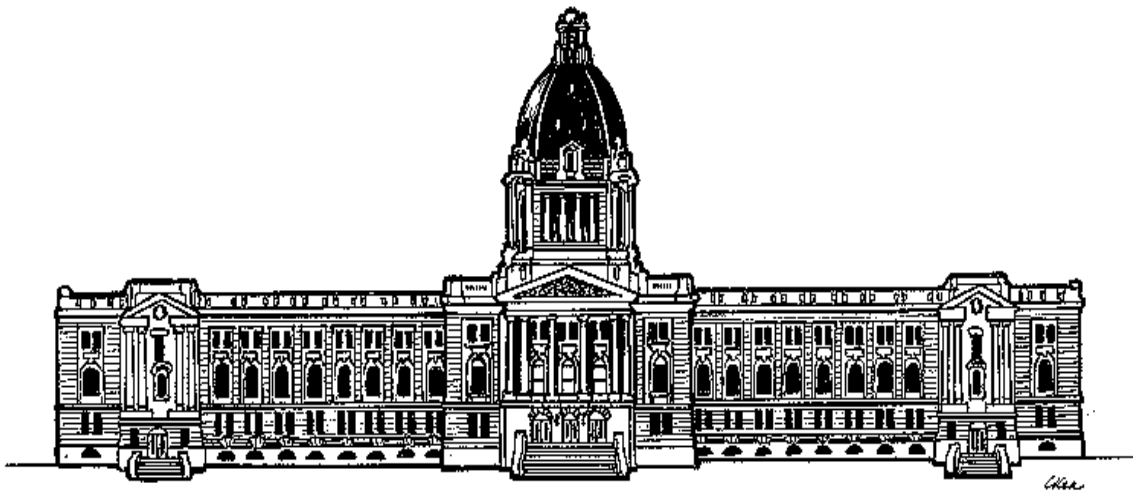




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON THE ECONOMY
2005**

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Prince Albert Northcote

Mr. Randy Weekes, Deputy Chair
Biggar

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Weyburn-Big Muddy

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Kevin Yates
Regina Dewdney

[The committee met at 15:00.]

**General Revenue Fund
Finance
Vote 18**

Subvote (FI01)

The Deputy Chair: — Thank you very much. I'd like to bring this meeting to order. The first item of business is the estimates of the Department of Finance, and you can find it on the Estimate book, page 60. And I'd like to invite the minister to introduce your officials.

Hon. Mr. Van Mulligen: — Thank you very much, Mr. Chair. Seated beside me on my left is the deputy minister, Department of Finance, Ron Styles, and to his left is Arun Srinivas. Arun is the senior tax policy analyst with our taxation and intergovernmental affairs branch. Seated beside me on my right is Glen Veikle, assistant deputy minister of the treasury board branch. Seated behind us are Erin Brady, an analyst with the taxation and intergovernmental affairs branch, and Joanne Brockman who is the executive director of the economic and fiscal policy branch. And behind the rail is Bill Van Sickle, who is the executive director of our corporate services division, Mr. Chair.

The Deputy Chair: — Mr. Minister, I'd like to give the floor to Mr. Cheveldayoff.

Mr. Cheveldayoff: — Does the minister have an opening statement?

Hon. Mr. Van Mulligen: — Yes, if I might be permitted, I would make some opening comments. First of all the mandate of the Department of Finance is to provide options and advice to Treasury Board and cabinet on managing and controlling the finances of the province. The department administers and collects provincial taxes, and it supports the government in being accountable to the legislature and the public in the use of public funds.

The Department of Finance receives the majority of revenues for the Government of Saskatchewan and disburses them to government departments to fund public services such as health care, education, and road maintenance. In addition the department manages the debt of the General Revenue Fund.

To ensure an increasing level of government-wide accountability, Finance assists departments in implementing the government's accountability framework. Finance also delivers the Saskatchewan savings bond program, administers provincial pension plans, employee benefit plans, and provincial tax programs including the provincial sales tax, and keeps the public informed on finance-related issues.

I will briefly go through the core areas of the department and their key functions and work for the year ahead.

Revenue, expenditure, and fiscal and economic policy — Finance supports effective government decision making by providing up-to-date information, policy analysis, and advice. A

large part of this work is done by our taxation and intergovernmental affairs staff, our treasury board branch staff, and our economic and fiscal policy staff. I should also mention that the department houses the Saskatchewan Bureau of Statistics which reports on provincial and national economic indicators. Finance establishes and coordinates the budget development process to enable Treasury Board and cabinet to make effective resource allocation decisions.

The department works with the federal government on the Canada Health and Social Transfer, the Canada Pension Plan, fiscal arrangements concerning First Nations in Saskatchewan, and other federal-provincial programs, including of course equalization. For the upcoming year Finance will continue to participate in the development of new terms for equalization.

The department assisted government in securing significant federal transfers in 2004-05 that address past unfair clawbacks of oil and gas revenue, net transfer to Saskatchewan of \$120 million in the spring and \$360 million in the fall. Those funds contributed to our significant \$1 billion turnaround last year, allowing us to invest in many capital projects in Saskatchewan.

The department will continue helping government advance the equalization issue, pressing our case with the federal government. On March 7 I asked the Canadian Senate — and I was supported in that by the critic, opposition Finance critic — to support our bid for a Saskatchewan energy accord. And I believe the senators were quite supportive of what we were asking. The Premier recently raised this issue with the House of Commons subcommittee on fiscal imbalance. The federal government has appointed an independent panel of experts to examine equalization this year, and we will be meeting with that panel, and we will continue to push Saskatchewan's case for fairness.

The members will also know that a business tax review is being conducted this year to look at ways to make Saskatchewan an even better place to do business, and the Department of Finance will provide technical support to this committee. And we will receive their report in November and deliberate its recommendations as we prepare next year's budget.

The comptrollership, financial management — Finance assists the legislature and the government in controlling and accounting for the receipt and disposition of public money through the Provincial Comptroller. The department develops and maintains the government-wide revenue and expenditures systems, and ensures that effective financial management and accounting procedures are in place. The department also prepares and publishes financial accountability reports including the public accounts.

I'm pleased to say that we are among the earliest of any jurisdiction in Canada to publish our public accounts, typically in late June. I will also note that we typically receive less than a handful of audit qualifications.

Comptrollers division is also in charge of the project to replace the government's central financial human resource and payroll systems called MIDAS [Multi-Informational Database Application System]. MIDAS is in its fourth year with project

completion targeted for March 31, 2007. The project is on target and under budget. The base financial components of MIDAS were implemented April 1, 2003. During the 2003-04 fiscal year, purchasing was phased in, and the forecasting features were implemented. Development of the base human resource and payroll components began in October 2003 with a target implementation date of January 1, 2006.

Revenue operations — Finance administers several provincial government revenue and tax rebate programs. This work by our revenue staff and taxation and inter-governmental affairs staff, involves policy work related to and identifying and collecting tax revenues, conducting audits, issuing tax refunds, and providing information related to tax and rebate programs.

Revenue measures in this year's budget of course include the point of sale, PST [provincial sales tax] exemption for Energy Star appliances; dealing with the question of the resource trust, the royalty and tax incentive strategy to encourage enhanced oil recovery in Saskatchewan; the aviation fuel tax reduction; and a pro-rated vehicle tax refund for truckers.

Treasury and debt management — through our treasury and debt management branch, Finance borrows to meet the funding requirements of the government including Crown corporations and other government agencies. It manages the provincial debt and the cash position of the General Revenue Fund, and it also provides investment management services for various funds administered by the government, Crown corporations, and other agencies.

Mr. Chair, also the department includes a performance management branch that plays a lead role in government-wide strategic planning process by coordinating department performance plans. That branch works with departments to develop and implement a managing-for-results approach to provide analysis and advice to Treasury Board and to undertake in-depth analysis of assigned special projects and reviews.

Personnel policy secretariat — through the personnel policy secretariat, the department provides advice and analysis to the cabinet Committee on Public Sector Compensation and coordinates implementation of cabinet decisions.

Corporate services — Finance provides direction, guidance, and support for internal operations and client agencies under our corporate services division. This includes executive management, communications, human resources, financial services, procurement, information technology, security, and facilities.

Finally the pension and benefits administration, the Public Employee Benefits Agency — PEBA is a central body within the Department of Finance that administers pension and benefit programs for employees of the executive government, Crown corporations, and government funded bodies. And of course the department plays a key role in developing the provincial budget which I handed down on March 23.

I think that's a nutshell and probably gone on a little bit longer than I should have gone, but I'll leave it at that, and I'd be pleased to answer any questions.

The Chair: — I recognize Mr. Cheveldayoff.

Mr. Cheveldayoff: — Mr. Chair. Thank you, Mr. Minister, for the overview and thank you to your officials for coming here this afternoon so we can examine the estimates. I consider it a privilege to be here this afternoon as my role as Finance critic. It's a challenge that I'm excited about and look forward to interaction with you.

Something that I'm learning very quickly about this job is that it entails a free flow of information from government to opposition and back and forth, and I want to compliment you, Minister, and your officials for that free flow of information. Any time we've asked for information it has come our way, and also for allowing our officials into the technical briefing. It shows that you were confident in your budget and how you put it forward. And allowing our officials in was a benefit to the opposition and the democratic process in Saskatchewan. And I would suggest that that would, you know, set a precedent for future areas in the government and certainly future budgets. And also thank you for supplying us with the budget early in the day preceding the delivery, I think around 4 o'clock. That was quite helpful.

I'd like to begin by talking about the budget documents projecting a growth in the real GDP [gross domestic product] of 3 per cent for 2005. The budget also projects an increase of \$151 million in tax revenue for '05-06. How much of the increase in tax revenue is based on your assumption the economy will grow by 3 per cent in '05-06?

Hon. Mr. Van Mulligen: — I think I'm going to refer to Mr. Styles on that technical detail. I can give you a general answer, but I think I'd rather go with the details on this.

Mr. Styles: — Maybe I'll just start at a very high level and then work my way back to some of the lines in the revenue budget on page 80 of the summary document.

At a very high level, the province's stream of revenues is less connected to the GDP growth rate than it is for most jurisdictions in Canada. If you observe the Ontario budget — BC [British Columbia] I would imagine would be the same — and the Quebec budgets, they can tell you that with a point five per cent increase in GDP there's a certain level of revenues that go directly with it.

Saskatchewan, a greater percentage of our revenues are tied to natural resources. Natural resources, while being a large component of the economy, okay, are not as directly tied to GDP growth necessarily as some of the other sectors. A large part of the revenues we've picked up in the past couple of years are tied more to increases in price than they are to actual increases in production, although potash is up as well as oil and gas marginally.

If you were to take a quick run through things like corporate income tax, personal income tax, sales tax . . . are, you know, tied to GDP growth. Other issues such . . . or other tax bases such as tobacco are less tied. There's been a gradual ongoing reduction in tobacco tax revenues as a result of reduced consumption levels. And tobacco taxes are also impacted by recent policy decisions such as the ban on smoking in public

places.

Transfers from Crown entities in a very similar way are not necessarily tied to GDP growth, tied more to the performance of individual companies and what happens with some of their input costs versus the rates that are put in place. So for instance for the Crown Investments Corporation, their revenues are off by \$50 million from the original projection last year for 2005-06, as a result of the decision, the policy decision for Saskatchewan to have the lowest utility bundle of rates in Canada. And so again the reduction is tied to that.

Other revenues, fines, forfeits, penalties, interest, premium discounts, exchanges, motor vehicle fees, again are not tied generically to GDP growth. Similarly transfers from the Government of Saskatchewan . . . Government of Canada, pardon me, are not tied to GDP growth but rather are tied to the formulas that are in place, some of which do have a GDP component, but it wouldn't be the largest or overriding portion of that individual formula. So generally we're not heavily tied to GDP, unlike other jurisdictions in Canada.

Mr. Cheveldayoff: — Thank you. From your answer there's a stronger correlation in certain areas than in other areas. What is the impact of a 1 per cent change in projected real GDP on provincial tax revenues?

Mr. Styles: — With reference to corporate income tax and personal income tax both, there is some tie to GDP but again it's not a direct correlation, on top of which it's important to recognize that when you look at corporate income tax revenues for 2005-06 it really reflects settlement on the 2004-05 tax year together with projected interim revenues for '05-06. So it's a combination of completing actuals for the previous year, together with an estimate for 2005-06. So again the correlation to GDP is there but it's not a direct correlation by any stretch.

Mr. Cheveldayoff: — Thank you, Mr. Deputy Minister. On page 42 of the 2005 budget plan and performance plan summary, the government indicates the budget economic forecast was based on the assumption that the US [United States] border would open to Canadian live cattle this spring. It is now clear that the US border will remain closed to Canadian cattle for at least the next few months and possibly longer.

How does the continuing closure of the US border to Canadian cattle impact on the government's projection for economic growth for '05-06, if the border indeed does remain closed?

Hon. Mr. Van Mulligen: — As near as we can anticipate, if the US border remains closed to Canadian live cattle exports until January 1, 2006, Saskatchewan's real GDP growth for 2005 will be 2.8 per cent, about point two percentage points lower than the 3.0 per cent growth forecasted in the budget. But the question as to what impact it would have on revenues is I think somewhat less clear.

Mr. Cheveldayoff: — So about a 10 per cent reduction in the point two, from 3 to 2.8, I guess?

Hon. Mr. Van Mulligen: — It wouldn't be quite 10 per cent, but there would be a point two per cent reduction.

Mr. Cheveldayoff: — Right. Okay. I had seen some figures around point three per cent, but thank you for confirming that for me. How does the continuing closure of the US border to Canadian cattle impact on the government's projections for realized net farm income for 2005?

Hon. Mr. Van Mulligen: — Realized net farm income, which is the amount left to farmers after deducting farm operating expenses, will be lower by \$197 million in 2005, but higher by \$71 million in 2006.

Mr. Cheveldayoff: — Thank you very much, Mr. Minister, Mr. Chair. It just goes to underscore the challenges that the agriculture community in Saskatchewan will certainly be facing in 2005, and we look forward to working with the government to address those needs and those concerns.

Budget documents project new capital investment in the province to increase by 12.6 per cent in 2005. Doug Elliott and other statisticians in the province have indicated that indeed this is a catch-up year in the province and that we're all happy to see that indeed Saskatchewan will be leading the country for a change in this area.

What was the total dollar value of capital investment in Saskatchewan for 2004, and what is the estimated total dollar value of capital investment for 2005?

Hon. Mr. Van Mulligen: — The figures that I'm about to provide, Mr. Chair, are figures that are provided to us by Statistics Canada. This is the result of their survey.

For 2004, total new capital spending was estimated to be seven point five three three point six billion dollars. And for 2005 that figure would be eight four eight five point two billion dollars. So the percentage change is 12.6 per cent. That's the Statistics Canada winter 2005 public and private investment survey.

The survey does not include repair and maintenance investment which typically amounts to over \$2 billion annually. I would also venture to say that the survey would not include necessarily any change in investment intentions in industries such as potash as a result of announcements that have been made since the survey was completed.

Mr. Cheveldayoff: — Thank you, Mr. Minister, and Mr. Chair. What was the total dollar value of capital investment for Saskatchewan in 2004 from all provincial government departments and agencies? Do you have that breakdown?

Hon. Mr. Van Mulligen: — Mr. Chair, the total capital spending in this year's budget will be \$326.9 million. That's up from the budget of last year, but down from the 2004-05 forecast. The forecast capital budget, capital spending is \$400.6 million for 2004-05 fiscal year.

Mr. Cheveldayoff: — Okay. Thank you, Mr. Minister. Mr. Chair, what is the total value of capital investment for Saskatchewan in '04 from provincial Crown corporations?

Hon. Mr. Van Mulligen: — That's not a figure that we would have, Mr. Chair. The figures that I quoted are the investments that come out of the General Revenue Fund, but as to Crown

corporations, that's not a figure that I would have with me as to what their capital spending programs are.

That's certainly a question that could be asked of individual Crowns in the Crown and Central Agencies Committee, or the minister responsible for the Crown Investments Corporation, or it could also be asked as a written question in the House and it could be responded to.

Mr. Cheveldayoff: — Thank you, Mr. Minister, and Mr. Chair. Yes, certainly we'll pursue those questions then in that forum.

I'm wondering if the minister, Mr. Chair, could explain what the percentage of the increase in capital investment in 2005 is a result of provincial government and Crown corporation spending. What percentage of that total would be attributable to the government?

Hon. Mr. Van Mulligen: — Mr. Chair, we don't have a reconciliation as such between the capital investments that are inherent in our budget and the survey which is completed by Statistics Canada. For example, for 2005 the Statistics Canada survey suggests that of the \$8.485 billion in new capital spending in Saskatchewan, they anticipate that 1.853 billion will be in public investment. But that public investment is more than the \$327 million in investment from the GRF [General Revenue Fund]. It would also include the investments by Crown corporations, investments by school boards, municipalities, federal government itself to the extent that it might have investments in the province. So we don't do a reconciliation between their survey and what we actually budget.

Mr. Cheveldayoff: — Okay. Would the minister be willing to share the information from Stats Canada so we can do some further research on that?

Hon. Mr. Van Mulligen: — Certainly, yes. We'll provide the member with whatever information and detail we have on the Statistics Canada survey.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Mr. Chair, I wish to switch gears a little bit here and move on to the topic of oil prices, something that has a real impact on the Saskatchewan budget and certainly on the Saskatchewan economy.

The 2005-2006 budget documents estimate the average price of West Texas Intermediate light crude at \$41.50 US per barrel for this year and for \$36 per barrel for 2006. However, earlier this week the Bank of Canada joined a long and growing list of respected economic forecasting agencies in increasing its estimated price for WTI [West Texas Intermediate] oil. The Bank of Canada now believes oil will average \$57 a barrel for the rest of 2005 and \$54 a barrel for 2006.

Mr. Chair, to the minister: when did the provincial government set its projections for oil prices in this year's budget documents, and how does the government now believe the estimates for oil will be impacted? Are they indeed too low?

Hon. Mr. Van Mulligen: — Well what we do is we go through a process which is not dissimilar to a process that would be gone through by the provinces of Alberta and British Columbia.

The provinces each have their process. They arrive at an average of the predictions by a number of forecasters, industry experts, banks, and other private forecasters. We take an average.

In turn, we do more than sort of estimating what we think the price will be for a barrel of oil. We also have to make assumptions about how that will translate into actual revenues for the province of Saskatchewan, so we also have to take into account the mix of oil that we have.

The forecast for a price of a barrel of oil is for a price of what's called West Texas Intermediate light crude. But about half of our oil is heavy oil and it commands a different price, and so we try to factor that into our revenue picture.

We also factor in what we think the exchange rate will be. The West Texas Intermediate is a US dollar figure but of course we receive our revenues, and as do oil companies, in Canadian dollars. So if the exchange rate between the Canadian dollar and the US dollar closes, then we don't have the same impact as we would have if the exchange rate was wider between the Canadian and US dollar.

As I indicated, the oil price forecasts are based on a summary of forecasts from industry experts, banks, and private forecasters. The budget forecast is an average of forecasts that were available at the time the budget was being developed.

Some of the forecasters that we look at are the Deutsche Bank, the energy information administration, Short-Term Energy Outlook, First Energy Capital Corp., Gilbert Lausten Jung Associates, Lehman Brothers, Peters & Co. Limited, Pervin and Gertz, Raymond James, Ross Smith Energy Group, Scotiabank, Sproule Associates Limited, TD Bank Financial Group. Those are some of the analysts we look at their price projections, and then we lock those into our assumptions.

I think it's fair to say that we'd be in a better position after our first quarter to see whether or not, you know, oil prices will be going in the direction, as you say, the Bank of Canada say they're going, although I can certainly recall one meeting with Governor Dodge of the Bank of Canada who, when I asked him, said in no uncertain terms that if somebody tells you, Minister, that they know what the price is going to be for a barrel of oil for the coming year, they would not be truthful. Those weren't the words he used exactly, but that was his position. So I'm pleased to see that the Bank of Canada is now forecasting what the price will be.

I might say that our assumptions, which is \$41.50 a barrel, is not substantially different than the assumptions that are built into both the BC budget and the Alberta budget. Their assumptions again are not, I think, remarkably different.

I hope the member is right that oil prices, at least from the viewpoint of revenues for the people of Saskatchewan, that oil prices will continue to be at a level to provide additional revenues for the people of Saskatchewan. I am also concerned about the impact it'll have on consumers and significantly on farmers in Saskatchewan, as those oil prices translate through into higher gasoline and diesel prices. But from the viewpoint of the taxpayers, I hope that the Bank of Canada and others who

are saying that prices will stay up there are correct and that we will be able to deal with that when we do have a surplus as a result of higher oil forecast.

Mr. Cheveldayoff: — Thank you, Mr. Chair, Mr. Minister. I think the minister is aware of the article in yesterday's *Globe and Mail*, saying, high oil prices here for years, Dodge says, oil patch will benefit. So Mr. Dodge is willing to stick his neck out a bit here and has pegged that at \$57 a barrel.

Just a quick question on the budgeting cycle, I understand in November is when the budget cycle really begins to ramp-up. When do you make that estimation? Do you do it in November, or do you do it just before the budget goes to print? Where along that budget cycle would that estimation be made?

Hon. Mr. Van Mulligen: — Information that we would rely on would be towards the end of the last calendar year and into the early part of this calendar year.

Mr. Cheveldayoff: — Okay. What is the impact of an increase of \$1 in the average price of oil on the provincial government's '05-06 oil revenues?

Hon. Mr. Van Mulligen: — All things being equal, I think it would be about \$30 a barrel, that . . . [inaudible interjection] . . . oh, \$30 million for . . . If the price of a barrel of oil that is a WTI goes up by \$1, we stand to gain \$30 million.

But again one has to factor in what it is the exchange rate is doing on that particular day because that may have an impact on what we actually realize from the increase, and also what's happening with respect to the spread between heavy oil prices and light oil prices because that too can have a major bearing on what actual revenue we receive.

But all things being equal, no change in those things, and that's, you know, up \$1 for the whole year, we would expect to receive an additional \$30 million.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Given that most major economic forecasters are now saying oil prices will stay over \$50 for '05-06, have you considered adjusting those projections? And in answer to an earlier question, you referred to the first quarter report. Will you be formally adjusting that, the first quarter report?

Hon. Mr. Van Mulligen: — We will not. I might say that again that the price that we forecast is not substantially different than the price forecast by the Government of Alberta. Alberta's budget came in I believe — what? — less than . . . no, I think it was a week ago today, April 13, that the Alberta budget came in. Their assumptions again were not markedly different than ours.

I would prefer to wait until the end of the first quarter to see what, you know, the actual experience has been for the first quarter and what the assumptions are for the remainder of the fiscal year on, you know, by the various forecasters and be in a position to make some decisions at that time.

Mr. Cheveldayoff: — Thank you, Mr. Chair, and Mr. Minister. Yes, just going through some . . . you mentioned some of the

agencies that you rely on to make those, but I'll just read into the record: Goldman Sachs, March 30, '05, raises the bank's 2005 crude oil price from \$41 to \$50 a barrel and its 2006 crude oil price from 40 to \$55 a barrel.

April 4, '05, Global Insight, formerly WEFA Canada, adjusts WTI oil price for '05 to 50.20, up from 43.50. Global Insight also raised its 2006 estimate from 36.50 to 48.50 a barrel. April 7, '05, International Monetary Fund increases its projection for average world price from 37.25 a barrel to 52.23 a barrel. April 14, '05, as we referred to, Bank of Canada increased its projected average oil price for the rest of 2005 to \$57 a barrel.

Since the beginning of '05-06 fiscal year, the price of oil has averaged \$53.36 a barrel. At that average price the Saskatchewan government has collected — and correct me if I'm wrong — \$18.5 million in oil revenues more than estimated in the '05-06 budget documents. If oil maintains an average of 53.36 over the course of '05-06, the provincial government will collect \$87.7 million in unbudgeted oil revenue by the end of the first quarter, and \$355.8 million more over '05-06 fiscal year.

If you consider the Bank of Canada to be a credible economic forecaster and the average price of oil does stay at \$53, I would say that it's not only reasonable but highly likely in fact — according to the Bank of Canada and their forecast — the government's underestimating oil revenue by as much as \$465 million in this budget. Given that oil revenues are so important and a significant source of revenue for the Government of Saskatchewan, would the minister agree that no government should ask this legislature to pass a budget that clearly and knowingly underestimates revenues by as much as \$465 million? Is that prudent?

Hon. Mr. Van Mulligen: — Well that's the member's position, Mr. Chair. Again we go through a process of taking the predictions by various people in the energy field. It is on that basis that we predict what oil will be. Again the process we've gone through is not dissimilar, in fact very similar to the process in Alberta. The net result and predictions are very close. I don't have the exact details with me, but last year I remember clearly that they went through the same process, and they too were out.

But again the member uses the word if, and you know that's not a word that's very comforting to a Minister of Finance when he tries to be prudent in his assumptions as to what will take place with respect to oil revenues. I think that at this point the predictions we have are the right ones. If the immediate future, the first quarter, shows at the end of the first quarter that we perhaps can make different assumptions, I'd be pleased to do that at that time. But again, we're April 20 today, and that's 20 days into our budget.

I might point out too that, you know, forecasters will say at this point that, you know, we expect that oil prices will stay at this level. But we also have advice from others that suggest that oil prices will go down next year. In fact the predictions from the people in Alberta is that it'll go down more than we anticipate it'll go down. So I am comfortable with the predictions that are in the budget at this point. We'd certainly be prepared to review that at the end of the first quarter and to see what our situation

is then.

Mr. Cheveldayoff: — Thank you, Mr. Chair, Mr. Minister. Certainly \$18.5 million, if we agree on that figure from April 1 till now, is a substantial amount of money. And with the needs of our farmers and nurses in Saskatchewan, I think it's important that we do look at this maybe on a monthly basis and not just on a quarterly basis.

The minister's right in that a lot of this is based on my opinion, and that's why I'm in this position, and based on the research that I do and that our staff does. We look at last year's budget, for instance. Last year's budget documents estimated provincial oil revenues would be \$401 million based on an average price of 26.50 per barrel. However the average price of oil in '04-05 was \$41.47. And the government is now forecasting oil revenues in that period of \$901 million, an increase of half a billion dollars.

This year the NDP's budget document estimates the province will collect \$656.2 million dollars in oil revenue for '05-06, assuming an average oil price of 41.50 per barrel. But as I have indicated, virtually every economic forecasting agency in the world is now estimating the price of oil in '05 will average between \$50 and \$57 per barrel.

This legislature is still many weeks away from the final approval of the '05-06 budget. Will the minister ask his officials to review the government's oil revenue forecast for this year and provide a report to the legislature? The minister said that he'll do it on a quarterly basis. I'm asking, will he do it on a monthly basis? Will he undertake to have a report for this legislature by the end of April?

Hon. Mr. Van Mulligen: — Mr. Chair, the reports that we provide now — the quarterly reports, the mid-year report — I might say are a recent innovation, something that we put into place over the course of the last number of years so that the public, members of the Legislative Assembly may be kept apprised as to how it is that the government is progressing with respect to its financial plan. We plan to continue to do that.

I think there's always a great deal of caution that must be exercised about any achievements or results early in the fiscal year that, you know, it's . . . I mean, I guess the closer we get to the end of a fiscal year, the greater certainty we can have about what is actually going to transpire in that fiscal year. But one wouldn't want to make a great deal of assumptions about the rest of the year after the first quarter.

I just want to say too, Mr. Chairman, that, you know, there's more to provincial government revenues than oil. And so if the member is taking a position that, you know, now we have 18 million more dollars, based on his calculations for the whole year, can he say with the same certainty that all of the other income bases that we have — and we've just discussed, you know, the impact of border closure — that all of the other income bases we have won't change and that I should just accept the fact that, you know, because oil at this point is \$18 million more based on his estimation than it was in the budget, that nothing else would change, that all other revenues will stay the same?

You know, I have to balance all of these things and point out that oil estimated in our budget is \$656 million out of a \$7 billion budget, so oil is something less than 10 per cent. Oil revenue is something less than 10 per cent of the total budget.

If I knew today that none of the other revenue bases would change — and these things also fluctuate — then, you know, then maybe the member might have a case. Again I'd have to check his figuring but, you know, we get updates from Revenue Canada on the assumptions that they have with respect to our taxes, and any given day those assumptions can change.

And so I don't think it's, you know, credible to say that, well because you have more in oil prices today you can increase spending in your budget by that amount. I mean you have to pick relevant points at end of the first quarter to do an evaluation as to whether there's an appreciable and discernible ongoing projected difference between what you started out with at the beginning of the year.

And you can't just take one revenue base into account. You have to take all revenue bases into account, and not just revenue. At the end of the first quarter, I also have to take into account changes in expenditure patterns. There might be changes in expenditures that have come up since the budget was put before us. So to say that, well you've now got \$18 million more in oil revenue by your reckoning and therefore you have \$18 million more to spend on something, well that's not really a credible way to approach budgeting and the budget process.

Mr. Cheveldayoff: — Thank you, Mr. Minister, and Mr. Chair. What I asked the minister to undertake was a monthly reporting, and if it's not just constrained to the price of oil, then maybe a financial update on a monthly basis. And I know that this is maybe somewhat unorthodox. But what we're looking at here is, we missed the estimation on the price of oil by a half a billion dollars last year, and we could be missing it again by \$465 million this year.

The minister has indicated that net farm income will be down \$197 million in Saskatchewan this year. The \$18 million figure is today. By the end of the month, it could be \$35 million. I would suggest to the minister that \$35 million could be well used in Saskatchewan to support our farm families, our farm economy, to support nurses in Saskatchewan.

I think an accurate indication of where oil revenues or the entire budget application is on a monthly basis is something that's not unreasonable, given the changes and the fluctuations that are taking place. And I just don't see the downside to it. And I give the opportunity to the minister to respond.

Hon. Mr. Van Mulligen: — Well, Mr. Chairman, in the . . . Here's a trick question. In the 1991-92 fiscal year, how many pages were there in the government's mid-year financial report? Well the answer is zero because there were no reports.

This last year there were 47 pages in that report. Not only is there now a mid-year report, there is now also a quarterly report. So at the end of the first quarter, at the end of the second quarter, and at the end of the third quarter public reports are prepared so that it's clear for the people of Saskatchewan what the government's financial position is.

For the member now to advocate, well that's not good enough — that we should go to monthly reports — and, you know, I think is maybe going a little too far, recognizing that in many cases we won't get updates with respect to revenue figures on a monthly basis. So, you know, I question the extra administrative challenge that's required for so little in the way of results.

Again I think the member is overreaching in terms of the impact of . . . again based on his figuring of changes in price of a barrel of oil today as compared to what they were when the budget was put together — recognizing that oil is less than something, less than 10 per cent of our total budget; that's on the revenue side — and begs the question of what other changes there will be in expenditures for whatever reason that also have to be accounted for. For him to say that, well you know, by my figuring we have \$18 million extra that we could spend on things that aren't anticipated in your budget, that's not really credible. That's not how it has worked and, well maybe it worked that way some decades, but that's not how we work it and we can't work that way.

Mr. Cheveldayoff: — Thank you, Mr. Minister, and Mr. Chair. Certainly to respond to the first part of the minister's comments, I know changes in reporting have taken place in this Legislative Assembly. I understand the summary financial statements are now incorporated. That wasn't the case a few years ago, and I know members on this side of the House and predecessors in other legislatures have asked for those financial statements and now we have them. So I don't think going in this direction is out of line whatsoever. I think that, you know, in the future it will prove maybe a good idea. But I will agree to disagree with the minister on this and look forward to, you know, continued debate on the floor of this legislature regarding this and other areas.

I would like to again change the focus, looking at the clock here, but at least to get into the Saskatchewan Party policy of lower taxes for low-income and moderate-income families. Idea no. 1 in the Saskatchewan Party list of 100 ideas to build Saskatchewan for the next 100 years — which, by the way, Mr. Chair, is available on the Saskatchewan Party website at www.skcaucus.com or from any Saskatchewan Party MLA [Member of the Legislative Assembly] — it's information that people are requesting and that we're more than happy to provide.

Idea no. 1, Mr. Chair, is to provide income tax relief for low-income and moderate-income people in Saskatchewan. We provided a briefing note to the minister last month on our proposal, given that his comments both inside the Assembly and in the media interviews clearly demonstrated that he did not have an accurate understanding of our proposal. I'm happy to provide additional copies to the minister and his officials if so necessary at this time, or if indeed they do have a copy of it now.

The minister will know the Saskatchewan Party has proposed an increase of up to \$6,000 in the basic personal exemption for individuals earning less than \$35,000 per year. Under the Saskatchewan Party plan, about 215,700 Saskatchewan people will pay less tax and another 70,000, many who are earning minimum wage, will be removed from the tax rolls altogether

and therefore pay no provincial income tax at all.

By targeting and tiering the tax reduction so that lowest-income earners get the greatest benefit, and reducing the tax cut as income increases to a maximum of \$35,000 where the tax reduction at that point would be zero, the total cost of the program when fully implemented would be approximately \$91 million — \$91.5 million according to tax information provided by the Department of Finance in 2004.

Since the NDP budget clearly underestimates oil revenues in '05 and '06 by at least \$335 million in each year, will the minister agree the province can afford to reduce taxes for Saskatchewan's lowest-income earners? And will the minister therefore support the Saskatchewan Party plan to cut taxes for more than 385,000 Saskatchewan people who earn \$35,000 or less?

Hon. Mr. Van Mulligen: — My question would be, Mr. Chairman, where does the \$91 million come from?

Mr. Cheveldayoff: — Well, Mr. Chair, it's right in the documentation that we provided to the minister previously, and I'd be happy to table it at this time.

Hon. Mr. Van Mulligen: — Mr. Chairman, I would have thought that if someone were planning a change of that magnitude over and above what's in the budget, that they would have a very clear idea as to where those funds would come from. To say that, well I think oil prices are going to be higher and therefore I think there's going to be more money, and therefore you should undertake to spend that money, is just simply not credible.

The member talks about 100 ideas and a website. I'd certainly invite the public of Saskatchewan to go to that website and to check those 100 ideas. If any of those 100 ideas address the question of balanced budgets and the question of prudence when it comes to budget and fiscal management, I don't think they'll find those there.

Mr. Cheveldayoff: — Well I find it disappointing that the minister does not want to get into the details of the Saskatchewan Party proposal at this time. I've got the information right here, and correct me if I'm wrong. If our numbers are not accurate, then I would ask the minister or officials to correct us on our numbers.

Because certainly we don't have the resources of the Department of Finance, but up until this point . . . up until this point any numbers that I've thrown out have not been challenged by the minister of the Department of Finance. And I ask him to examine our proposal, and I ask him, in the estimates of Department of Finance, to consider this as a policy alternative that the government could adopt.

Hon. Mr. Van Mulligen: — Well, Mr. Chairman, with respect to provincial income tax for low-income residents, Saskatchewan's personal tax reform initiative created a simple and transparent tax system for provincial residents that improved tax fairness. It lowered personal income taxes by over \$400 million.

It increased the basic personal exemption. For 2005 the amount is \$8,404, \$265 higher than the federal amount, and the third highest in Canada. It ensured that every taxpayer received a tax reduction, with families receiving the largest tax reduction, and it lowered marginal tax rates to encourage the retention of skilled labour in the province.

Mr. Chairman, in addition to that, in this particular budget we are allocating, I believe it is \$55 million for a property tax rebate or exemption for property tax payers in Saskatchewan.

The budget, as the deputy minister explained earlier with respect to the expected dividends from the Crown Investments Corporation, anticipate that, if necessary, there will be sufficient funds for a rebate to utility customers in Saskatchewan to ensure that Saskatchewan people have the lowest bundle of utility rates in the country. Those too are measures that will be well received by low-income families in Saskatchewan.

I appreciate the member has a different approach. The member doesn't talk about priorities. The member has also advocated, even here today, that there should be additional spending. You know I don't want to total up all of the ideas that the member and his colleagues have put forward with respect to spending. But now here he says no; in addition to those spending ideas, we should reduce taxes.

Well again I come back to the point that I made earlier that, you know, one needs to be prudent when it comes to the budgets. One needs to be prudent about the assumptions that one makes with respect to revenues. One needs to have a clear plan as to what your priorities are and to support priorities in the budget, that not everything can be supported. The exception there, of course, is the opposition. The opposition can spend money on everything and of course cut taxes everywhere without having to really be called accountable as the government is.

Mr. Cheveldayoff: — Thank you, Mr. Chair, and Mr. Minister. And I'd like to remind the minister and the member from Moose Jaw Wakamow that this opposition takes our role very seriously. One thing that we take very seriously is not only to oppose, but to propose ideas. That is the reasoning behind the 100 ideas that we put forward.

I think it's a fair statement to say that there was a vacuum at the beginning of this session as far as new ideas that have been put forward. We came up with 100 ideas and we will continue to do that. That's what the Saskatchewan taxpayers pay us for, and that's what we take great pride in doing.

If the minister is saying . . . [inaudible interjection] . . . And the member from Moose Jaw Wakamow says the ideas aren't good. Well I would challenge her to take those 100 ideas and tell us which ones aren't good.

Mr. Chair, the NDP is asking the Saskatchewan Party to approve a budget that assumes the border would be open to Canadian cattle this spring. The border is closed. The NDP is asking the Saskatchewan Party to approve a budget that is likely underestimating oil revenues by as much as \$465 million. And if my numbers are wrong, I stand to be corrected, but my numbers here show \$465 million.

It's almost as if there are two sets of books, Mr. Chair, the budget documents that the NDP government released in March, and another set of budget documents that is used by the NDP cabinet behind closed doors.

The government has just signed a contract with teachers that includes significant new spending not in the '05-06 budget. In fact the NDP has frozen the foundation grants to school divisions in '05-06 and therefore has budgeted no money for any increase in teachers' salaries. And yet the minister is asking the Saskatchewan Party to pass the budget anyway.

Mr. Chair, it's clear the budget that was introduced by the government last month does not present a forthright picture of the revenues and expenses the government will incur over the next year. Does the minister really believe that it's responsible to ask this legislature to approve a budget that clearly does not present an accurate picture of revenues and expenditures as we know of them today?

Hon. Mr. Van Mulligen: — Well, Mr. Chairman, I just want to go back to the member's first comments. He says, well we put forward lots of good ideas. But it's not a question of that ideas are good ideas or not good ideas. The question for a Finance minister is, are they affordable ideas? One has to look at all the ideas that are received. And we too receive many ideas, and many of them are good ideas. But the question is, what is affordable within the context of the budget and what the, you know, the challenges that we have. And I guess it's fair to say that in opposition everything can be afforded, everything can be paid for, because the opposition is not called to account.

The member talked of a vacuum. Again I think the big vacuum in the list of ideas that the members have is that there is no articulation. None whatsoever. No discussion of any notion that there should be balanced budgets, and that there should be accountability. I mean, we've gone through a period in our history in the 1980s where government spent like drunken sailors, and with apologies to drunken sailors. There didn't seem to be any prioritization. You know, there didn't seem to be any sense of matching your revenues with your expenditures over . . . not on an annual basis, not as part of any four-year plan, nothing. Nothing. And look at what we have as a result of that.

We had in 19 . . . You know, in the early '90s we had one of the highest debt to GDP ratios in all of Canada because again no one was prepared to say, look, there are priorities. You need to prioritize your spending. You can't spend on everything. There's not enough money to just spend on everything. It's not enough to say, well we got a good idea; let's just spent money on it. You have to, you have to prioritize and that's what responsible government is all about — government, not in opposition, Mr. Chairman.

The Chair: — Order. If I could just have a minute. I just want to make a few comments with respect to how this committee has operated and how I intend it to operate in the future. We have done well without sidebar conversations over the days that I've chaired these deliberations. We have done well with dialogue between members of the committee through the Chair to the ministers. That's how I intend to run this committee, and I don't intend to have chatter behind the scenes directed to

either the minister or to the member of the committee who is asking the questions. Thank you.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Minister, I would purport that this opposition has been very forthright in costing this proposal to the dollar, asking you if we were out of line with our cost estimation — if the \$91.5 million is out of line. We've asked you and your officials to review that.

The minister talks about priorities. This is item no. 1 in our list of 100 ideas. This is a priority. And if this isn't a priority for the minister, I would ask him to articulate what rates above lowering taxes for low- and modest-income people in this province. I would submit to him, that's one of the challenges that this province has to face, because Saskatchewan residents making \$29,000 a year or less pay the highest tax rate in this country.

Hon. Mr. Van Mulligen: — Mr. Chairman, the priorities of the government are reflected in the budget. That priority is to carry on, continue with the income tax system that we have, where we've made major changes, reforms over the last number of years. And in great part, the objective of that review was to provide fairness; to do away with things such as the flat tax, which was very harmful to low-income people. That is in part the reasons for the changes that we've made. We continue to support that.

Concerns about the ability of taxpayers in Saskatchewan, the issue of affordability is also part of the reason that this budget, although it doesn't provide that, nevertheless anticipates reduced dividends from the Crown Investments Corporation so that the Crown Investments Corporation and the Crown utilities can provide the lowest bundle of utility rates for the people of Saskatchewan.

This budget too provides for property tax relief for property tax payers in Saskatchewan — very significant for people on fixed incomes. It's not a question of being forthright about what something will cost. The question is being forthright about what is it that you would cut out of the budget to accommodate what it is that you're proposing. So the question for the member is, what is it that he would cut out of the budget?

Mr. Cheveldayoff: — We could provide information to the minister as far as things to cut out, and we would start with wasting money on things like SPUDCO [Saskatchewan Potato Utility Development Company] and Navigata. That's an area that . . .

Hon. Mr. Van Mulligen: — Well, Mr. Chairman, there is no budget item called waste on SPUDCO in this budget. So maybe he might go to another item as to what it is that he would cut out of the budget that's credible.

Mr. Cheveldayoff: — Mr. Chair, the minister has indicated that there's no specific item around those two projects, but it certainly has been woven through this budget.

Mr. Chair, I have enjoyed this discussion. I think that it's been fruitful. I've agreed with the minister on a number of points and disagreed with him on many points. But looking at the clock now, I would ask that we report progress.

The Chair: — Thank you very much. I think by agreement we had assumed that we would be moving to the Saskatchewan Research Council estimates. Before we do, Mr. Yates has asked for the floor for a second or two.

Mr. Yates: — Thank you very much, Mr. Chair. I have four questions I'd like to ask the minister. Could he inform the committee what third party validators are saying or credit rating agencies are saying about our current budget, what third parties are saying? Could he just remind us, if he could, what the credit rating agencies have said about budgets over the last two or three years? And if he could, could he contrast that with the credit ratings we had under the last Conservative fiscal policy? And then lastly, could he just inform us whether or not there's any debt reduction, has been any debt reduction in this particular budget over the last two or three years?

Hon. Mr. Van Mulligen: — Mr. Chairman . . .

The Chair: — Thank you very much, Mr. Yates. Mr. Minister, if it would be all right with you, we're 10 minutes over our agreed-to time. If you would bring response to those questions to the next estimates?

Hon. Mr. Van Mulligen: — I can do that.

The Chair: — I would appreciate that. Right. Thank you. If there are no further questions today, I want to on behalf of the committee then thank the officials and the minister for attending to the committee today. And we'll recess for a few minutes while the Minister Responsible for the Research Council and his officials take their places. Thank you.

General Revenue Fund Saskatchewan Research Council Vote 35

Subvote (SR01)

The Chair: — Thank you very much. The committee will reconvene. And the item before the committee are the estimates for the Saskatchewan Research Council. They're found on page 132 of the Estimates book. With that I would ask you, Mr. Minister, to introduce your officials and we will continue with the estimates.

Hon. Mr. Cline: — Thank you, Mr. Chair, and good afternoon to you and members of the committee. With me today, sitting to my immediate left, is Dr. Laurier Schramm, who's the president and CEO [chief executive officer] of the Saskatchewan Research Council. And beside him is Ms. Crystal Smudy, who's the chief financial officer of the SRC [Saskatchewan Research Council]. And to my right is Mr. Tom Ketterer, who is the controller of the Saskatchewan Research Council.

And I have some introductory remarks, Mr. Chair, with your permission if you'd like me to proceed with those.

The Chair: — I think you should proceed with those.

Hon. Mr. Cline: — Thank you. For information of the members of the committee, SRC is Saskatchewan's leading provider of applied research, development, demonstration, and

technology commercialization. SRC's many scientists and engineers provide smart science solutions for the challenges their clients face in nearly every strategic sector of this province.

This breadth of expertise is a valuable asset for Saskatchewan, not only because it provides a critical mass to support our industries but also for economic spinoffs. In fact an economic impact study recently conducted for SRC showed that in 2003-04 SRC was responsible for the creation or maintenance of more than 375 jobs and had a direct economic impact in Saskatchewan of more than \$58 million. These numbers are a reflection of the success of Saskatchewan's business and industry.

I would like to highlight some of SRC's recent accomplishments in more detail. SRC's work in alternative energy received international praise last April when the world's first truck fuelled by a combination of diesel and hydrogen was launched. This recognition came to the forefront again this past January with the unveiling of the gasoline and hydrogen fuelled truck. These proprietary hydrogen systems being developed in Saskatchewan are considered a critical bridging technology as the world's transportation industry moves towards vehicles powered by hydrogen fuel cells. The unique retrofitting of existing vehicles by SRC helps reduce greenhouse gas emissions while lowering costs and providing greater flexibility to vehicle operators.

As committee members know, Saskatchewan's heavy oil resource is valuable and vast. However of the original resource, 85 per cent remains underground following primary production. This year SRC made significant contributions to the development of new enhanced recovery processes that are being tested in the field.

SRC is providing energy and environmental research and monitoring services for the Weyburn CO₂ injection project. It is also providing on-site laboratory support and analytical services to assist Nexon with the implementation of a vapex [vapour extraction] recovery technology for the Plover Lake project. What's really exciting is that these processes are more environmentally friendly and more energy efficient.

SRC's geoanalytical laboratories established an ISO [International Organization for Standardization] /IEC 17025 accredited secure diamond facility. And I'm happy to report, Mr. Chair, that there are 66 employees working at SRC in the diamond area now. And that's development over the last short number of years. The accredited secure diamond facility is one of a kind in North America. And although it was established to assist Saskatchewan clients, the facility now has a worldwide client base. SRC has developed a reputation of excellence in providing high-quality results in diamond analysis and research with clients from all over the world.

In February two of SRC's uranium clients, International Uranium Corporation and JNR Resources, both from Saskatoon, got together and donated equipment valued at \$43,000 to streamline the kimberlite analysis process, reducing the strain on the uranium analysis lab.

SRC received Western Economic Partnership Agreement, or

WEPA, approval for \$2.9 million to aid in the development of an upgrade to SRC's existing fermentation plant, pilot plant facility. This strategic initiative attempts to satisfy current and anticipated client needs to support the vaccine and infectious disease sector, address existing and emerging problems with infectious diseases in both animals and humans, and further develop knowledge-based high technology capabilities in Saskatchewan.

SRC is working with the community of Nipawin to help them develop what could become a 75 million dollar . . . million litre, sorry, per year ethanol production plant that would use wood wastes as its feedstock and perhaps flax straw as well. SRC is developing the technology for what could be one of the most efficient and environmentally sound ethanol production facilities in Canada.

SRC's Technology-in-Action Awards provided two \$5,000 scholarships through the Rotary initiative, Your Future is Here, for two students who are working on technologies that will benefit Saskatchewan.

SRC also awarded a \$10,000 bursary for the winner of the Saskatchewan Chamber of Commerce's ABEX [Achievement In Business Excellence] TIA [Technology in Action], New Saskatchewan Product Award which was Ground Effects Environmental Services, the winner, which developed a new technology to improve the process of removing and treating soil and water contaminants.

Mr. Chair, I wanted to take these few minutes just to give you a few examples of the exciting work SRC has conducted over the past year. It is indeed an organization that provides smart science solutions for its clients and partners, and that creates wealth for Saskatchewan. Thank you.

The Chair: — Thank you, Mr. Minister. The Chair recognizes Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair, and Mr. Minister, for that commercial. And I'd like to also welcome the officials, and I look forward to the support that they'll give us today in getting some answers to a few questions. This won't be controversial today as the official opposition is very much in support of the Saskatchewan Research Council and its associated Petroleum Technology Research Centre.

I hope to get finished today, and we'll still make an effort at that, but we do have a number of questions to ask. Mr. Chair, to the minister: who is currently on the board of directors of SRC?

Hon. Mr. Cline: — I do have a list of the board members which I shall locate, actually in my binder. Yes, the board is composed of Mr. Keith Hanson, who's the Chair; he's a business person in Saskatoon. Mr. Mike Monea is the Vice-Chair; he happens also to be the head of the Petroleum Technology Research Centre in Regina. Dr. Schramm, who is also the CEO, serves as secretary of the board.

And then there are seven members: Doug Kelln from SaskEnergy; Larry Cooper of Scientific Instrumentation Inc.; Craig Zawada, who practises law in Saskatoon; John Bennett of Beckman Farms Ltd.; Dr. Amy Veawab of the Faculty of

Engineering of the University of Regina; Dr. Peta Bonham-Smith of the Department of Biology at the University of Saskatchewan; and Ms. Patsy Gilchrist of SIAST [Saskatchewan Institute of Applied Science and Technology].

Mr. Stewart: — Thank you, Mr. Minister, Mr. Chair. Mr. Minister, could I ask the same question of the Petroleum Technology Research Centre, who the directors and officers are?

Hon. Mr. Cline: — Yes, I'd be happy to provide that information, Mr. Chair. I don't have the list in front of me for the board members of the Petroleum Technology Research Centre, but what I'll do perhaps is undertake to provide the member with a copy either later this afternoon or shortly. Yes, I can give you the . . . as of 2004 and if it's changed I'll get that to the member.

But Frank Proto is the Chair. Allan Cahoon from the University of Regina is the Vice-Chair, or I'm sorry, is a member of the board. Then Philip Chan from Talisman Energy; Bryan Cook from CANMET [Canada Centre for Mineral and Energy Technology] energy technology centre of Natural Resources Canada; Carl Henneberg, who is the president of Blacksmith Resources, a Saskatchewan oil company.

Mike Langley, vice-president of business development for North American Oil Sands Corporation; David Long, the general manager of heavy oil and gas business for Husky Energy; Bob Mitchell, a retired vice-president of Talisman Energy Inc. And not to be confused with the former minister in the Saskatchewan government, this is a different Bob Mitchell. Brian McConnell vice-president of exploration for Tundra Oil and Gas Ltd.; Dan O'Bryne, vice-president of technical services for Nexen Inc; Laurier Schramm, Dr. Schramm here who is also the president of SRC; Larry Spannier, who is deputy minister of our Department of Industry and Resources; and John Zahary, president and CEO of Viking Energy Royalty Trust.

And as I said, if that is changed since 2004, I'll just undertake to get the changes to the member.

Mr. Stewart: — Thank you, Mr. Minister, that'll be perfectly satisfactory. Mr. Chair, Mr. Minister, how many employees now work for the SRC, and I presume that PTRC [Petroleum Technology Research Centre] will be separate from this.

Hon. Mr. Cline: — Yes, it's approximately 260 employees work for the SRC mostly in Saskatoon, but I believe 30-some in Regina.

Mr. Stewart: — Thank you, Mr. Minister. And the same question for the Petroleum Technology Research Centre?

Hon. Mr. Cline: — They have about three employees. As you can appreciate they partner with other organizations like the University of Regina, so there are people that are working there but they may be from industry or university or elsewhere.

Mr. Stewart: — Thank you, Mr. Minister. I understand the arrangement, I think. What amount is the SRC expecting to receive in grant from the provincial government this particular year?

Hon. Mr. Cline: — It is \$8.16 million.

Mr. Stewart: — Thank you. And the same question for the Petroleum Technology Research Centre — or is that lumped in with the eight one?

Hon. Mr. Cline: — It is a separate amount and we'll just get the figure for you.

Mr. Stewart: — Thank you. Do we know offhand how much revenue that the SRC generates from the private sector?

Hon. Mr. Cline: — Yes. Mr. Chair, to the member, these are as of '03-04, the most recent figures available. From industry in Saskatchewan it is approximately \$7.6 million and from industry elsewhere in Canada it's approximately \$5.5 million for a total of, you know, just more than \$13 million.

Mr. Stewart: — Very good. Thank you, Mr. Minister. As well, how much revenue will the Petroleum Technology Research Centre be generating from the private sector?

Hon. Mr. Cline: — Okay, Mr. Chair, I'll get that figure for the member along with the grant allocation to the Petroleum Technology Research Centre. And while that information is being assembled, perhaps we could move on to another question and then I'll return to that.

Mr. Stewart: — No problem. Thank you very much, Mr. Minister. Mr. Chair, Mr. Minister, in your introduction, Mr. Minister, you spoke about alternative energy, particularly hydrogen powered vehicles. I'm wondering when might the technology in that regard be at the commercial stage and if . . . And I guess there may be two answers to that, one for heavy vehicles and one for light ones. I wonder if there is any insight that we can gain from that.

Hon. Mr. Cline: — Well that's a very complex question, and I don't know that anyone has, you know, a clear, concise answer to that. But perhaps I should ask Dr. Schramm, who is a scientist, to comment on that. And as I understand, your question is related to hydrogen and when that might be feasible for use in large and small vehicles?

Mr. Stewart: — Right.

Hon. Mr. Cline: — On a commercial basis?

Mr. Stewart: — Yes.

Hon. Mr. Cline: — Okay.

Mr. Schramm: — Yes. We don't know for sure when it might be. That will be up to industry and the marketplace to determine, however, it could be relatively soon depending on things that take place in the business environment around us. The vehicles that our organization has been part of developing, that the minister referred to in his opening remarks, are targeted at this transition stage — where there is not much hydrogen fuel available presently for vehicles on the road but might be as things evolve in short order, possibly in a few years down the road — which have the capability of operating either on a readily available fuel such as gasoline or diesel when that is

what is available to a consumer, but to be able to use an advanced fuel such as hydrogen in locations where that is available.

So that is another way of saying that the hydrogen doesn't have to come into the marketplace everywhere all at once to allow for the possibility of consumers operating vehicles that could take some advantage of it as it does become available. There is the possibility of some vehicles being commercially viable within a very short time — possibly a matter of even a couple of years — in very limited numbers because there is presently the possibility of obtaining hydrogen from by-product streams of current industry that is already operating at facilities such as the upgrader here in Regina and the large chemical plant in Saskatoon.

Now that would be a modest beginning. Our estimates are that there might be enough fuel from sources such as that to economically fuel some few thousand vehicles. That's a long way from broad acceptance into the marketplace, but that's probably the next step.

So coming back to your question, the number of years to go beyond that, to get truly significant numbers of vehicles on the road at an economic price, we simply don't know. What we are trying to do is provide the technology for business and industry that would like to take steps in that direction to help them grow their businesses and be competitive. And that is the path that makes sense to help them get there as quickly as possible.

Mr. Stewart: — Thank you, Mr. Schramm. I recognize that that's not a question that you could answer with a specific number, but I do appreciate the insight.

Mr. Chair, Mr. Minister, with recent royalty incentives that have been announced for enhanced oil recovery, can we estimate what that will mean in additional income to the Petroleum Technology Research Centre, if any, from the private sector?

Hon. Mr. Cline: — Mr. Chair, the answer to the member is no, we do not know a figure for that. We cannot estimate what industry may pay to the PTRC.

But Dr. Schramm indicates to me that the response of industry has been very enthusiastic and that there is interest in industry putting money into the PTRC. And we're in the process of, you know, negotiating some arrangements with industry. But we just don't have any figures on that, other than we have the strong indication that it will be positive, that money will be flowing into the PTRC from industry. And hopefully next year at this time, we would have a, you know, a clearer indication of how much.

Mr. Stewart: — Thank you, Mr. Minister, Mr. Chair. Mr. Minister, I wonder, Mr. Minister, if you could give us some insight as to the type of services that may be provided to particularly the oil and gas sector by the PTRC in the, you know, short-term, immediate future.

Hon. Mr. Cline: — Yes. Before I answer that, Mr. Chair, I can now answer a few questions that the member asked earlier that I did not then answer. He asked for the budget of PTRC coming

from government. The figures are from . . . The Department of Industry and Resources provides \$1.5 million to PTRC for operating and \$137,000 for capital, for a total of \$1.637 million for this year.

And industry is providing a total of about \$1.263 million, the majority of which is for the Weyburn project — that's \$915,000 — and \$348,000 for other programming.

And to now move on to the last question. In terms of the services that PTRC is providing to the oil and gas sector, it is somewhat general in this sense — that there are a lot of researchers working there who would be looking at sort of any and all ways, or thinking at least about any and all ways to figure out how to get our oil out of the ground.

And as the member knows and I think all members of the committee know, the challenge we have in Saskatchewan in terms of producing oil is largely one of technology because 85 per cent of our oil does not come out of the ground using existing technology. So we have to develop ways to cause that oil to come up the oil well and out of the ground. And so at Weyburn they're injecting carbon dioxide into the ground, which provides pressure, which then moves the oil and the oil can come to surface.

So one of the things that they are looking at at PTRC of course, is how to enhance CO₂ oil recovery. And CO₂ oil recovery is already successful at Weyburn, but they're monitoring it and trying to figure out how to make it even more so.

Then another way is a vapex project they're working on, and they have kind of a pilot plant for vapex, and that involves another method of injecting, as I understand it, I think it's vapour . . . [inaudible interjection] . . . vaporized solvent into the ground to again create pressure which will move the oil and bring it up.

But having said that, when I've been over at PTRC myself just, you know, looking around and talking to some of the scientists, they will take you through . . . And by the way, they would welcome any of the members of the committee there. It's quite interesting. They will take you through, Mr. Chair, and show you just different things that they're trying to, in order to move oil.

And I'm not trying to be vague at all, but to say that I think the attitude of the scientists is probably that, well we need to have an open mind and try various things to try to figure out how to move the oil. Two of them are CO₂ work and vapex work, but I know that there are a variety of other things that they experiment with.

Mr. Stewart: — Thank you, Mr. Minister. Any funds that are obtained from the private sector through enhanced oil recovery services, if you like, would they be strictly directed back to the Petroleum Technology Research Centre or would they be distributed across the SRC or might some of them go into general revenues?

Hon. Mr. Cline: — The answer, Mr. Chair, is that any money generated from work that would be done by the PTRC, it would never come back to the General Revenue Fund of the

government. It would be used for research activities, for research and development. And it's not quite straightforward in the sense that the money would always go to the PTRC, because sometimes they might contract with the SRC or the U of R [University of Regina] to do some of the work, in which case those entities would be paid.

But the general answer . . . and well the specific answer is that the money would always benefit the research organization and further research and development, and it would not come back into general government coffers.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, referring to the Weyburn CO₂ sequestration project, what, if any, has been the extent of CO₂ migration in that study? Is it proving to be pretty stable or is it a potential problem?

Hon. Mr. Cline: — The indication is that none of the CO₂ put into the ground has escaped. Now granted, this project only goes back a small number of years, but the monitoring that they do indicates that the CO₂ remains in the ground.

In conversations I've had with the president of the PTRC, he has told me that the belief that the scientists and researchers have is that that CO₂ will be sequestered for thousands of years. Of course we won't be here in thousands of years to see if that's true. But that's the feeling they have, that the geology is such that . . . [inaudible interjection] . . . Yes, I should only speak for myself. The geology is such that they feel it will be long-term sequestration. And in answer to this specific question, is any of it escaping, thus far the answer is no, it is not.

Mr. Stewart: — Thank you, Mr. Minister. Some days it feels like we've already been here for thousands of years.

Has there been, Mr. Minister, has there been any CO₂ breakthrough into water formations or wells in the area of that sequestration project?

Hon. Mr. Cline: — We do not have the answer to that question, and we'll have to ask EnCana Corporation for further information. And I think what I'd like to do, Mr. Chair, is to undertake to ask EnCana that question and provide the member with a response.

Mr. Stewart: — Thank you, Mr. Minister. That's perfectly satisfactory. Mr. Chair, Mr. Minister, for nearly 20 years now CO₂ has been sequestered into the Midale oil field. It's been trucked there from Medicine Hat, Alberta. I'm wondering if that is part of the study. I mean that's a far more mature project than what has been operating for four years in the Weyburn area.

Hon. Mr. Cline: — The answer is that no, the Midale project has not been part of the study because the study is a baseline study where they make measurements prior to the injection of CO₂ and then afterwards so that they can monitor the effect. And of course they're not able to do that with the Midale because it's been going on since before they existed, so they can't do a baseline study. And this study that they are doing will be one that will give them complete information on what is happening with the CO₂ injection.

Mr. Stewart: — Thank you, Mr. Minister. I am no scientist but

even I can understand that that might be an issue.

Mr. Minister, or Mr. Chair, Mr. Minister, so far are the results of the study showing that this may be a viable option for permanent sequestration of CO₂?

Hon. Mr. Cline: — Yes, yes. The answer to that is definitely yes, because they see no leakage. And as I said earlier, the indications that I get from Mr. Monea and other people I've talked to up there is that they feel, you know, based on their expertise — and I'm no scientist either — that the CO₂ will be in the ground long term. They talk about it being down there for, you know, thousands of years. And I can't give you the technical reasons why they feel that way but I know that it's based upon their scientific assessment.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, in the PTRC's report on the CO₂ sequestration it discusses the possibility of sequestering CO₂ in saline aquifers. Does the PTRC have any plans to pursue a study or to pursue sequestration in aquifers?

Hon. Mr. Cline: — The answer is no. They do not have lands to do that and they also have not made any decision to do that.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, Mr. Minister, after that short four-year study, and I know that there's probably few conclusions can really be reached, but are there other areas in the province of Saskatchewan where the PTRC is looking at the potential of CO₂ sequestration to enhance oil recovery?

Hon. Mr. Cline: — The answer, Mr. Chair, is yes. Certainly the PTRC would definitely be interested in considering working on CO₂ projects in other parts of the province. Having said that, it would really involve partnership between PTRC and industry. As you know there is EnCana involved, there is Apache involved, and there may be other oil companies involved.

And essentially what you need is for an oil company to come along and say that they want to do some enhanced oil recovery using CO₂, at which point they could contract with PTRC to get whatever services they wanted from PTRC. And our objective is that this would become more widespread across the province. And so part of the recent announcement on enhanced oil recovery that the Premier and I made at the PTRC a number of weeks ago was to say to industry that, if you want to do this we will give you some special tax treatment to recognize the expense of doing that. And so the taxation circumstance or arrangement, I guess, is there for this to happen. And now we need, you know, industry to step forward and bring about more projects, in which case we will certainly be pursuing that.

Another side issue to this which is very relevant in terms of the question of whether we have increased CO₂ projects around the province has to do with the federal government. And we discussed this partly in question period yesterday in the legislature, the federal government's commitment under the Kyoto accord. Because as one of the opposition members pointed out yesterday, the federal government has said that they want to enter into agreements with the provinces to find ways to reduce greenhouse gas emissions. And if we had more CO₂ projects, that would have the effect of reducing greenhouse gas

emission.

So we're in the process right now, and have been for some time, of trying to convince the federal government that what they should do is to provide some of their funds to Saskatchewan. Not necessarily the government, but it could be the industry or it could be the PTRC or the SRC, I'm not sure, because those arrangements haven't been made. But my point being that we would like them to meet part of their Kyoto commitment by working with the oil industry and the Saskatchewan Research Council and the PTRC to bring about more CO₂ injection projects. And I'm told by Mr. Monea at the PTRC that we could quite conceivably meet one-third or more of Canada's Kyoto commitment by doing this without a huge expenditure of funds.

And so we're . . . Dr. Schramm was telling me this morning that, you know, we certainly have a plan that is already being executed to try to convince the federal government that this is the way we should go. And that actually included a visit by the Prime Minister, Mr. Martin, to the PTRC recently where this possibility was discussed with him, and he certainly invited us to continue to dialogue with the federal government to bring this about. And it's very early days because the federal government's outline for Kyoto just came out, I think it was last week or the week before.

And so to answer the member's question, yes we want CO₂ injection to go elsewhere and we not only have a plan to encourage industry to do that but we also have plans to convince the federal government to come in on it too. And it's a very, very high priority of our government and the SRC and the PTRC to strike this kind of arrangement with the federal government. We think it's a real winner for Saskatchewan people, for industry, and for the environment.

Mr. Stewart: — Thank you. Thank you, Mr. Minister. Mr. Chair, Mr. Minister, I'm going to ask just one more question. I'm going to turn the floor over to the member from Biggar. And I'm hoping that . . . and then I think the member from Kelvington-Wadena has a few questions and I'm hoping that we can finish up and let the officials off the hook and that they won't have to come back. So I'm going to cut a little short here and just go to one more question.

I'm wondering, I'm looking at some copy here regarding the JIVE program which is joint implementation of vapour extraction, the vapour program that you talked about. I see that the Saskatchewan Research Council, Alberta Research Council, and Nexen are involved. Does Saskatchewan Research Council and particularly the PTRC actually experience competition from similar agencies in the field or is it . . . does Alberta get involved by invitation or what's the deal?

Hon. Mr. Cline: — The answer to the question, Mr. Chair, is there are some areas where the Saskatchewan Research Council would be in competition with the Alberta Research Council to obtain work for a client. In this particular area, they are co-operating and collaborating. So they're working together, which I think implies, you know, they're both trying to perfect the methodology, and they're sharing information and working together on that project.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. Mr. Minister, I've got a couple of questions concerning the independent review of pumping and recovery data for the Tyner Valley aquifer and the impact of pumping of the Tessier aquifer done by the Saskatchewan Research Council by, I believe a Mr. H. Maathuis in the environment and minerals division. First question I would like to ask is, how much was the Research Council paid for doing that review?

Hon. Mr. Cline: — The Research Council, Mr. Chair, to the member, was paid \$66,000 for doing the review.

Mr. Weekes: — Thank you. And who paid that?

Hon. Mr. Cline: — Mr. Chair, to the member, it was work conducted for the Saskatchewan Watershed Authority.

Mr. Weekes: — Thank you. The point I'm going to make are concerns brought up by the citizens of the Vanscoy, Asquith, Grandora area that has had their water affected by this project. At the public meetings . . . I've attended a number of them. The suspicion, to put it bluntly, is that first TransGas which is a Crown corporation . . . We have the Saskatchewan Watershed Authority which is overseeing the project is an arm of the Environment department, and they have hired the Saskatchewan Research Council which basically is another arm of government, and there is a strong suspicion from the citizens in that area that the review would not be independent, that basically it was a review that would justify continuing pumping the caverns.

And even today, the citizens in that area are still continuing to have water problems. The mitigation of the wells have not been satisfactory to the citizens. And I'd just like the minister, well, to comment on their suspicions and their concerns about being independent and having basically three arms of government dealing with this, and to allay their fears basically that they're not being ignored in their concerns.

Hon. Mr. Cline: — Yes. Well I can appreciate that some individuals may have those concerns. And what I would want to say to them is that the Saskatchewan Research Council is comprised of a CEO, a board, and employees — some that are scientists and researchers, and some are technicians — who together have carved out for themselves an international reputation. And I would assure those residents, who I understand are concerned and worried about water issues — I understand that — but I would want to assure them that neither Dr. Schramm nor any of the scientists or employees of the Saskatchewan Research Council would compromise their professional reputations, of which they have excellent reputations, by changing their views or publishing results or reporting results that were other than purely scientifically based.

Because quite apart from the issue at hand, I would assure them that Dr. Schramm and his employees can work anywhere around the world. They don't need to work for the Saskatchewan Research Council, and I don't believe that there's a person that works at the Research Council that would falsify or place any bias in their work in order to please the Saskatchewan Watershed Authority or TransGas or the Government of Saskatchewan or anybody else. And I would assure them that if somebody such as myself, as a minister of

the Crown, ever suggested to Dr. Schramm or an employee of the Saskatchewan Research Council that their work should come out a certain way, I would be told that that was inappropriate, and you know, either I would resign or they would resign but that just wouldn't happen. And speaking for the Government of Saskatchewan, I would not have it any other way.

If the result, and I don't know any much about the report — I haven't read the report; it's not part of my portfolio — but if the result was that there were adverse findings against the Watershed Authority or TransGas, then I would fully expect the Saskatchewan Research Council to publish the results that were adverse to them and their interests because that is their job.

If we had a Research Council which could be influenced to come up with results that weren't quite the proper results, then we wouldn't have a Research Council. And this is an organization that has existed in this province for many decades and has a world-class reputation, and we are not going to compromise that reputation just so somebody can proceed with their natural gas caverns. As important as it is to have a place to store natural gas, we will not do that, and I don't need to ask anyone at the Research Council whether they would ever do that. That is totally foreign to what any Research Council would do and certainly foreign to the excellent worldwide reputation enjoyed by the Saskatchewan Research Council which we will not compromise by doctoring any results for anybody, and we don't care who they are.

Mr. Weekes: — Thank you, Mr. Minister. And I certainly would expect nothing less than that, and certainly I'm sure the members are very professional in the work that they do. The scientists are very professional. The bottom line is, Mr. Minister . . . are the suspicions and the concerns and the reality on the ground of the citizens in the Grandora area concerning this project. And right today they are still having water problems.

And when you look at it from their point of view, the pumping has started, and basically they feel that their back's against the wall, quite frankly. They are in . . . they have taken this matter to court, and we will see what the courts say about this. But I will pass on what you have said, but I'd just like to make the point how strongly these people feel that they are basically against the wall.

I spoke to one of the teachers that was at the SSTI [Saskatchewan Social Sciences Teachers' Institute] yesterday that's from Grandora, and he was out of water for two weeks. And this is the reality of what's going on there, and people are very concerned about that whole situation. But thank you for the answer, and I will pass that on to the committee.

Hon. Mr. Cline: — Mr. Chair, I thank the member for that too. I do want to add that . . . I mean as I said I didn't read the report. It's not part of my portfolio, and it's a technical area, but I want to say I do understand the strong feelings that there are there. I mean these are issues of water, and water's very essential to people, and I can understand that they have concerns and I certainly respect that.

I do know that there was one aspect of the project where I believe the SRC did say that — to the Watershed Authority —

that something had to be changed in the ways they were going about this. I think it may have had to do with rate at which they were pumping water. So they did in fact say to them that something had to be changed, and I'll leave it at that.

But I understand how the people feel. But I would want to say to them, you know, as minister, I mean I would not tolerate results being doctored by a research organization, and neither would Dr. Schramm, and neither would anybody else. And if indeed there was something that was apparent, that needed to be published, that we would publish it. That would be our responsibility. And we would all want to know the truth about this, you know, situation. So thank you.

The Chair: — Ms. Draude.

Ms. Draude: — Thank you very much, Mr. Chair. Mr. Minister, and to your officials, I know that time is getting on, and I have a couple of questions that I'll ask for you just to supply the answer to me. And we won't have to wait till you've looked it up then.

I think you know in my previous life, I was more closely involved with the SRC. And I have an interest in the amount of the revenues that come into the SRC through the private sector and government sector. And I'm wondering if you can give a breakdown to me of that for the last about five years, both contract revenue and just individual revenues.

And also at one time there had been an endowment given to the SRC. And I'm wondering if there's still just the one or if there has been other endowments since then. So the question that I do . . . and I can just get you to give me that in writing. The building that the SRC is in, in Saskatoon, is that building owned by the SRC?

Hon. Mr. Cline: — In terms of the endowment, my understanding is there is just the one endowment. In terms of the building in Saskatoon, I believe that we are a tenant of Innovation Place.

Okay. Actually we don't own any of the buildings, as I said. And there are actually three landlords. One is SOCO [Saskatchewan Opportunities Corporation], which is more commonly known as Innovation Place. One is the Saskatchewan Property Management Corporation and which of course is a department of the Government of Saskatchewan. And then there is a private sector landlord that SRC has as well.

In answer to your question about finances, I appreciate, Mr. Chair, that the member asked for information for the last five years, which I will undertake to provide. I can indicate that for the last three years, starting in the '01-02 year and ending in the '03-04 year, the revenue from government to the SRC actually was reduced. It went from 8.37 million in '01-02 down to 7.7 million in '02-03 and 7.9 million in '03-04. And at the same time the revenue from various contracts with industry and government, it grew from 12.3 million in '01-02 to 16.6 million in '03-04. The result is that the total revenue in the last three years went from 20.6 million to 24.5 million. So altogether they went up about 20 per cent in the last three years. But they were successful in obtaining that additional revenue through contracting, and really the revenue from the province was

basically flat.

But what I will do, Mr. Chair, is chart that out for the last five years for the member, and then the question will be answered completely.

Ms. Draude: — Thank you, Mr. Minister. Mr. Minister, Mr. Chair, at the same time as you're doing that, will you also give me a chart of the lease rates that the SRC is paying in the last five years as well.

Hon. Mr. Cline: — Yes.

Ms. Draude: — Thank you very much. And I would like to know what the involvement is now with the SRC and the synchrotron, if there's been additional contracts made available to the SRC because of the synchrotron work.

Hon. Mr. Cline: — I think, Mr. Chair, I'll ask Dr. Schramm to comment on whatever work the SRC may be doing in relation to the synchrotron, perhaps activities that may be contemplated as well.

Mr. Schramm: — Thank you, Mr. Minister. We are working in collaboration, in partnership with Canadian Light Source in Saskatoon. We have focused our energies into three technical areas by mutual agreement with CLS [Canadian Light Source]. They are not funding us for any of this work directly. We're working in partnership, each contributing our own efforts in these areas.

One focus area is in the development of diamond identification, diamond fingerprinting techniques, in support of what we hope will be a thriving future diamond industry in Saskatchewan for which they could gain competitive advantage by being able to have someone certify that their diamonds are in fact of Canadian origin, not for example conflict diamonds or some other kind of diamonds. So that is an area that we consider to be promising and for which we're working in partnership with CLS.

There is another area that we are working on in partnership which relates to identifying specific chemical species in airborne emissions from industrial power plants, which is relevant to understanding environmental impacts on health across the province. And again, we believe there is some commercial potential in this area and we're working in partnership with CLS.

And then the third focus area, which again is a partnership effort with CLS, is to develop new tools that the mineral exploration industry can use to explore for various kinds of mineral potential across the province. And again, we feel those are the three areas that have the most potential in terms of the sectors and customers that SRC has and therefore represent the best opportunities to develop useful tools, useful techniques, and tools for synchrotron applications in business and industry.

But coming back to the one part of your question, these activities were all done in partnership. There's no direct funding from CLS to SRC.

Ms. Draude: — Thank you to the members. Just the final

question I have, I know that in the last couple of years, one of the big issues they have in this province is the BSE [bovine spongiform encephalopathy] issue. And I know at one time that the SRC was involved with a lot of research in the animal sciences and diseases.

Can you tell me if SRC is doing any work on this huge issue that's impacting agriculture in Saskatchewan and Canada?

Mr. Schramm: — Yes, we are. The work that you referred to is still continuing, in which we are partnered with much of the purebred cattle breeding industry, not only in Saskatchewan but across Canada. And we have been trying to continue that work, but as you say in this current era with the BSE crisis, that is very difficult. And we're simply doing our best to help that industry during these difficult times.

In terms of trying to address some of the concerns that come out of issues like that, we are involved in — and again with the industry partners — in trying to develop techniques that could allow a system by which there is traceability of animals and products all the way from the farms to products on the shelf and on the table. And we are also working on projects to try and develop techniques to actually detect the incidence of diseases such as BSE in animals ahead of time, before there is trouble.

Some of these, especially the latter, are probably realistically going to be long-term research projects and will take some time. But we are working on all those areas, from being able to detect the disease to being able to help provide solutions that would provide tracking of animals, which would be genetic based to make sure that it is reliable all the way from animals to products.

And thirdly we're doing everything we can to help the cattle industry deal with the market issues that they're facing currently because of the BSE related actions in Canada and across the border.

Ms. Draude: — I think that someday, maybe we can look forward to a kind of a genetic ISO and see if . . . for animal research. But thank you very much for answering the questions.

The Chair: — Thank you very much. There are, as I understand it, no further questions. So I would ask the minister to thank his officials before we adjourn.

Hon. Mr. Cline: — Thank you, Mr. Chair. I'd like to thank you and the members of the committee for their questions, and I think this has been a very interesting dialogue. And I also want to thank the members of the opposition for their consideration of the officials in voting these estimates off without requiring them to come back to Regina. It's very thoughtful, and so thank you very much. And I guess that's it.

The Chair: — Thank you very much, Mr. Minister. Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair. I don't know that we'll vote this off today, but I believe we're finished asking questions. And I'd like to thank the officials for their help. It's been very good. Thank you.

The Chair: — Thank you very much, Mr. Stewart. And thank you, officials from the Saskatchewan Research Council. We look forward to continued good work from a very important entity in our province that all of us, I think, have a lot of respect for. So with that, I will adjourn the committee to the call of the Chair.

[The committee adjourned at 17:13.]