Mr. Pedersen: — I'm curious why . . . You know, like a lot of other parts of the bill do give the ministry a fair bit of discretion and flexibility. Why, on the length of time they have to keep records, why isn't that length of time actually being prescribed as well, as opposed to being fixed in the bill?

Ms. Althouse: — So this again was information that was used in other Acts, including federally. So it's actually “. . . must be kept for a minimum of 10 years unless otherwise specified in the regulations.” So again there would need to be regulations that define that records need to be kept and what records need to be kept. And there is flexibility in the Act again that it wouldn't have

to be 10 years because it does say “10 years unless otherwise specified in the regulations.” So I think the flexibility is there.

Mr. Pedersen: — In 10-1 which deals with the maximum fine, I’m wondering if you can, I guess, tell me the considerations that you went through in coming up with the maximum in subsection (2)(a) and in paragraph (2)(b). The first one was \$15,000 maximum. The second one was \$25,000 maximum.

[18:15]

Ms. Althouse: — Sorry, I knew it was here somewhere. It was related to again comparisons and consistency with what some of the other provinces that have updated recently was. So Alberta specifies an initial fine of \$15,000 plus an additional \$1,000 for every day the offence continues; a British Columbia person may be fined up to \$25,000; in Manitoba, the maximum is 10,000; in Ontario it’s up to \$15,000 per day. So it was in alignment with what other provinces were doing and with other legislation. It’s similar as well to what was in *The Animal Protection Act* when it was updated recently.

Mr. Pedersen: — I guess one of my thoughts on this . . . And you know, again, consistency is important. It’s important to take into account inflation. You know, if we think back to, was it 2003 when BSE hit us? I mean that had absolutely devastating impact on the industry. If we had something that caused, you know, a similar event in today’s terms, 25,000 bucks is like a drop in the bucket. It’s a drop in the bucket compared to the value of a herd. You know, it’s not an insignificant sum, but it’s still relatively small, and the next bill that we’re going to look at, also under your purview, Minister, we’ve got a maximum there of \$100,000 fine specified.

So to me, 15,000 and 25,000 seems pretty low given today’s dollars and the size of operations we could be dealing with and the consequences to the industry or the country even, or the province.

Ms. Althouse: — We do have an up to 2,000 a day as well.

Mr. Pedersen: — But that would be up to, still up to that maximum of 25.

Ms. Althouse: — No. Further fine of not more than \$1,000 per each day that the offence continues.

Hon. Mr. Marit: — It’s over and above.

Mr. Pedersen: — Okay.

Ms. Althouse: — So there is the ability to have additional.

Mr. Pedersen: — Now my understanding is that this bill will apply to all animals. It’s not just agricultural animals — this is pets, this is cattle, this is insects, it’s everything. That’s right?

Hon. Mr. Marit: — Yes.

Mr. Pedersen: — Okay, because I got a copy of some correspondence that was sent to you about the pet care industry, and obviously the person writing it had some, you know, wanted to make sure that the pet care industry was better regulated. Is

that something the ministry is looking at? I mean it’s not specifically on this bill per se but . . .

Ms. Althouse: — So in general this is related to disease control so, I guess, I mean if there were an outbreak of a zoonotic influenza in dogs or something in a kennel that could affect people, one could take action under this Act. But the pet care industry and kennels are more regulated under *The Animal Protection Act* where there is the ability there to do inspections for animal welfare. So I think, in general, people are more concerned about animal welfare in those situations rather than disease control. But in the event that there were a disease event that affected dogs or cats — and you know, I think in most cases it would be something that had a human health impact, you know, with a parasite or an influenza — then action could be taken.

Mr. Pedersen: — I know one of the things that the cattle industry’s concerned about is just some of the . . . oh probably the livestock industry in general is just . . . I think it’s federal regulations on movement of animals. There’s been some changes there. Are you thinking that this bill would allow you to deal with movement of animals within province that isn’t . . . This may be more of a well-being issue as opposed to specifically a disease issue.

Ms. Althouse: — So with respect with the humane transport which I think is what you’re talking about, the humane transport. So federally, yes regulated under the humane transportation regulations which are recently updated to take effect next February.

Provincially, we have livestock inspection and transport regulations that allow for inspections. And then under *The Animal Protection Act*, we do reference codes of practice including the transport code that is currently being updated and will be incorporated, you know, once it’s in effect. So as far as the humane transport provincially, it’s mostly under animal protection Act.

Mr. Pedersen: — I think those are all my questions.

The Chair: — Thank you, Mr. Pedersen. And seeing that there are no further questions, we will move to voting on Bill No. 140, *The Animal Health Act*.

Minister, do you want any closing comments on this before or do you want to combine it with your other ones at the end on the second bill?

Hon. Mr. Marit: — No. No, I don’t have any. There was just the one proposed amendment, Madam Chair, in the bill, and I think it’s just a punctuation.

The Chair: — Right, and Mr. Buckingham will deal with that when we vote.

Hon. Mr. Marit: — Okay.

The Chair: — Okay. All right. All right. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Oh sorry. Clause 1-1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1-1 agreed to.]

[Clauses 1-2 to 4-11 inclusive agreed to.]

Clause 4-12

The Chair: — I recognize Mr. Buckingham.

Mr. Buckingham: — I propose an amendment to clause 4-12 of the printed bill:

Amend clause (1)(b) of Clause 4-12 of the printed Bill by striking out “pursuant to this Act by an inspector or by a person who is assisting the inspector pursuant to section 4-11 or the regulations” and substituting “by an inspector, or by a person who is assisting the inspector, pursuant to this Act or the regulations.”

The Chair: — Mr. Buckingham has moved an amendment to clause 4-12. Do members agree with the amendment as read?

Some Hon. Members: — Agreed.

The Chair: — Carried. Is clause 4-12 as amended agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 4-12 as amended agreed to.]

[Clauses 4-13 to 13-2 inclusive agreed to.]

The Chair: — Carried. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Animal Health Act*.

I would ask a member to move that we report Bill No. 140, *The Animal Health Act*, with amendment.

Mr. Michelson: — I so move.

The Chair: — Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Bill No. 162 — *The Irrigation Act, 2018*

Clause 1-1

The Chair: — We will now move on to Bill No. 162, *The Irrigation Act, 2018*. Minister Marit, if you have any new officials to introduce with you here at this point in time, and then begin with any opening remarks you may have.

Hon. Mr. Marit: — Thank you, Madam Chair. Sitting up here with me to my left is Penny McCall, assistant deputy minister, regulatory and innovation. And Jason Drury is the manager of irrigation. And behind us is Kyle McDonald, irrigation and asset transfer consultant, is sitting directly behind me. And of course Rick and Paul I introduced earlier.

So the proposed changes will modernize the Act and more clearly define the roles and responsibilities of government, our partner agencies, and the irrigation districts. The proposed amendments will support the successful transfer of government-owned irrigation assets to irrigation districts by clarifying that land associated with the assets can also be transferred, and allowing government to set terms and conditions around asset transfer to protect both government’s and irrigation districts’ past investments in the infrastructure, empower irrigation districts to enter into agreements with other persons of non-irrigation purposes as a way to diversify and attract investment; provide improved immunity and liability protection to irrigation districts for non-negligent damages; increase the fines for contravention of the Act from 5,000 to \$100,000 to support compliance and more accurately reflect the costs of damages; require irrigation districts to develop and follow an irrigation works management plan to ensure they invest adequate and annual amounts in their infrastructure replacement funds; and remove some of the red tape that is administratively burdensome to the districts and the Irrigation Crop Diversification Corporation. Our government recognizes the potential for the irrigation sector to contribute more to the overall agriculture sector and the prosperity of the province. Thank you, Madam Chair.

[18:30]

The Chair: — Thank you, Minister. I’ll now open the floor to questions from members and I’ll recognize Mr. Pedersen.

Mr. Pedersen: — Thank you, Madam Chair. So, Minister, in your second reading speech you mentioned that the updates to the Act fall into four areas, and you said that the Act would strengthen the government’s ability to transfer government-owned irrigation assets to the districts. Now my understanding is that the government has transferred most of those assets away, or the ones that it plans to transfer away, that’s already been done, right? So that actually happened under the old Act, didn’t it?

Hon. Mr. Marit: — To transfer the assets in the four that we did, we used two Acts. We used *The Provincial Lands Act* and *The Irrigation Act*. So now, to transfer any further in the other districts, it’ll be a lot cleaner. It will be under one Act. That’s why we did it.

Mr. Pedersen: — The second thing that you noted in your second reading speech was that you were “strengthening the language around the responsibility of irrigation districts to maintain, replace, and decommission their . . . works.” Was it your view that irrigation districts weren’t doing a good job of doing that?

Mr. Drury: — Jason Drury, director, irrigation, Ministry of Agriculture. So the purpose for adding decommissioning was to allow districts to be able to begin decommissioning activities. Under the current Act they cannot spend their replacement fund

monies to be able to start decommissioning works. So this is to allow them to do that.

Mr. Pedersen: — So as I understood the minister's comment, it was actually putting a greater onus on irrigation districts to, you know, not just giving them the power to decommission, but giving them . . . putting a greater onus on irrigation districts to maintain, replace, and decommission their works. Am I misunderstanding that?

Ms. McCall: — Hello, I am Penny McCall, assistant deputy minister for regulatory and innovation with the Ministry of Agriculture in Saskatchewan. To answer your question, so your question is around replacement funds and giving them the power to collect replacement funds? Maybe just repeat your question.

Mr. Pedersen: — Yes, well the minister's statement was that the language was being strengthened “. . . around the responsibility of irrigation districts to maintain, replace, and decommission their irrigation works.” So as I understand that, it's suggesting that irrigation districts weren't doing a good job of maintaining, replacing, and decommissioning their works and that therefore this language was needed to put a greater responsibility on them to do that. Am I understanding that correct?

Ms. McCall: — Yes. Sorry for misinterpreting your question. Yes, that is the case. So what we're doing is, the wording is strengthened but it also allows us to be more prescriptive within the regulations about what that sufficient replacement fund looks like. And so it'll be in the regulations as well as additional policy developed around there. And so yes, the accountability is on the district to make sure that they're collecting sufficient funds.

Mr. Pedersen: — So have you already been giving thought to what the sufficiency of a replacement fund would look like?

Ms. McCall: — Yes, we have been working at that. And, Jason, do you want to handle . . . if that's a technical response, what we've been doing.

Mr. Drury: — Yes. So to answer that, I would say it's a work-in-progress right now. We had a group of engineers in the irrigation group that is working closely with the, particularly with the irrigation districts to formulate and figure out what they need to be putting into their replacement funds.

Mr. Pedersen: — Have you given thought to what the, you know, like presumably no irrigation district's going to be asked to come up with a massive lump sum upfront. You know, what the, I guess, what the amortization period is, how long they'd have to come up with the funds for replacing and maintaining works?

Mr. Drury: — Okay, sorry. So to answer your question, we're, our engineering group is working with the districts that accepted transfer of their assets to basically inventory and put replacement costs on those assets, and to be able to tie those into infrastructure works management plans so that can inform their long-term investment requirements into the future, so to ensure that they're sustainable I guess for the long run.

Mr. Pedersen: — So if I can paraphrase that into lay language, basically what you're saying is if an asset has, if the engineers

say in 20 years it's going to need to be replaced and in 20 years it's going to cost 3 million bucks, then you're going to come up with a plan to say, we want you to have 3 million bucks saved in 20 years time. That's the idea?

Mr. Drury: — That's . . . yes.

Mr. Pedersen: — Minister, in your second reading speech, you also had a comment. You said, “During our consultation with industry, it was clear that some irrigation districts do not see owning assets as their responsibility. We appreciate this perspective.” Am I gathering correctly that while you appreciate that perspective, you don't necessarily agree with it, and they're going to get stuck owning the assets whether or not they want to?

Hon. Mr. Marit: — Yes, you know, from that second reading until now, there has been some discussion on changing it, and we've done that transfer. I think we could have done it even under the old Act. And there is a due diligence upon those districts to look after their asset that was in the old Act. and it's here too.

So you're right, they did have some concerns. But we've addressed their concerns in the funding process, so all their concerns have been addressed.

Mr. Pedersen: — Although in fairness, the assets weren't theirs before. The assets were the ministry's. And I mean, otherwise we wouldn't have needed a transfer agreement.

Hon. Mr. Marit: — Well we always felt, the government, that the irrigation districts are more reputable or obviously can look after the assets better than government can. We didn't really think it was a core function of government to be looking after these assets.

And in the Act, it provided provisions for funding, and what they were to do and not do. So we felt it was, I've always felt that way, that the best people to look after assets are the people that are using them, and let them maintain them. We did have issues about the funding and that, and we came to those agreements on that and we worked that out as far as what the dollar amount should be. So as far as the asset transfer, it worked out. That process has been done.

Mr. Pedersen: — That's not the way we approach highways.

Hon. Mr. Marit: — You'll have to ask a Highways question. I'm in Ag.

Mr. Pedersen: — You also mentioned in your second reading speech that the bill would “. . . strengthen our irrigation districts' ability to enter into agreements with other persons for non-irrigation purposes . . .” And I believe there was a comment that they would have the ability to get revenue from alternative streams. So I'm curious if you have some examples of what might be envisioned there.

[18:45]

Hon. Mr. Marit: — Yes, I guess where it gives them opportunity is for . . . If you look around, if a feedlot was to start up now, they don't own the water, but they own the asset that the water would be moving through, so they could charge. Under the old Act they

couldn't do that; now they can do that under this Act. They can generate a revenue stream. It could be to a village, it could be a resort village, or something like that. So it just allows them opportunity to find other revenue streams.

Mr. Pedersen: — So I'd like to go through some of the proposed sections here. So in 1-4 and it's subsection (6) dealing with who you should consult with before transferring ownership of irrigation works to a district. And so the people listed are basically the district board and anybody else that you think appropriate. I'm curious why the public isn't listed there, why there isn't a general public right of consultation.

Ms. McCall: — The broader public was not included in the consultation, as they aren't directly impacted by what was actually transferred. The assets or infrastructure that was directly transferred were more secondary canals or secondary pumps. The assets or irrigation works that are of broader public good were not transferred, including things like the M1 canal, Broderick Reservoir. Those larger pump stations were not. And so we only consulted with those, the irrigation districts and the irrigation industry, that were directly impacted by just those infrastructure parts that were transferred.

Mr. Pedersen: — Right, but you're talking about the transfers already happened, whereas this bill is really talking about going forward in the future. And I guess I'm thinking there is quite a public interest in a lot of these works. I mean in theory it could be works of a broader public interest. And even if you say a dam for instance, which is possible under the works listed there in the definitions, the people in Maple Creek for instance could testify to having a pretty significant public interest in the dam that was upstream from them a few years back when it breached and they got flooded out.

Ms. McCall: — Those infrastructure parts that impact the broader public are not owned actually by the Ministry of Agriculture. Those are all the responsibility of the Water Security Agency. And so in a case like those larger dams or reservoirs, they will not be under this Act or under our ministry. Yes, I think we'll leave it at that.

Mr. Pedersen: — Thank you for that clarification. So moving on to I guess the composition of irrigation districts, will their documents and records be subject to freedom of information requests?

Ms. McCall: — I guess two points that I'll comment on that, is that irrigation districts are not corporations of the government and it's a different . . . I'd have to review the FOIP Act, but it is different. But what we've got in our current bill is that their annual report and their records are considered open for the public. They're open for public inspection during normal office hours of the irrigation district. For those irrigation districts that have a website, they are to post their annual reports, and that is what is occurring for some of our larger districts already.

Mr. Pedersen: — As I read the bill it just says basically annual report, financial statements, bylaws, and board members is all that they have to publicly disclose. They wouldn't have to disclose minutes for instance of an annual meeting or stuff that might otherwise be FOIP-able.

Ms. McCall: — That is correct.

Mr. Pedersen: — So I suppose one concern that I have is, we're transferring or we have transferred a bunch of public assets to a group that is not an agent of the Crown, doesn't have liability to pay taxes, is largely exempted from immunity — gets pretty much the same immunity as the Crown does — and also isn't subject to, you know, may not be subject to FOIP. This isn't really a good recipe for creating accountability. I'm wondering if you've given any thought to that.

Ms. McCall: — The irrigation districts, they are created under this Act, and as such the minister's power is over this Act. So they are bound in terms of that accountability piece as per this Act, including those financial statements, you know, audited. In terms of that annual report and with the new part 4 in here around those irrigation work management plans and replacement funds, there is that accountability piece as well.

And if, I guess at times there is concerns . . . I mean, yes, there is the negligence piece to a certain point, but also as long as they're following their own due diligence in terms of maintaining and following the laws within this Act, if there are other issues, we work very closely with them as government. And there is the option to start withholding programming as well.

Mr. Pedersen: — So that actually, I guess, was going to be one of my questions, is it looks like the only hammer or power that the minister has, if an irrigation district isn't following the rules, is simply to withhold funds. Why isn't there a broader power on the minister to go in and actually make an order requiring an irrigation district to, say, comply with its own bylaws or to comply with the Act? You know, to actually follow proper governance procedure. Why is it only withholding funds?

Ms. McCall: — So in terms of specific accountability pieces, one of the things, if the minister is concerned, under section 2-20(2), "The minister, in accordance with the regulations, may appoint 1 individual member of the public or a member of the public service who is not . . ."

Mr. Pedersen: — Sorry, which section?

Ms. McCall: — Okay, I'm going to make sure that that is the right . . .

Hon. Mr. Marit: — Section 2-20-2. Yes, "Composition of district board."

Ms. McCall: — Okay, sorry. 2-20, clause (2), I guess is the proper. "The minister, in accordance with the regulations, may appoint 1 . . . member." And so if that is the case, that would probably be our first step is providing that kind of oversight by being on the board and then, as a board member, access to additional information.

If, I guess, that doesn't work I mean there is, like we mentioned, the opportunity to withhold funds. There is also the opportunity to prosecute as per our Act. And another one, I guess, is we can wind them up as a district as well, if they're not following the rules within the Act.

Mr. Pedersen: — So I believe that when it comes to

municipalities, the Minister of Government Relations has a power basically of inspection. When it comes to both for-profit and not-for-profit corporations, there is a general power of inspection that the courts have.

So to me, not having that kind of oversight there for somebody, you know . . . Basically a member of the corporation doesn't have the ability to either go to the minister really or the court if they feel that their own irrigation district isn't following the rules.

Ms. McCall: — I believe that is in here. We'll just . . . Hold on.

[19:00]

So in 2-8(2) there is the option for members to call a special meeting, and the chairperson must do so “. . . on receipt of a written request specifying the purpose for the meeting signed by at least 25% of the members.” And so that allows board members in the case if they have concerns or the members have concerns around the board that they have that ability to call that.

And in terms of reporting to the ministry, as well we have a very close relationship with the irrigation districts. We'd be aware.

Mr. Pedersen: — I guess my concern was that I've seen enough situations over the past where boards, not necessarily of irrigation districts, but just boards in general weren't acting in accordance with either their own constitution or, in some cases, legislation. And you know, it's useful for members of those corporations to have the ability to either go to the minister or to go to the courts.

And so it was with that experience in mind that I was looking in this legislation, and I don't see either one of those remedies there for a member. So that was my concern.

Hon. Mr. Marit: — If you look under “Bylaws” — now I guess I'm referring back under section 2-22(3)(b) — wouldn't that answer your concern? “Provide to the minister a copy of each bylaw and amendment made by the district board . . .”

So you'd have to know . . . The ministry's going to know every bylaw they're putting in place and amendments too. So they have to act within the bylaws or they're out of accordance.

Mr. Pedersen: — Hopefully. Although there's multiple examples of municipalities and other non-profits that, you know, that haven't in the past. But we can move on. It's fine. It's not there and time is short here. I'm wondering if we turn to the audit requirements, 2-16, what's envisioned there in terms of when an irrigation district wouldn't have to get an audit?

Mr. Drury: — Okay, so to answer that question about the . . . So a scenario where an audit may be forgone I guess, so some of the irrigation districts are smaller. So an example of a smaller irrigation district, they might only have 8 or \$10,000 in their bank account, and a full-blown legal audit could cost 2 or \$3,000. So it just doesn't make sense to burden them with that cost, I guess.

Mr. Pedersen: — So right now, you're kind of looking at more of a monetary limit in terms of resources of the irrigation district.

Mr. Drury: — It's just a real practical, kind of realistic look at it.

Mr. Pedersen: — So one of the things that, I guess, perhaps stuck out for me was that if somebody decides that they want to get irrigation and that, you know, the irrigation is nearby, they could do their application to the minister, they could get their certificate. But if for some reason there was some sort of personality dispute, or small “p” politics going on, the irrigation district doesn't necessarily have to let them in. And I'm curious why there isn't an obligation on the part of an irrigation district to actually admit somebody who has gone through the process with the ministry.

Mr. Drury: — So to answer the question about individuals that may want to irrigate within a district and are not allowed to, I guess, by the district. So in the pre-existing Act of '96 and this proposed Act, it's always been the case where the district board has basically autonomy to decide who is allowed in or not. So fortunately there hasn't been many cases where boards haven't, in my experience, not permitted development. It more comes down to if there's not capacity within the system to add additional acres.

So from the ministry's perspective, we point individuals that are interested in development to the districts and have those discussions first, and then we'll support them through the development process if the district is agreeable to supplying them with water.

Mr. Pedersen: — Well I'm not doubting, you know, the goodwill of the irrigation districts, but when we're writing legislation, we want to be drafting for worst-case scenario, not based on the fact that everything's gone well in the past.

I mean if you take some of our agricultural products, some of them can be quite niche markets, particularly if it's a smaller crop. And you know, you could . . . It's not too hard to think about a scenario where somebody's got land there; they want to go into a crop and, you know, there's five other guys who happen to be well connected or on the board who are growing that, and like they don't want an additional competitor growing that because they're concerned about the hit to prices.

So there is the potential that, you know, you can get into some dirty local politics. And so it just, I just thought it was striking that there's no obligation on the part of an irrigation district to actually provide services to somebody who meets the criteria.

Ms. McCall: — Mr. Pedersen, I'll refer you to section 2-9. And yes, what you're saying, it is possible. But the intent of this Act and the mandate and purpose of that irrigation district is for that positive intent. And 2-9 (a) says, “to offer irrigation services to its district consumers in the irrigation district; to promote irrigation services . . . to cooperate with other irrigation districts . . .” You know, the intent behind this is about growth and moving forward. And I guess in the case of that, we'd be reminding them of their mandate and purposes, and trust that won't happen.

Mr. Pedersen: — It might just be something you look at in the future for a possible amendment. So moving on, I want to talk about the immunity here before we wrap up and let the committee get on with voting. There's a fairly, I guess, broad immunity here that's given to irrigation districts. And I'm wondering why, you know, why irrigation districts were given, I mean when they are

. . . They're not a Crown entity. They don't have an obligation to the public. You know, the way that this is crafted, they're there for their own benefit. Why are they given this broad immunity from legal action?

Hon. Mr. Marit: — Okay, what we're proposing obviously is similar to what is in Alberta and that's actually seen as the gold standard in terms of provincial irrigation. Another note too, is the protection still did not absolve the irrigation districts from unlawful activities and they are still subject to paying compensation for damages as a result of negligent activities.

Mr. Pedersen: — And I guess when you're saying unlawful, you mean intentionally unlawful.

In section 6-6(2) there's a limitation there so we can't assume that the irrigation district is going to be liable for personal injury or damage to property because there's that limitation that says it's only in the prescribed circumstances. So what's envisioned there for what the prescribed circumstances are going to be?

Hon. Mr. Marit: — Once again this mirrored the Alberta model. And really what an example would be, would be seepage would be an example. If the irrigation district, they knew there was seepage, then an individual had a claim against it, then the individual could come back to the district to compensate for the damages as a result of seepage. That's an example we could give.

Mr. Pedersen: — So why not just take out "in the prescribed circumstances" and just say the irrigation district is going to be liable for personal injury or damage to property if either they are or one of their agents or employees are negligent?

[19:15]

Ms. McCall: — The reason why we have it as prescribed is because, you know, to the best of our ability we're thinking of things like seepage or ponding, but we don't necessarily know what that full list would be in terms of damages. And so if we're able to prescribe those in regulations it kind of gives those boundaries of what would be covered within there, as needed.

Mr. Pedersen: — So if we look back at some of the irrigation works that were transferred, my understanding is some of those were culverts, maybe even bridges. So you know, if they did something that negligently caused the failure of one of those and somebody got hurt badly in an auto accident, like why shouldn't they just automatically be able to sue for that and recover their loss? I mean the irrigation districts are going to be required or I guess it would be wise for them to carry liability insurance, so why would we be letting the insurance companies off the hook?

Ms. McCall: — But they are liable.

Mr. Pedersen: — Well but they're not liable unless it's prescribed.

Ms. McCall: — At this point we're not prescribing those circumstances. This is, you know, the opportunity to put them within the regulations as needed. I might be missing something here. So you're just saying that . . .

Mr. Pedersen: — My concern is that if you don't have anything

prescribed, then there's no possibility of actually going after anything. The way it's worded, they're only liable if it's prescribed and so, you know, it actually requires the ministry to be on the ball and have that full broad list of . . . I just see a lot of potential for people to be prejudiced.

Ms. McCall: — That is a different interpretation than what our legal counsel provided. That was not the intent that was meant here and, you know, that is something that we will confirm with our legal counsel.

Mr. Pedersen: — I appreciate that. So my last question is in subsection (4) of 6-6. Or I guess it's subsection (3) and subsection (4) deal with this, that the irrigation district has to be notified of an event if there's some sort of claim that could be made. And subsection (4) gives the reasons why that notice might not have to be given. And it seems to me that one of the reasons that maybe should be an exemption there, that should be listed in (4), is that the irrigation district knows about it.

Maybe it's broad public knowledge. There's been public meetings. And my concern is, from a legal point of view this is like a little limitations period that's kind of buried away. Lawyers usually look at *The Limitations Act* to figure out how long they have to bring an action, and these little things trip people up. And all of a sudden, you know, you think you've got a two-year limitations period to bring this action. Everybody knows about it. It was public knowledge. You know, nobody's prejudiced. But you get to court and all of a sudden it's like, oh well you didn't give your notice within one year like the Act says.

So it seems like if it's something that the irrigation district knows about — there's a big public event, you know, they're not caught by surprise — why shouldn't that be also an exemption for having to give notice?

Ms. McCall: — So to respond to your question, clause (4) is only in . . . It allows beyond 12 months if those following were not there, right? So it could come after 12 months, for example, if there was reason for not knowing or that lack of notice or it wasn't prejudiced by the lack of notice, if after 12 months it was a serious fault that led to death, or you know, if the irrigation district says we're okay not abiding by those 12 months. So we feel that that covers a very broad range of why we could move beyond those 12 months, if needed.

Mr. Pedersen: — Those are all of my questions, Madam Chair.

The Chair: — Thank you. We will now proceed to voting off Bill No. 162, *The Irrigation Act, 2018*. Clause 1-1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1-1 agreed to.]

[Clauses 1-2 to 7-9 inclusive agreed to.]

The Chair: — Carried. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Irrigation Act, 2018*.

I would ask a member to move that we report Bill No. 162, *The Irrigation Act* without amendment. Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, if you have any closing remarks on either of the bills, you may please proceed to do so at this point.

Hon. Mr. Marit: — Thanks, Madam Chair. I won't take too long because we're a little over the time limit, but I just want to thank the entire ministry team for getting these two bills prepared and ready to go, and also want to thank Mr. Pedersen for his questions as well and thank the committee for passing the bills. Thank you.

The Chair: — We'll take about a five-minute break right now.

[The committee recessed for a period of time.]

[19:30]

Bill No. 170 — *The Mineral Taxation Amendment Act, 2019*

Clause 1

The Chair: — Here we are. We're back. All right. We will now consider Bill No. 170, *The Mineral Taxation Amendment Act, 2019*. Minister Eyre is here with her officials and I ask you to, the first time you speak at the mike, to state your name and your title. And, Minister Eyre, you can introduce your officials that are here with you this evening and begin with your opening remarks.

Hon. Ms. Eyre: — Thank you very much, Madam Chair, and good evening to you. Good evening to committee members. Accompanying me this evening are Laurie Pushor, deputy minister, Energy and Resources; Paul Mahnic, executive director, lands and mineral tenure with Energy and Resources; from Justice, senior Crown counsel, Dan Morris; my chief of staff, Jeremy Brick; and Kyle Schutz as well, policy analyst with Energy and Resources.

Madam Chair, I am pleased to be here tonight to discuss *The Mineral Taxation Amendment Act, 2019*. This Act would amend *The Mineral Taxation Act, 1983* regarding uncertified mineral titles. Uncertified mineral titles are defined in *The Land Titles Act, 2000*. These are mines and minerals which no mineral certificate was issued and ownership has not been determined or certified by the Registrar of Titles. These retroactive amendments confirm the Crown's authority to collect the mineral rights tax on uncertified mineral titles.

The Mineral Taxation Act, 1983 already levies the mineral rights tax on roughly 40,000 freehold mineral titles in the province of Saskatchewan. Approximately 17,600 of these freehold mineral titles or 44 per cent are uncertified. Madam Chair, these mineral rights taxpayers are partly a mix of Saskatchewan and Alberta corporations. Saskatchewan-based corporations comprise 16 per cent of the total revenue. These corporations represent about 64 per cent of all mineral rights taxpayers, just over 1,000 corporations. Alberta-based corporations contribute 79 per cent of the total mineral rights tax revenue. They account for about 19

per cent of all mineral rights taxpayers, comprising some 305 corporations. Saskatchewan derives about 71 per cent of its mineral rights tax revenue from 10 mostly Alberta-based corporations which own the majority of the freehold mineral rights in Saskatchewan.

Madam Chair, this is not a new tax, but rather these amendments clarify and strengthen language in existing legislation to suit operational practice, that is to levy the tax on uncertified mineral claims. Saskatchewan is a mining jurisdiction that is already a world leader and is well positioned for growth. The estimated value of our mineral sales last year was approximately 7 billion. Over 30,000 people in Saskatchewan owe their livelihoods to this industry in some way. We have no doubt our mineral resources sector will continue to be a major contributor to our economic growth and remain globally competitive.

This concludes my opening remarks, Madam Chair. My officials and I would be pleased to answer any questions from the committee.

The Chair: — Thank you, Minister. I'll now open the floor to questions from members. And I'll recognize Ms. Sproule.

Ms. Sproule: — Thanks, Madam Chair. Good evening, Madam Minister, and officials. Here we are. We've done it. We're here. You indicated that 17,600 of these freehold mineral titles are uncertified. Can you share with the committee how many of those titles are within urban jurisdictions?

Hon. Ms. Eyre: — Unfortunately we don't have that information, Madam Chair, but we'll undertake to get that for Ms. Sproule.

Ms. Sproule: — Thanks. As I understand, any freehold mineral title that is within an urban jurisdiction wouldn't have any production at all. Is that correct?

Hon. Ms. Eyre: — In some cases — it's very rare — but in some cases it's my understanding that in some of the smaller towns, for example, smaller centres, there are occasionally wells, for example.

Ms. Sproule: — I'm just wondering. My question about urban is that a lot of these mineral titles are likely within an urban setting. Like Prince Albert, I think, was all freehold at one point because of the river lots, so most of the mineral titles there would be freehold. And I just don't know how many of them would be uncertified, but I think a large number of them are. So I guess if . . . Yes, you've agreed to provide that information, so I thank you for that. Now if I understand correctly, these are retroactive amendments which confirm what the Crown has already been doing.

Hon. Ms. Eyre: — The short answer to that is yes.

Ms. Sproule: — So there's absolutely no change in revenues then, based on this bill. Maybe I'm just not sure why this is being introduced as a budget bill then.

Hon. Ms. Eyre: — So it's an administrative amendment, clearly, to suit or to conform to operational practice, and that would be mainly of course to levy the tax on uncertified mineral claims.

And this is a budget bill because of that revenue dimension or aspect to it.

Ms. Sproule: — Thank you. In terms of freehold mineral titles, both certified and uncertified, how many of them are held by an individual and not a corporation?

Mr. Mahnic: — Paul Mahnic, executive director of lands and mineral tenure. I've just been advised that we don't levy on individuals right now; 99 per cent-plus are corporations. That's in relation to the exemption that is available to freehold mineral owners that have less than five sections of land. So that falls into major corporations having the larger land holdings, so it's a very, very few number individuals.

Ms. Sproule: — Thank you. There's a couple sections of this new bill that you didn't elaborate on in your opening comments or in your second reading speech, and I'm just wondering if, for the record and for the committee, you could perhaps explain what the purpose of those sections are. The first is the amendment to section 18, which is section 4(2), I guess, of this bill. Could you share with the committee what the intent of that amendment is?

Mr. Morris: — Dan Morris, Ministry of Justice. So the purpose of the subsection is to recognize that the Crown would only obtain through forfeiture no better title than what currently exists. So in the situation or circumstance of an uncertified mineral title, that's all the Crown would be obtaining through forfeiture. They wouldn't, through the forfeiture process, somehow get a certified mineral title.

Ms. Sproule: — Was this something you felt was needed to add clarity to that or . . . Because it's not defeasible, right? The title wouldn't be defeasible because it's uncertified. I guess I'm just wondering why it took 18 years to come to this conclusion to amend the Act.

Mr. Pushor: — Laurie Pushor, deputy minister with Energy and Resources. The mineral rights tax has been collected over an extended period of time. In 2001 there was a change made to electronic record keeping in this space, and since that time there's been a series of activities and undertakings that have led to today, when we deem it appropriate to strengthen the language in this legislation.

Ms. Sproule: — Can you share with the committee how many uncertified mineral titles have been forfeited to the Crown since the change in the land registry?

[19:45]

Hon. Ms. Eyre: — We're going to have to undertake to get you that information unfortunately, Ms. Sproule.

Ms. Sproule: — Maybe if you could just give the committee a general idea. Is it hundreds? Or 20? Is it a large number or a small number?

Hon. Ms. Eyre: — I think at this point we'd prefer to confirm that and give that to you in writing with the proper number.

Ms. Sproule: — I want to get a sense of the scope of how many of these titles issued to the Crown . . . Subsection (14) is pretty

clear: "The mineral title issued to the Crown . . . is final and binding and not open to question in any court." But I assume adding the "Subject to subsection (15)," now it just indicates the Crown gets what the Crown gets.

I'll move on now to section 19. There's a new section being added, 19.1. And what it's doing is extinguishing actions and proceedings based on any claim for loss or damage resulting from this amendment Act. And I'm just wondering, is this just out of an abundance in caution? Because there wouldn't be any claims from this amendment until it's passed, but you're extinguishing it before it actually happens. Am I reading that right?

Mr. Morris: — So to try to answer your question succinctly, it's kind of a drafting practice to put that in for the protection of the Crown.

Ms. Sproule: — Why would you just limit it then to *The Mineral Taxation Amendment Act* and not have it apply to the entire Act?

Mr. Pushor: — That was undertaken in order to conform . . . or only to apply to the changes that are being made with this Act.

Ms. Sproule: — Thank you very much. Madam Chair, I have no further questions.

The Chair: — Thank you. Seeing that there are no further questions, we will now move to vote off Bill 170, *The Mineral Taxation Amendment Act, 2019*.

Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Mineral Taxation Amendment Act, 2019*.

I would now ask a member to move that we report Bill No. 170, *The Mineral Taxation Amendment Act, 2019* without amendment.

Mr. Michelson: — I'd be pleased to make that motion.

The Chair: — Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Minister, if you have any closing remarks you'd like to make?

Hon. Ms. Eyre: — Simply to thank the committee. Thank you to Ms. Sproule and to my officials who are with me this evening.

The Chair: — Ms. Sproule, if you have any closing remarks?

Ms. Sproule: — Sure. Thanks, Madam Chair, and Hansard and

Clerk's office. This has been a long day for you and for the rest of the committee as well. And, Madam Minister, and officials, thanks for your good work.

The Chair: — That concludes our business this evening, and I would now ask a member to move a motion of adjournment.

Mr. Kirsch: — I so move.

The Chair: — Mr. Kirsch so moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands adjourned until the call of the Chair. Thank you, everyone.

[The committee adjourned at 19:51.]