



STANDING COMMITTEE ON THE ECONOMY

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**STANDING COMMITTEE ON THE ECONOMY
2006**

Mr. Warren McCall, Chair
Regina Elphinstone-Centre

Mr. Randy Weekes, Deputy Chair
Biggar

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Eldon Lautermilch
Prince Albert Northcote

Mr. Lyle Stewart
Thunder Creek

[The committee met at 15:00.]

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

Subvote (IR01)

The Chair: — Good afternoon, colleagues. We'll call the meeting to order. First item on the agenda is consideration of estimates and supplementary estimates for the Department of Industry and Resources. We are joined by Minister Cline and his officials. Minister Cline, if you could say any brief introduction remarks that you've got, introduce your officials, and we'll get down to business. Mr. Cline.

Hon. Mr. Cline: — Yes. Thank you, Mr. Chair, and good afternoon to you and members of the committee. With me today to my left is Mr. Bruce Wilson, who is the deputy minister of Industry and Resources, and to my right is Mr. Glen Veikle, the associate deputy minister of resource and economic policy. Sitting behind him is George Patterson, the executive director of the exploration and geological services division. Behind me is Trevor Dark, the assistant deputy of petroleum and natural gas; behind Mr. Wilson is Ms. Debbie Wilkie, the assistant deputy minister in industry development; and to her left is Hal Sanders, the executive director of corporate and financial services.

And I'd like to say I am pleased to be back in front of your Standing Committee on the Economy again. And I want to indicate, Mr. Chair, that the recent budget we believe helps us follow through on the government's business commitments in last fall's Throne Speech and the Saskatchewan action plan for the economy which was also introduced in the fall of 2005.

The budget gives our department the tools it needs in the job of helping build a strong, green, and prosperous Saskatchewan economy. Much of the province's recent economic boom is attributable to the performance of our oil and gas industry and our mining industry. The department's budget continues the same strong level of program and support services to those industries.

A year ago we introduced major policy and tax changes to encourage enhanced oil recovery. And the response by industry to our EOR, enhanced oil recovery initiatives, has been enthusiastic. Increased oil and gas activity has increased demand on departmental services. To address this we are hiring an additional three petroleum and natural gas field workers to do facility and well inspections.

In this year's budget we're providing even more support to leading EOR research. We recently announced \$1.8 million in funding — 610,000 this year — in a three-year funding to the Petroleum Technology Research Centre for JIVE which is the joint implementation of vapour extraction EOR project. And committee members will know that carbon dioxide is being injected in the Weyburn and Midale areas. And we're working with industry also on vapour extraction as a method to increase oil production.

We're providing an additional \$400,000 to the globally acclaimed Weyburn carbon dioxide monitoring and storage project and the International Test Centre for Carbon Dioxide Capture. The Canada-Saskatchewan Western Economic Partnership Agreement or WEPA continues to support projects that increase the competitiveness and productivity of our economy. We have \$5 million allotted to WEPA in this year's budget to support key projects in business, tourism, and economic and technological innovation.

Two of the largest line items in our department budget support agri-value initiatives. New ethanol plants in Weyburn and Lloydminster are expected to be fully operational in the coming months. And we're allocating \$17.7 million in ethanol grant payments to fuel distributors. As well we're providing a \$15.5 million grant this fiscal year to Maple Leaf Foods. This is part of our government's strategic commitment to the company's \$150 million investment in its meat processing and manufacturing operations here in Saskatchewan.

Saskatchewan's tourism industry, like our economy, is on a roll and our exporters continue to show how crucial trade is to our province. Our support through transfer payments for Tourism Saskatchewan and the Saskatchewan Trade and Export Partnership remain steady at almost \$7.9 million and \$2.8 million respectively.

Finally I should note that part of our department's mission is marketing our competitive business climate and enviable track record of innovation. In our department budget we have an additional \$2.5 million to market our innovation capabilities and potential to business audiences primarily beyond our borders. This marketing job of course has been greatly enhanced by the business tax reforms that are at the heart of the recent 2006-07 provincial budget. We listened to what we heard from business and the business tax review committee and others, and responded with a \$95.3 million tax reduction in the budget in order to encourage more growth, opportunity, and jobs, particularly for young people.

We're eliminating the corporate capital tax by July 2008, reducing the corporate income tax rate, and increasing the small-business threshold. Through these measures and through specific initiatives in the Department of Industry and Resources, we're enhancing our climate for economic growth.

And true to the theme of the budget, we're building a better future right here in Saskatchewan. Thank you, Mr. Chair. I look forward to a productive and interesting discussion on the estimates of our department.

The Chair: — Thank you very much, Mr. Minister, as do we all, I am sure. Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Minister, for the introductions and I'd like to as well welcome your officials. You are always very helpful and we, although we're here to ask pointed questions to the government, we do appreciate the work that you do for the department. So thank you and welcome.

Mr. Minister, I'd like to start by talking about the proposed Belle Plaine polygeneration project for a few minutes. Can you

tell me . . . first of all, I understand it's in part a cogeneration project but it also will produce, I think, hydrogen and nitrogen as by-products as well as CO₂. First of all can you confirm that I'm on the right track with this? Is that the list of by-products and would CO₂, if this project were to go, would there be CO₂ produced in sufficient quantities to warrant piping to southeastern Saskatchewan oil fields?

Hon. Mr. Cline: — Yes. I'm not quite sure if, Mr. Chair, if what Mr. Stewart described is a complete list of all the by-products of a polygeneration facility but we'll get that information in a few minutes. But to answer the question about CO₂, my understanding is that yes, a facility of that nature would produce sufficient CO₂ that there would be quite a considerable amount of CO₂, sufficient to take that into the oil patch and thereby increase oil production in southeast Saskatchewan and perhaps elsewhere as well.

Mr. Stewart: — I don't believe this project has been announced. Can the minister tell me what stage this deal is at?

Hon. Mr. Cline: — Thank you, Mr. Chair. In answer to Mr. Stewart, I should explain that we have been — by we I mean the Government of Saskatchewan — have been working with a variety of, I would say, quite major private entities and also other parts of the government and indeed trying to engage the federal government in looking at the development of a polygeneration facility. And I should say, in perhaps of anticipation of other questions but perhaps not, that the private players that are involved have asked that their identity remain confidential at this point in terms of their involvement, which is understandable, but we are working with the private sector as well.

Now what we have done — the member asks what stage we're at — we have been working for quite some time. We've assembled a team of public sector and private sector in order to examine whether a polygeneration facility at Belle Plaine, you know, is economically feasible.

And I should say in answer to the previous question, I was thinking about a list of things that would be produced. It certainly would be hydrogen, nitrogen, steam, and CO₂ and also power, as I think the member referred to in his question. So those would be the main products of the polygeneration facility. It would be steam, nitrogen, carbon dioxide, hydrogen, and electricity.

Now this is a project that involves several stages. The first one is probably one that you could say we've completed. That is an initial sort of exploration with others as, is this something that we're interested in, that we think has some feasibility, and that we want to move forward together to examine in a serious way. And I think it's fair to say that at this stage people have said, yes this is something that we should try to obtain. It may be feasible. We don't know if it's actually feasible, but let's try to move forward.

Now there would be a next stage, a second stage that I think we will be embarking upon with our partners. And the reason I say I think is because it depends on everybody that's been part of it, or at least sufficient numbers saying, yes let's continue to go forward. The next stage would be something that would take

place over the next several months, which would be a more detailed kind of technical analysis, if you will, of such a proposed project in order to determine again whether really we want to make a more definitive announcement that this is going ahead.

And then after that there would actually be the engineering work in detail.

Now I should explain that one of the factors here is that we had entered into a memorandum of agreement with the federal government last fall. Now it was with the federal government, but it was with the federal government when the previous Liberal government was still in place. Under that agreement the former government agreed that they would put up \$10 million in order that we could advance the work around looking into the polygeneration facility. And the province of Saskatchewan also agreed to put up \$10 million.

Now since the new federal government came along, they have said — not just in relation to this agreement, but I believe every agreement that was entered into by the previous government shortly before the last election — they have said that they wished to examine all of the agreements that the old government came to, and then determine whether or not they wish to proceed with any such agreements. And what we don't know at this stage, and I have met . . . Well I should say what we don't know first of all. We do not know whether the new federal government will continue with the memorandum of agreement to put up the \$10 million to assist us in advancing this project. And by the way I do apologize for the length of this answer, but the member I think wants to know all of this probably, and the committee.

I did meet with the new federal Minister of Natural Resources, who's Mr. Gary Lunn from British Columbia, along with the Minister of the Environment, some weeks ago shortly after he was appointed, here in Regina, when Mr. Lunn very admirably I think was going around talking to the various provincial counterparts. And one of the issues I raised with him of course was this very agreement. And he himself felt favourable about the agreement, but he had to get the approval of the federal government to continue with it. And we haven't got word on that as of yet.

I also more recently met with Carol Skelton, who of course is the Saskatchewan cabinet minister in the new Conservative government. And we discussed a number of important issues from the point of view of Saskatchewan. And I also encouraged her to encourage her counterparts in Ottawa that this is something that we would want to continue with.

Now having said that, I believe that it would make it easier to advance this project with continued involvement of the federal government, and their involvement may in fact make the difference to whether it's completely feasible at some point. We don't know that yet. And so we're trying to get them to remain involved.

If they do not remain involved, I believe that we will try to advance this file in any event but I think it would certainly be easier with federal involvement.

And because of the implications around carbon dioxide emissions, greenhouse gases, the other side of it — and unfortunately for the listeners this is a question that is quite complex with many sides — the other side of it is that we have been encouraging the federal government to take note of the fact this kind of project would be good in terms of reducing greenhouse gas emissions, and perhaps could be part of the solution for the federal government which has said that it seeks practical ways to reduce carbon dioxide emissions. And both in terms of polygeneration itself, and injection of the CO₂ into the ground, I believe that it could be positive.

So that is where it's at and we're going to continue with the feasibility stage and hopefully if we get to the end of that stage and everybody still says yes, we're still interested, then we would have some kind of more public announcement to make, identifying all the parties that would be involved. Thank you.

Mr. Stewart: — Thank you, Mr. Minister. The contribution that's being asked at this point, the feds is \$10 million. I understand this is a \$2 billion project. Is that roughly ballpark on this thing, Mr. Minister?

Hon. Mr. Cline: — I should clarify my . . . I will answer that question shortly and this'll be a brief answer, unlike the last one. I believe that I indicated that the province of Saskatchewan would put up \$10 million if the federal government put up \$10 million and one of my officials, Mr. Veikle, just advised me he thinks it's federal government \$10 million and industry consortium \$10 million. And the province may be involved in the consortium or not?

Mr. Veikle: — Through SaskPower.

Hon. Mr. Cline: — Yes, through SaskPower. Yes, so we may be involved that way. Just a clarification.

On the other side of it, the total cost is not known because we haven't really completed the technical and engineering analysis which as I indicated before would come at a later stage. But we believe I think that a project of this nature would be more than \$2 billion; that, you know, it would be 3 or \$4 billion as a preliminary figure. It would probably be the largest single investment in any project in the history of the province.

Now having said that, Husky has announced a 2.3 billion with a "b" expansion of the Husky Upgrader. So that's obviously a very significant investment and I don't know whether that in and of itself is the largest investment ever in Saskatchewan. It may be, and we can check that out. But in any event it would be very, very huge and we have been working diligently for many months to try to move this file along.

Mr. Stewart: — I'm glad to hear that, Mr. Minister. Has there been, assuming . . . Has there been discussions among the partners? And I have a list of them here but you stated that one of the private partners at least isn't keen about being public, and although we have met with them I won't mention their names. But would the Saskatchewan government through either Industry and Resources or SaskPower be an investor in this project?

Hon. Mr. Cline: — Well we're at the stage where we're

examining the feasibility. But I would say to the member, Mr. Chair, that it would be our preference that if the project is viable that it be driven by industry. That is, that industry itself would invest in this project as opposed to government as an investor, with this qualification, that it might be possible I think that SaskPower as, you know, a power utility, might be an investor as a Crown corporation in the sense of owning the part of the operation that would be part of its electrical utility.

But I mean these are early days. But it is not our concept that we would want to do this with investment by the Government of Saskatchewan other than SaskPower perhaps being an investor because it's getting a power generation plant in effect rather than some other power generation plant somewhere else. So that would be our general thinking on it.

Mr. Stewart: — Mr. Minister, does SaskPower seem to be leery of setting a precedent whereby they purchase power from a private consortium or private corporation? Is that why they would want to be involved themselves in a financial way?

Hon. Mr. Cline: — No, I don't believe SaskPower is leery of that. You know there was a time when I think that would be a fair comment, that SaskPower might've had a hesitation. However SaskPower has in recent years been changing the way it does business. For example — well I can think of two examples but there may be others — SaskPower is involved in cogeneration facilities with other players. I think in fact the Meadow Lake pulp mill is one and I believe ATCO and the Potash Corporation of Saskatchewan are another. And I believe ATCO and SaskPower have yet a third cogeneration facility in Alberta. And so that obviously involves the private sector producing power and cogeneration.

So I think they've . . . And the other aspect of it is, as I understand it, it is now possible that, you know, if you produce power on your farm for example, I think there is a way that you can produce power with your windmill and feed it into the SaskPower grid and sometimes take power out of it; and that didn't use to be allowed. And so I think there's more flexibility on the part of SaskPower.

And I guess I would say as Minister of Industry and Resources, you know, I consider it my responsibility to try to get this kind of development going in co-operation with my colleagues. And we would expect SaskPower, if in fact they could purchase power at a competitive cost — you know, there's a limit to what they should have to pay — but to be co-operative so that we could move this forward. And to answer the question, I don't see the leerness that at one time was there.

Mr. Stewart: — Thank you, Mr. Minister. I think though that in all the examples you cited that SaskPower is an investor in all of those deals in some way, shape, or form. Or is that . . . first of all, is that correct?

Hon. Mr. Cline: — That would be partially correct. It would be correct with respect to the cogeneration facilities that I mentioned. But it would not be correct with respect to the small, private players that now could make arrangements to feed into the grid which could be, you know, well anybody really, and SaskPower would not own that. However with a major project, yes I think that I understand the point the member is making,

Mr. Chair, which is that they haven't become a purchaser from a major project. However nor have they indicated in this that they necessarily would be an investor.

I think there would be a possibility that they would look at purchasing power from such a facility if they could do so at competitive rates, and of course if the amount of power fit in with the power needs of the province of Saskatchewan or such customers as could be served outside Saskatchewan through their grid system.

My understanding is they're not, they haven't put out any kind of cut and dried position because they are really still examining along with everybody else how this will work, but I believe that they would consider purchasing power or being an investor. And again it would be, if this was feasible, the objective of the Government of Saskatchewan in co-operation with our Crown corporations because of course we do . . . We are the shareholder of SaskPower so we have something to say about its policies and we will move the interests of the province forward in full co-operation with SaskPower.

Mr. Stewart: — Thank you, Mr. Minister. I wonder if you or your officials are aware of how much power would be, like the generators for this project.

Hon. Mr. Cline: — I'm advised that the total amount of power that might be generated by such a facility would be about 450 megawatts, but that some of that power would be used by the partners in the project and then the net available to SaskPower would be something like 300 megawatts. I also was just advised by Mr. Veikle that in addition to the — going back to the previous question — in addition to the use of power by cogenerators, that SaskPower does purchase power from the Husky project so there is an example where a major private producer does sell to SaskPower.

So I think that underscores what I was saying before that there is a lot of flexibility here, and we will do what we need to do to make this work.

Mr. Stewart: — Yes. That's right. I forgot that example. Speaking of cogeneration, when I was the Resources critic in an earlier time frame around the year 2000 or 2001, there was a project in the Weyburn-Estevan area cogenerating power from flare gas. Now I don't believe that ever came to commercial fruition. I'm wondering what happened with that.

Hon. Mr. Cline: — Yes, Mr. Chair, the member is correct that there was such a project and I'm told that it was a pilot project where SaskPower and Industry were trying to see if this could be done on an ongoing basis. Apparently for reasons which I can't explain right now it was not economically feasible to do that on the longer term. And certainly I'd be happy to ask my department to obtain information which we could provide to Mr. Stewart, you know, insofar as we can ascertain why that was not feasible.

Mr. Stewart: — I would appreciate that, Mr. Minister. It seems that nowadays with the escalating cost of power and as well the Kyoto requirements that it may, it may have different financial results that are worth a look at again so I'd be interested in hearing about that.

Hon. Mr. Cline: — Just to say . . . Sorry to interject, Mr. Chair. I think that's a very good suggestion on Mr. Stewart's part that this should be re-examined in view of what he just said, the higher electrical prices and the higher gas prices, so we will certainly undertake to do that.

Mr. Stewart: — Thank you, Mr. Minister. Switching gears to the hog industry, the government has invested fairly heavily in the industry, I think \$35 million in Saskatoon. There's another plant that I think there's roughly \$3 million in. I can't think of right now which one that is. And I could be wrong but I believe if memory serves there's another one with 3 or 3-point-some million dollars invested. I think that Big Sky Farms invested in one in Manitoba called, I think . . . [inaudible] . . . and of course Big Sky itself has Saskatchewan government investment.

I'm wondering, Mr. Minister, with this substantial investment in the hog processing industry, why is it that the Worldwide Pork plant in Moose Jaw can't seem to get in on this gravy train of government investment dollars?

Hon. Mr. Cline: — Well I'd answer it this way. First of all I wouldn't describe what we're doing as a gravy train but I'll provide details, Mr. Chair, to the member as to what specifically we're doing, to put it on the public record, and why we're doing it. Although I would add it is on the public record already, point number one.

Point number two, if Mr. Stewart is suggesting that a similar arrangement would not be offered to Worldwide Pork if asked, which my understanding is we have not been asked — that information comes from Mr. Wartman, the Minister of Agriculture and Food — I would not rule out the possibility that Worldwide Pork would be treated in a similar manner. And so if the suggestion is to the people of Worldwide Pork, the workers at Moose Jaw, the RWDSU [Retail, Wholesale, and Department Store Union] union, that there would be differential treatment, I will proceed to inform the committee that that would not be the case, that we would want to deal fairly and equitably with all parties.

To start with Mr. Stewart's description of the investment in Maple Leaf Foods, I will say this. We are providing to Maple Leaf Foods up to \$35 million. We have not provided any such sum right now because we won't provide any money until Maple Leaf Foods makes an investment in this province.

They have begun their, you know, project in Saskatoon. They have received some money which is basically about 23 per cent of what they're investing, or what is being invested in total, I should say. So if they spend \$10 million for example, we've said we might provide them with 2.3 million, but there has to be 7.7 million of private sector investment. Now this is important to understand because the only way that government invests in this project is if there is 77 per cent private sector investment by Maple Leaf. We're not buying a plant for Maple Leaf.

Now we're happy to work with Maple Leaf. Maple Leaf has indicated they will build in Saskatoon a \$150 million operation which is badly needed. The facility in Saskatoon needs to be replaced. It will be a hog slaughtering facility and it will also provide value-added manufacturing, a component which is not really there to the same extent now. So it's a \$150 million

project. It will employ not only the 1,400 people that work in pork processing now in Saskatoon, but an additional 500 people for a total of 1,900 jobs.

So why would we provide them with 23 per cent investment to their 77 per cent? I'll tell the committee why, Mr. Chair. Because this government will ensure that we will secure the long-term pork processing industry in Saskatchewan. And it is a very difficult industry because it operates at very thin margins.

We will secure not only the 1,400 jobs in Saskatoon, but we seek to add 500 more jobs. So there's 1,900 jobs here. And those jobs, by the way, the 1,400 are at stake if we don't achieve the new plant at Maple Leaf because that plant is dated and that plant must be replaced. So we have to ask ourselves the question, do we want 1,400 jobs to continue to go on and do we want to seek 500 new jobs? And obviously our conclusion is we do.

We want to have a slaughter and cut facility in Saskatoon, and we want to have value-add manufacturing. So that's what we're doing. And I say to anyone, anyone who alleges that this is some kind of gravy train which implies perhaps that we shouldn't do it, I have a very simple question, Mr. Chair, and that is, if you don't think we should do it, stand up and say we shouldn't do it. And let the people of Saskatoon and the province and the pork producers and the workers know that this is your position, because you either are in agreement with it or you're not. And I'm being very clear and direct.

This government is in support of it. If the opposition Saskatchewan Party wants to criticize it and doesn't like it, that's their right and I have no problem with that. But I ask them to state their position. And if they want us not to do that and not to have those jobs and not to have that investment, I expect them to say so.

Now the next part of the question was, why can Worldwide Pork not have the same deal? The answer is they can. They can have the same deal. If Worldwide Pork can put together a deal whereby they have private sector investment to do whatever is required to open that plant to the tune of 77 per cent of the cost, and they want the Government of Saskatchewan to come up with 23 per cent of the cost as we have with Maple Leaf, Mr. Chair, we will do so. There is no discrimination. There will be no unfair treatment. And we will work with the people in Moose Jaw.

The difficulty has been that we have not had stepping up to the plate — this is my understanding from the Minister of Agriculture and Food — anybody coming forward to say that they would come up with the private sector part of the money. And I know very well that Mr. Stewart of all people would want the private sector to step up to the plate and he would not want the government to put any money into it without that happening. Because as a matter of fact some 10 months ago Mr. Stewart is on public record quoted in the Regina *Leader-Post* of June 4, saying that the government should put no money into Worldwide Pork.

Now I saw Mr. Stewart today with some workers from Worldwide Pork. I understand he was at a demonstration in front of the office of the MLAs [Member of the Legislative

Assembly] in Moose Jaw. I don't know if he told them that he was opposed to any government assistance for Worldwide Pork. Mr. Stewart can comment on that himself.

But I've answered the question. I've told the committee why we're investing in Maple Leaf. I've invited the opposition if they want to continue their criticism to state their position. And if their position is we should not do so, to say so. And I've said we would do the same thing for Worldwide Pork. And I've challenged the opposition to explain why it is when today asking the government to do something about Worldwide Pork, 10 months ago Mr. Stewart was in the newspaper saying we shouldn't be putting any money into Worldwide Pork.

Mr. Stewart: — Thank you, Mr. Minister.

Hon. Mr. Cline: — Thank you.

Mr. Stewart: — How long has Maple Leaf been in the hog killing business?

Hon. Mr. Cline: — I'm sorry, I can't answer that question. I think it is some considerable length of time, Mr. Chair, to Mr. Stewart. I believe that Maple Leaf has been around for some decades.

Mr. Stewart: — Thank you, Mr. Minister. In your view is that a reasonably profitable business?

Hon. Mr. Cline: — Well as I said in my first answer on this subject, Mr. Chair, any industry analyst will tell you that, for reasons that I can't explain, but the meat processing industry works at very small margins. It is not a hugely profitable industry. I believe they make a profit, but it's not a large profit. One of the problems is they have to compete with very large American conglomerates and it's well known to everybody including the opposition that most of the meat packing industry has been centred in a few large plants in the United States. I mean they produce so much meat in a week probably that would feed Canada for you know a year or something. My point is it's a difficult industry.

But I say this. Mr. Stewart cannot have it both ways. He cannot say Maple Leaf is a big company; do they really need the help? No let me rephrase that. He can say that, but I challenge him, because I want to know and the people of Saskatchewan are entitled to know. I have described what we are doing with Maple Leaf and why. And I ask him in the opposition to state their position. If they're telling me we should not be doing this, say so.

Mr. Stewart: — If the company in Saskatoon's been in business for many years, and we all know and you admit there is some reasonable level of profit in the business, why is it that when their facility becomes rundown and it's time for replacement or overhaul that the government has to step up to get involved in this business?

Is it because until this recent budget — and none of this has been enacted yet and I don't think it will be until 2008 — that the business tax environment in this province was not conducive to new investment? And I've given the government credit for making those changes and it's unfortunate that they're

not in place yet. And certainly when Maple Leaf made the decision to add on to their facility, there was no inkling that this may even happen from this government.

So I'm puzzled by the need for government investment in a long-standing, profitable company in this province. It's just rebuilding their own facilities. They're not making, you know, they're not striking out in some new and risky business. They know the hog processing business very well. They've been established in it for many years and I can't think of one reason why it should be necessary for taxpayers' dollars to be risked.

Although the Maple Leaf plant and the family that owns it seem to know how to do their business and they make a profit, you admitted that the margins can be thin, and why would we be investing and risking taxpayers' dollars with an established company in a business that they know very well in this province?

The Chair: — Before the minister responds, I'd like to request that all members direct their comments through the Chair. It's the appropriate procedure for the committee, and I've been remiss in enforcing that procedure. But if in future all remarks could be directed to the Chair but . . . the minister.

Hon. Mr. Cline: — Well thank you, Mr. Chair. And to the member, I'd like to address two matters rising out of his question. The first is the tax regime that has existed in Saskatchewan. The second is his position and I assume the position of the official opposition on the investment in Maple Leaf.

With respect to the first part of the question, Mr. Stewart is incorrect when he says that, you know, we were uncompetitive in this area before the recent tax changes in the provincial budget because we have had a separate taxation regime for manufacturing and processing in Saskatchewan going back to the early 1990s. And in fact the corporate income tax rate for manufacturing and processing, including meat processing, is 10 per cent. So we have one of the most effective tax regimes for manufacturing and processing in the country and have had for some years.

So for Mr. Stewart to suggest that suddenly as a result of the latest provincial budget this would allow them to operate finally, I mean that is simply incorrect. And I know that Mr. Stewart will appreciate having that perspective and having that information.

With respect to the other comments he made, I would like to say I appreciate Mr. Stewart's comments because at least I think he's being very straightforward. He says, look he doesn't believe that the Government of Saskatchewan should make an investment in Maple Leaf Foods so at least we know the position of the opposition party.

And I would like to say to Mr. Stewart that what has happened is Maple Leaf Foods has announced recently the closure of its plants, closure of some plants at least in Ontario and the Maritimes. Well we're not seeing the closure of our plant in Saskatoon. We're going to see an investment of \$150 million. And the fact of the matter is without the co-operation of the Government of Saskatchewan on behalf of the people of

Saskatchewan, we would be seeing the closure of our plant. We would be losing 1,900 jobs and our pork production industry, the farmers and processing, would be severely impacted if not almost obliterated.

Now it's the position of the opposition party apparently that they're not in favour of that and I appreciate Mr. Stewart's candour that he's not in favour of it. But I can tell you that I am going to bring the position of the Saskatchewan Party to the attention of the city of Saskatoon which worked with the Government of Saskatchewan to try to bring about this large investment in Saskatoon, to the attention of Maple Leaf Foods which is a valued company doing business in Saskatchewan, and to the attention of the 1,400 people that work at Maple Leaf Foods. I'm going to do that because they're entitled to know.

And I respect the fact that at least Mr. Stewart has stood up and said he doesn't agree with it. And that's his right. And it's our right to debate that and say we want to keep those jobs in Saskatchewan where everybody knows we don't have all of the manufacturing and food processing jobs we should have right here. When we produce hogs and we produce beef, most reasonable people agree that we should process it here.

And the fact of the matter is without what we did, that plant is shutting down like others have and we're going to lose it. And so I differ with the Saskatchewan Party because their approach would see it shut down and we'd lose it.

And I want to reiterate as well, Mr. Stewart again suggested that we would not enter into the same kind of arrangement with Worldwide Pork. And I say to him, yes we would. And so the arrangement is there and if the private sector wants to stand up and make an investment in Moose Jaw in the same sort of terms in terms of a 23 per cent investment to their 77 per cent, we will do so, Mr. Chair. Because our objective is to act in a practical way and a co-operative way with industry to, you know, to have an industry and the jobs in Saskatchewan.

Now don't get me wrong. If he asks me, would I rather that Maple Leaf did it on their own without government assistance, of course I would. I mean we don't put money into uranium mines and potash mines and oil wells because they're profitable enough that people can do that themselves. Unfortunately that isn't the case with the meat processing industry, and we have taken steps to ensure that what is happening in other places doesn't happen here, and I'm defending what we're doing.

Mr. Stewart: — Thank you, Mr. Chair. For the minister, are you aware of an allegation by Mr. Kowalchuk from the RWDSU that at least five proposals have been forwarded to this government involving a solution to the problems with Worldwide Pork in Moose Jaw?

Hon. Mr. Cline: — Well, Mr. Chair, I'm not aware. But I would say to Mr. Stewart, there is, I am advised, a letter from the legal counsel for Worldwide Pork which indicates that they have not forwarded to the Government of Saskatchewan a proposal with respect to investment. Now if Mr. Stewart says there are five proposals forwarded by Worldwide Pork to the government, there's a very simple answer. Produce them. Produce them. Where are they? And I'd like to see them and then we can have a discussion about it. But vague allegations

that there might be some proposal that nobody produces, I'm not sure are very credible, Mr. Chair.

Mr. Stewart: — Thank you. Mr. Chair, for the minister. Just bear with me for a second. Are you, Mr. Minister, are you aware of any deal that this NDP government, through your department or any other, has made with Maple Leaf Foods that includes this government's agreement not to provide any assistance to the pork plant in Moose Jaw that might allow competition with Maple Leaf in Saskatchewan?

Hon. Mr. Cline: — You know, Mr. Chair, I would say this to Mr. Stewart. Let's not be ridiculous here. If you come into this committee and publicly say there have been five proposals, or suggests there have been five proposals made to the Government of Saskatchewan because somebody told him that that was the case, I say to him, don't make that allegation without producing the proposals. Now he hasn't produced them. Now he says, am I aware of some agreement that we won't do anything to assist Worldwide Pork. Well if he knows of such an agreement, he could produce that too.

But he's really just on a fishing expedition repeating hearsay that somebody has told him. And I will say this to Mr. Stewart, I've answered it already. We will provide the same assistance to Worldwide Pork. I've said this . . . This is the third time I've said it, Mr. Chair. I don't mean to be disrespectful, but I have answered the question. I have said, and I'll say now for the third time: we will provide Worldwide Pork with the same arrangement we made with Maple Leaf. And I think Mr. Stewart can surmise that if there was an agreement with Maple Leaf Foods that said we couldn't do that, then I wouldn't be at this committee saying that we would do it.

So if Mr. Stewart has five proposals that he's talking about that we've supposedly turned down, I say again to him, produce them. And if Mr. Stewart has some kind of agreement that contradicts what I have now told him — that we would make the same deal with Worldwide Pork and Maple Leaf — well he should produce that too. But I'm not going to sit here and allow unsubstantiated allegations to be made when we're trying to do something in a positive way to protect jobs. And we're certainly willing to work with the private sector in Moose Jaw in the very same way.

Mr. Stewart: — Thank you. Mr. Chair, to the minister. I'm not making any allegations at all. I think the minister is far too sensitive on this subject and it makes me wonder why. All I'm doing to repeating questions asked to me by Mr. Larry Kowalchuk from the RWDSU, and he asked them of me in writing, in fact. And I'm relaying those questions on to you and I haven't made an allegation yet. When I do you'll be the first to know, rest assured of that.

Mr. Chair, for the minister. Mr. Minister, or Mr. Chair, to the minister. Are you aware of two freedom of information requests to your department, to the Department of Industry and Resources, to provide full disclosure of all dealings with Maple Leaf Foods between this government and that company?

Hon. Mr. Cline: — I am aware that freedom of information requests have been made.

Mr. Stewart: — Thank you. Mr. Chair, for the minister. Is your department proceeding with providing answers to these questions?

Hon. Mr. Cline: — Yes. We're aware of one freedom of information request. I'm not saying there wasn't another one, but presently we're aware of one and we're working through that in the normal way. We're doing the research required to see what information we have with respect to Maple Leaf. The question in the freedom of information request is, you know, somewhat broad in terms of, you know, various . . . what information do you have. So we have to be careful that when we answer the question we do so as fully as we can.

The other part of it is that because the question impacts a third party, in this case Maple Leaf, there also are rules and laws with respect to the rights of the third party in terms of what information we release. And whatever is released in due course will respect both parts of the freedom of information and privacy Act. The one part is freedom of information for the public who ask us questions, and that's fair enough. And the other part is protection of privacy of other parties. And sometimes there's information about citizens or companies that can be disclosed; sometimes there's legal reason why it shouldn't be. We will comply with the law and that's being worked through in the normal course.

Mr. Stewart: — Thank you. Mr. Chair, to the minister. Does this government have a policy which states that no taxpayers' money or government money will be or can be invested to favour one company over another?

Hon. Mr. Cline: — I don't know if there's any such policy. I think there are instances where governments — whether the NDP [New Democratic Party], or the previous Conservative government, or the Liberal government of the '60s — has in fact, you know, invested in various enterprises where arguments could be made, depending on one's point of view, that that might favour one business over another. I don't think there's any such blunt policy statement anywhere that I can think of. Now if I'm incorrect in that regard, certainly I'll provide that to the member.

But I believe governments have from time to time done various things that some have alleged favour some businesses over others. Now I don't want to be misunderstood, Mr. Chair. My view is that generally speaking governments should not favour one business over another, that it's best if you have the private sector operating and companies competing with each other. I don't have any problem with that. And I think most people agree. But there are situations where governments, for reasons of economic development, do get involved in things and other people have different interpretations.

But in answer to the question to Mr. Stewart, no I'm not aware of any such simplistic policy formulation in those words that he described.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister: are you aware that the Deputy Premier spoke to a rally of Worldwide Pork plant workers in June 2005 on the steps of this Legislative Building — and I was present then — where he promised the workers, the union, and a huge media gathering

that this plant would be open with government support in a matter of weeks? Are you aware of that?

Hon. Mr. Cline: — Mr. Chair, I've not seen a transcript of what the Deputy Premier said. And my comment, my approach, I should say, going back in my 15 years in politics is, I will never comment on what another individual has said unless I'm provided with a transcript of their complete remarks, and then of course only if it falls within my duty to answer as part of my portfolio. And I didn't see any such . . . I haven't seen any transcript of Mr. Serby's remarks so I can't comment on them.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, it seems that this government does invest heavily in this industry. And I wonder if the minister's aware that the employees have approximately \$700,000 or 750,000 maybe in place for investment in this plant and that what they need from this government is some sort of a, sort of backing for another 500,000. I wonder if the minister's aware that that's all we're talking about here for 130 jobs initially and an enterprise that can grow after initial restart beyond that.

Hon. Mr. Cline: — Well, Mr. Chair, I am aware that the employees have raised some money and I commend them for that. And it is interesting, I might say as an aside, that in one breath a few questions ago we hear the opposition through Mr. Stewart saying government should not invest in private business. In the next breath a few questions later we now have Mr. Stewart saying that the government should provide money to Worldwide Pork. So I'm not quite sure how those approaches fit together.

But having said that, my answer to Mr. Stewart would be this. That if it is the case that a commitment of some, he says \$500,000, from the Government of Saskatchewan would solve the problems at Worldwide Pork and get it reopened and operating and everybody back to work, my reaction to that is we would do it and should do it.

So I say to Mr. Stewart who has made a number of suggestions — he doesn't want them called allegations — that there may have been proposals that the government turned down which he can't produce, there may have been agreements that no money could be given to Worldwide Pork which he can't substantiate, and now he says all it takes is half a million dollars from the government and the problems go away.

Well if he's saying that, I'd like to see someone come forward with a business plan that supports that and, Mr. Chair, I can guarantee you that if that's the case then everybody's problems are solved and we'll all go back to work because we'll fix it.

But I think my experience thus far sometimes with the opposition, and unfortunately today is no exception, that sometimes what is presented as sounding fairly reasonable and easy, when you look at the facts and actually look at what has been said or done, seems to be at variance with what opposition members seem to indicate.

But I'm answering Mr. Stewart very directly that, yes I'm aware the employees have raised money. And as far as I'm concerned, if this problem can be fully resolved by the Government of Saskatchewan coming up with a half a million

dollars and everybody is back at work, then I would be prepared to do it tomorrow.

The Chair: — Mr. Stewart, I believe you have one more question and then of course we have other items on the agenda.

Mr. Stewart: — Just to wrap up. Thank you, Mr. Minister. Mr. Chair, to the minister. As an official opposition our position is that the government has no business investing directly in business. We also make an exception to that where in rare cases where there's a dire need, we'd support some kind of loan guarantees or some sort of intervention with a grandfather clause which will get the government out of that indebtedness or . . . in a very specified length of time. And that would only be in certain cases like, I would suggest, this one. And we're on record as having said that before.

I wonder if the minister is aware that if a deal is not made by Friday that this plant will lose its CFIA [Canadian Food Inspection Agency] export certification and will be a virtually worthless piece of real estate that will never reopen again likely.

Hon. Mr. Cline: — Well now I guess, Mr. Chair, we're back to the position of the opposition saying we don't believe any money should go into private businesses except in situations where we say it should. Well we're consistent. I've said, look we're putting money into Maple Leaf, and yes we would put money into Worldwide Pork on the same basis.

But I do just want to point out that, you know, Mr. Stewart just said a minute ago that his position is that we should be putting money into Worldwide Pork under certain conditions, yet on June 4, 2005 quoted in the *Leader-Post*, unless Mr. Stewart says he was misquoted, he said, quote, "I think from our perspective we'd be pretty leery about dumping more public money into this company." "But as far as bringing more money into Worldwide Pork I'd be pretty skeptical about the end result of that."

So sometimes he wants to put money in. Sometimes he says government shouldn't put money in. Sometimes in the course of this meeting he says, we shouldn't invest in meat packing companies; sometimes he says we should.

But I guess our position is consistent, Mr. Chair. We will support Maple Leaf Foods in Saskatoon and I've said we will support Worldwide Pork on the same basis. If there's a business plan whereby Worldwide Pork makes a request to the Government of Saskatchewan to participate on the same or substantially similar terms as we have with Maple Leaf, that is a fair and reasonable position.

I want to state for the public record that I believe that what Mr. Stewart has indicated that this problem can be solved by the payment of \$500,000 from the Government of Saskatchewan is inaccurate. But I say that if I am wrong in that view, in alleging that he is inaccurate, that I invite someone to produce this business plan and as I said, it would be favourably considered. I have also said that no such plan and no such request has been forwarded by Worldwide Pork to the Government of Saskatchewan, and even though in one of his questions Mr. Stewart indicates that five such proposals have been made, that remark is unsubstantiated and I think false.

The Chair: — Well I guess I would thank the minister and his officials for their attendance at committee today for consideration of the Industry and Resources department estimates. We'll briefly recess to allow the Minister of the Environment to get his officials to the table for consideration of Bills No. 34 and 33. But, Minister, you have a brief comment you'd like to make?

Hon. Mr. Cline: — Well simply that I would like to join with you, Mr. Chair, in thanking the officials. And I would also like to thank the members and in particular Mr. Stewart for the questions and having the opportunity to have this dialogue which I hope has helped set the record straight on a number of issues. Thank you.

The Chair: — Thank you.

[The committee recessed for a period of time.]

**Bill No. 33 — The Wildlife Habitat Protection
Amendment Act, 2006**

Clause 1

The Chair: — We'll call the committee back into session and, Minister Nilson, if you could introduce yourself and your officials, and make any brief introduction or comments that you have to make.

Hon. Mr. Nilson: — Thank you very much. I'm very pleased to have with me on my right, Dave Phillips who is the assistant deputy minister in charge of resource and environmental stewardship, and on my left is Nancy Cherney, who is the acting executive director of resource stewardship. And we probably should just go right in and deal with this particular one.

The Chair: — That's for consideration of Bill No. 33. Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Welcome to the minister and his officials. I guess it hasn't been all that long since we met on estimates.

The first Bill before us is Bill 33 which deals with taking land out of the habitat protection so that it can be used to settle specific land claims with the First Nation. Since this issue deals with . . . is located in my colleague, Mr. Allchurch's constituency, I think it would be most appropriate if Mr. Allchurch asked the questions that he may have dealing with this particular Bill, so I would turn it over to Mr. Allchurch at this time.

The Chair: — Mr. Allchurch.

Mr. Allchurch: — Thank you, Mr. Chair. Thank you, colleague, Mr. Hart. Welcome, Mr. Minister, and your officials. Long time no see. I wanted to get back last night for estimates. Unfortunately I couldn't. I should have hopped a ride with Mr. Phillips. I would have been back.

In regards to the Bill before us, Bill 33, because the Bill basically deals with my constituency and a First Nations band,

Mistawasis, which is also in my constituency, this Act is basically a piggyback to the one that was presented last year in the springtime, is it not?

Hon. Mr. Nilson: — Yes that's correct.

Mr. Allchurch: — And all it does is change the locations of the land involved in the transaction from last year to this year. Is that what the whole idea is?

Hon. Mr. Nilson: — Well I think it's new land that was included in that treaty land entitlement. So it's additional land.

Mr. Allchurch: — Okay. This land here is additional to the land that was put in last year. So that's where the . . . the number of acres, 638 acres is also excess land that goes into the TLE [treaty land entitlement] agreement signed with Mistawasis.

Hon. Mr. Nilson: — So basically what we're . . . This is more land. This is additional land than what was dealt with last year. And basically as you know the process keeps going until the limit is reached, either the minimum or the cap. But this is just facilitating transfer of some other land under the treaty land entitlement agreement.

Mr. Allchurch: — Okay, Mr. Minister, this land this 638 acres then, is this land occupied Crown land or unoccupied Crown land or is there another jurisdiction for this land?

Hon. Mr. Nilson: — Yes this is Agriculture and Food land right now. It's land that would be as part of . . . that they would have under their administration. And so it's been selected by this particular First Nation as part of their treaty land entitlement and so to get to the stage that it's here means that all of the third party interests have been resolved. And so I think as far as it being used or occupied, I think practically it's those kinds of issues have been dealt with and those . . . The land doesn't show up in this process until all those third party claims have been dealt with.

Mr. Allchurch: — But, Mr. Minister, in regards to the 638 acres there is a designation that this land can be occupied Crown land. In other words possibly a grazer with a lease has option to that land, that's occupied Crown land. Or if there's no users of that land then it's unoccupied land. Or it could be the third one which is under the jurisdiction of habitat or wildlife habitat protection land.

There's three options. So this land here in question, which option is it under?

Hon. Mr. Nilson: — Well clearly this, when we're amending The Wildlife Habitat Protection Amendment Act, so it's included under that Act.

Mr. Allchurch: — So this land then is basically protected wildlife habitat protection amendment land?

Hon. Mr. Nilson: — That's right.

Mr. Allchurch: — Okay. In regards to critical habitat wildlife land . . . And you know where I'm from, where I come from in

regards to this because this land was selected some time ago by many officials. There was biologists, there was wildlife federation members, there was SERM [Saskatchewan Environment and Resource Management] officials. This is some of the best land in the province that has been set aside for environment and resource management.

Now we find that there is a large number of these acres, and I think . . . [inaudible] . . . well I don't know offhand, but it's extensive. And I also know in your remarks to this Bill, Mr. Minister, that there's been almost 52,000 hectares of wildlife land put back into its designation. So that means it's at least that much taken out of this.

My question is, when you remove this land out of the jurisdiction of critical habitat wildlife land — which is the best land there is for this purpose — and you're substituting with other land, why is this allowed?

The Chair: — I guess before the minister responds, I would remind all members to direct their comments through the Chair. It's an informal setting, admittedly, but just if we could respect the procedure of the committee and direct the comments through the Chair. Thank you.

Hon. Mr. Nilson: — Basically as we, as a province, were signatories to the treaty land entitlement or to some of the other specific claim processes that involved First Nations, there was a recognition that some of the land that may be selected in the process may be part of The Wildlife Habitat Protection Act. And so that process of protection is there. When a claim like this is made, there is a review of those characteristics and it's looked at in light of the overall perspective.

What we've tried to do over the last few years is, because we've had to take some other parts, other pieces of land out as well for satisfying claims, we've added land in. And since some of the initial amounts that went into The Wildlife Habitat Protection Act, the amounts we've added exceeded what we've taken out.

Mr. Allchurch: — Well thank you, Mr. Chair. In regards to that, when you do your negotiations or when the department does their negotiations to satisfy TLE — and I know this process is ongoing, and I understand the process very, very well — in regards to the habitat, or the wildlife habitat protection of land, who's informed as to decide whether that land should be forfeited to TLE agreements? Who's involved in those negotiations?

Hon. Mr. Nilson: — Well I mean basically the process involves quite a number of government departments, and it in fact it sometimes depends where a particular piece of land may be administered from.

This particular piece of land was administered out of Ag and Food because of where it was located in the province. But you would end up with primarily the First Nations and Métis Relations committee people in that department who actually are involved with the monitoring of the negotiations. And then they would come obviously to Environment when it's wildlife habitat protection land. It would be involved Ag and Food if there are any other claims on there. Sometimes there are mineral or oil rights issues. Well then that goes to Industry and

Resources. So it's broad-based through government.

Then what happens locally is, if there are third party claims, whether it's hunting or trapping . . . Traps sometimes affects some land. Other times it's, as you indicated, leases for pasture. Those issues are all dealt with as well.

And that's why an agreement in 1992 might be 12, 14 years later that we're still trying to sort some of these things out. And sometimes pieces of land may be identified as appropriate by the First Nation, but it isn't possible to resolve all of the third party claims so then the people go on and look at some other land.

Mr. Allchurch: — Thank you, Mr. Minister. Mr. Chair, in regards to that I notice that the land is under the Sask Ag and Food jurisdiction. One would think then that maybe that that land originally was pasture land or leased land for agricultural purposes like grazing. Am I correct in this assumption?

Hon. Mr. Nilson: — Well I think what it basically relates to, the land in the northern part of Saskatchewan primarily is managed under Saskatchewan Environment. Land in the southern part of Saskatchewan is, if it's Crown land, the majority of it's managed by Saskatchewan Ag and Food. And this would fit I think in the category of being in the southern part of the land. I think this specific plan may be forested. It may have had some agricultural use.

But what happens is that when, if it's leased land that somebody's been using for pasture for example, once it's been identified then it gets into a process of trying to resolve what other uses are there. While the process is ongoing, it would end up then there'd be a year-to-year lease so that when everything's sorted out, the lessee would know they were no longer involved in that particular piece of land.

But the whole process is designed in a way to deal with the third parties and deal with interests in a way that respects some of the traditional uses, but also resolves the specific claim, or land claim issues.

Mr. Allchurch: — Thank you, Mr. Minister, to the Chair. In regarding this land here, I believe that there was leases on it, agricultural leases. And there's lots of land in the south and some in the north where there's agricultural leases on it which is still deemed critical habitat wildlife land. Now under the jurisdiction of the lessee holding that lease, they cannot purchase that land. Am I correct in saying that?

Hon. Mr. Nilson: — Well not if it's in the situation where it's been selected for the claim here, no.

Mr. Allchurch: — Thank you. Thank you. That's where I'm coming from. If it is lease land and the lessee has held that land for a number of years, there's no way in the world — because under the protection of the wildlife habitat land — he can purchase that land. He cannot. But if there is a potential person or organization that wishes to claim that under TLE agreements, then that lease is terminated to allow it to go to TLE claims. Am I not correct?

Hon. Mr. Nilson: — Well I mean, I think there also is the issue

of willing buyer, willing seller. In other words it's a situation where the land has to be . . . All the third party interests have to be dealt with, and that includes the other lessees. Now maybe Dave might want to explain a little more about how The Wildlife Habitat Protection Act land works as far as the long-term leases.

Mr. Phillips: — It is correct that the Act prohibits the sale or harmful alteration of the designated lands. In the case of lands selected for TLE purposes, as the minister explained, those third party interests — be it you know an outfitting area or an agricultural lessee — need to be satisfied before it's eligible for selection. But other types of uses of wildlife habitat protection Act land sales, there is no provision for sale of those lands for purposes other than the TLE process.

A bit of additional information. The beginning of what used to be The Critical Wildlife Habitat Protection Act, at the time there was an active program of sale of Ag Crown lease land. And the intent was to try and protect those pieces that had critical wildlife habitat value.

Mr. Allchurch: — Okay. Thank you, Mr. Phillips, to the Chair. That's what I'm wondering, where it comes. You've often stated that third party concerns have to be addressed. Do you consider a lessee on to that land that has jurisdiction to it, because he is a taxpayer through the lessee program, is he not a third party interest? And how does his interest get satisfied if he does not want to give up that lessee or lease?

Hon. Mr. Nilson: — I mean the simple answer there is that leases have a term. Okay, it might be one year, three years, five years, whatever. Sometimes they're 33-year kinds of leases. But when the term is done there's no automatic renewal of that lease. I think what happens that depending on what use has been there, it's a third party interest that's resolved. I mean sometimes it involves a person getting a lease somewhere else to replace that place, that'd be one way of resolving it. Sometimes it's just that the lease expires and the interest is no longer there.

Mr. Allchurch: — Okay. Thank you, Mr. Minister. I have no more further questions.

Mr. Hart: — Mr. Chair, I just have a couple of follow-up questions. Minister, can you briefly explain if a parcel of land is put under the protection of The Wildlife Habitat Protection Act, what that involves? It's my understanding that agricultural activities could still take place on the land but there are restrictions. If you could just explain very briefly the criteria that must be met if the parcel of land is under the Act.

Hon. Mr. Nilson: — Well I can explain it and Dave can add more on this. But basically it's about wildlife habitat retention. So quite often grazing, for grazing purposes, the animals can share the land or native hay harvesting if that's required, or hunting. Those are activities that are allowed and quite often in ranching operations that's quite compatible with the use of the rest of the land in a ranch.

Mr. Hart: — Mr. Chair, just a couple of other quick questions. Are you aware, will the Mistawasis band be selecting more land that falls under the protection of this Act? What is the status of

that specific land claim? With the addition of this land, will that satisfy the requirements under their specific land claim?

Hon. Mr. Nilson: — I don't have the specific information. My sense would be that they are still in the process of selecting land. I think practically we don't know where they are. There is a certain deadline when they are supposed to have selected most all of their land but . . . and there are a number of the First Nations that have completed selecting all the land that they require. But I don't think they are in that category. I think it's an ongoing process.

Mr. Hart: — Mr. Chair, just one other quick question that I would have is: the removal of the land from the protection of the Act, is that the last hurdle that needs to be cleared before this land then moves into a reserve status or are there other hurdles that need to be cleared before the land will move to the First Nations community?

Hon. Mr. Nilson: — Well then once this is approved to be part of the claim, then they will have to negotiate a price with Agriculture and Food. And so it's then sold to them using . . . and they use the dollars that they have out of the overall agreement to purchase the land. And basically the values are ascertained using appraisers and others to set an appropriate value.

Mr. Phillips: — There's sort of a process within the federal government for the land to actually move to reserve status once a First Nation has acquired it, which it takes further time.

Hon. Mr. Nilson: — Yes. Basically what happens at a provincial level is that we then, once we get the process of removing this land . . . So this is like a third party claim in a way. So this is removed; you get the land clear. Then it's possible for the government to sell it. Well then it has to go into a process through order in council through cabinet where it's designated as appropriately able to be transferred to the federal government. Once it gets . . . the title gets into the name of the federal government and trust for this particular First Nation, then they take the appropriate steps at the federal level to make sure that it has First Nations status, the same as other land within that First Nation.

Mr. Hart: — Yes, I understand those subsequent processes. But it just seems to me that it may be more efficient, I guess, and more appropriate if there was a value, you know, agreed to on the land before it's removed from the protection of the Act. In that, you know, it's probably highly unlikely that two parties won't be able to agree at a land value. But in case that, you know, that may happen and then the land, if you want to continue to protect it because it, you know, the two parties weren't able to come to an agreement, then we'd have to go through a process again of putting it back under the protection of the Act. You know, it's just an observation I suppose, Minister, that I would have at this time.

Hon. Mr. Nilson: — I think that if I left the impression that they hadn't sorted out that price, I think that would be the wrong impression. I mean that practically one of the factors in choosing land by First Nations in this whole process is that the price works out in the overall dollars that they have. So I think that practically that's how it works. And it is a long process.

One of the specific issues and the reason for this legislation and the process that we go through to remove the land from The Wildlife Habitat Protection Act is that we want to have a very public way of acknowledging how we remove land from this particular area, because we don't want to remove land from it unless there's a very good reason. This is one of the reasons that we deem to be a good reason — satisfying claims. But as you can tell there aren't very many other ones that would fit.

Mr. Hart: — Mr. Chair, I believe that would complete . . . completes all the questions that we would have with regards to this Act.

The Chair: — Thank you very much, Mr. Hart. I guess we'll proceed to the clause by clause. Clause 1, short title agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Wildlife Habitat Protection Amendment Act, 2006.

Could I have a member move a motion to report it to committee without amendment. Thank you, Ms. Hamilton. Thank you very much, Minister. Oh pardon me, I need to put the question on the member's motion to move it to committee without amendment. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? There we go. Thank you very much, Mr. Minister. We'll move on to consideration of Bill No. 34.

Bill No. 34 — The Wildlife Amendment Act, 2006/Loi de 2006 modifiant la Loi de 1998 sur la faune

Clause 1

Hon. Mr. Nilson: — Thank you very much and thanks to Nancy Cherney for assisting on that particular Bill and I have with me now, Kevin Callele who is the director for allocations dealing with The Wildlife Amendment Act.

And basically this is legislation that is set out to clarify a few issues, but I think the main issue is how to deal with seized wildlife and how do you maintain them, what are the options, how do you dispose of these particular animals, and so setting out a process for that. And the second area is clarifying some of the existing enforcement and penalty provisions. So there's those two issues. But I think the key one is related to seized live wildlife and what do environment officials do with them when they've been seized.

Mr. Hart: — Thank you, Mr. Chair. Minister, as you indicated there are two sections to the Bill. Could you explain to the committee, give an indication of the consultation that you held with the affected groups and interest groups that may be affected by the amendments? I'm thinking of perhaps the

outfitters association or the wildlife federation or the trappers association. What type of consultation did you hold before you moved ahead with these amendments?

Hon. Mr. Nilson: — We have a wildlife, a minister's wildlife advisory committee, and it has 10 groups that are represented on it including the wildlife federation and outfitters and a number of groups. They were the ones who were part of the consultation around this particular Bill.

Also we had consulted with some of the people in Ag and Food and the related people there because I think there's a game farm advisory committee. And because some of the issues that arose that precipitated this particular amendment related to the fact that somebody who had ostensibly a game farm had captured wildlife and had them in the game farm. And it was difficult to sort out how The Wildlife Amendment Act fit together with some of the rules that were available for the people in Agriculture.

Mr. Hart: — So, Minister, were there any organizations within that group that you mentioned that voiced some serious concerns about the amendments? What was the level of acceptance by the various groups when these amendments were presented to them?

Hon. Mr. Nilson: — I think that basically people were supportive of what was done here, but the issue was compensation if some animals were seized and what should happen there. And in fact, as you can see in the legislation, it gives the ability to dispose of animals, which includes destroying them. And so therefore, how do you calculate what the compensation would be if that was an inappropriate action or whatever.

So it's that whole area, and I think that's an area where we'll have continued discussion, but I think if you look at the legislation, it has a method of dealing with that which is acceptable to people.

Mr. Hart: — So what I'm hearing, Minister, is that there are some of the game farm associations may not be particularly satisfied or not fully supportive of this.

Hon. Mr. Nilson: — Yes. I think a better way to describe it is the game farm people want the rules, they want the protection for their industry. And they don't want somebody to effectively cause problems for the overall elk industry or roe-deer or whatever area it is, by the fact that they have some animals that are illegally in the system.

But the questions that they raised were, if something arose where animals were seized, and then after all the due process and in that process the animals had been destroyed, what would their compensation be? And the issue then is fair value.

Mr. Hart: — I wonder, could you explain for the committee the provisions within the Bill that deal with the compensation. You'd indicated, because I looked at it and I saw that where in, it's section 80 . . .

Hon. Mr. Nilson: — Section 6(8), I think it is. Is that where it is? It's actually section 80(4) . . . [inaudible] . . . inserted four

more paragraphs in that. And so it's no. (8). And it reads that:

If the person from whom live wildlife is seized and disposed of pursuant to this Act was the owner of the wildlife and is not convicted of an offence pursuant to this Act or the regulations in relation to that wildlife, the Crown's liability for any wildlife disposed of pursuant to subsection (5) which is limited to the fair market value of the wildlife as at the time of its seizure".

Mr. Hart: — So I guess, Minister, the area that could possibly, where differences or disputes could arise is what is the fair market value. And is there other mechanisms that will be put in place to determine the fair market value? If my interpretation of this particular subsection is that an individual is perhaps accused of an offence but was found to be not guilty but in the meantime the animals were seized, they were destroyed, and now the person was found not guilty and there's a requirement to compensate that individual. So now what's the value? How do we determine the value of those animals that were destroyed?

Hon. Mr. Nilson: — You're asking for free legal advice here, but since I happen to be a lawyer I can help you out. But basically the issue around fair market value, wherever you deal with it, is that you look to the industry, to other places where prices may be set. And so practically in this area you would go to the game farm industry and see what the market prices are and have evidence of that. If there was a disagreement ultimately on what fair market value was, that would be an issue that could ultimately go to the courts and then a judge would clearly ask for expert evidence as to what the fair market value is and set a value.

But I think the likelihood of having to use that method would be very, very, very remote because practically the people involved in the game farm industry would have a very good idea what the animals would be worth.

Mr. Hart: — I guess the reason I raised the issue is that if we look at the livestock industry in the province, you know, the market is pretty clear in reflecting value and that sort of thing. You know, I'm not sure that that clarity is within the game farm industry. You know, perhaps it is. You know, I guess my question was, are you looking at some, is there anything else besides the statement limited to fair market value within perhaps — I'm not sure if there's regulations that go along with this Act — but, you know, that would be somewhat more definitive?

Because, you know, there's a difference between a market animal and an animal that's, you know, used for breeding purposes and that sort of thing. And determining the value of those two classes of animals could be fairly difficult, particularly in determining the value of breeding stock within the game farm industry.

Hon. Mr. Nilson: — The answer I think is that these words have been specifically chosen because they are the standard words used in all areas, whether it's a car or whether it's another cow or whether it's a game animal or whether it's land. If you use fair market value as your ultimate test, that means that if there is no agreement, ultimately you can go to the court

— and right to the Supreme Court of Canada probably, depending on how much money was involved — to have that word fair defined.

But because it has that long history in our community, our society, of a way of getting at a value, this is of assurance to the people in the game farm industry that there won't be some kind of lowball figure set by an Ag department official or somebody else. This allows them to have the ability, if they disagree with what the value is, that they have some remedies that follow traditional methods of valuation.

Mr. Hart: — So what I'm hearing then, and I'm just asking if this is correct, that the game farm associations are comfortable with that phrase, fair market value. They haven't asked for further clarification or, you know, a more specific definition? They haven't had any . . . I haven't heard from them. But, you know, perhaps in your consultation process there was some serious objections. I guess that's what I'm asking.

Hon. Mr. Nilson: — I think the reason that these words are in here is as a result of the consultation with the game farm industry saying, we would like something that clarifies that we're not going to get a lowball figure on the value of these animals if in actual fact they had been allowed to go to market, they would have had a higher price. Well then they have the ability to bring forward the evidence, whether it's from other game farm people in that area or some of the buyers of the animals.

So this is here as an assurance that they would be able to challenge the value that would be identified as compensation to cover the government's liability. Now clearly this is a remedy that you want to have in legislation. Ideally what you want is nobody's charged wrongly so that you wouldn't have to even invoke this clause. But we need the protection there for the person that would be involved with this business.

Mr. Hart: — Minister, in section 19 the amendment allows for the automatic cancellation of all licences that an individual may have, be holding, at the time of a conviction. I guess the question I would have is how long . . . The licences will be cancelled but then is there also a provision that prevents the individual from purchasing licences in the next season or what is the time frame we are looking at? If you could just clarify that.

Mr. Callele: — Yes. Typically it's, in most cases it's one year. So any time from the time that the conviction, from the time that the offence occurs and the penalty has been applied, in that one-year period they cannot purchase or apply for a licence.

Mr. Hart: — That's all game licences and trapping licences and all those?

Hon. Mr. Nilson: — I think that the specific issue that's being dealt with here — maybe that will help you understand why we brought forward this provision — is that it was possible to cancel licences before but a person might have a major problem with how they are hunting and dealing with deer and they could just go and apply for an elk licence or a moose licence. And that seemed fairly illogical and actually caused some concern in the community that well, I maybe have my deer licence taken away

but I can still go and hunt in some of these other areas, and that's not an appropriate penalty. So that's where this has arisen. And so it's that practical effect of making sure that the community supports the penalties for their . . .

Mr. Hart: — One of the subsections that follows indicates that you will be notifying the individual of the cancellation of licences. How will the individual be notified? As you had indicated perhaps they have a problem, been convicted of an offence relating to the hunting of deer and they hold a fishing licence and some other licences. What form of notification will be used to make sure that the individual is fully aware that all their licences have been cancelled?

Mr. Callele: — Typically when the officer is laying the charge he would say to the individual that this particular infraction involves a one-year suspension of these licences upon conviction. So he's been notified at the time that the charge is laid.

Hon. Mr. Nilson: — And obviously notified again when he goes to court and the judge would say, well the net effect of this is that you have a fine; your licences are cancelled in these areas. So there would be notification at that stage. It's a process that's a criminal-like process.

Mr. Hart: — I would think . . . I'm guessing that at the time an individual is charged, their emotions are, you know, probably running fairly high. They've been caught or at least accused of some illegal activity and, quite often I would . . . just guessing that individuals may not be listening too carefully to everything that's being told, said to them. And also the same thing happens, I'm guessing — not that I'm speaking from personal experience here — but I can imagine that same thing, you know, in the court setting.

And, you know, I'm just wondering, would it not be possible for the department just to simply send the individual a registered letter saying that, you know, because you've been convicted of whatever the offence was, all licences have been cancelled, will be cancelled effective this date to whatever the date? So that there is clearly no misunderstanding as to how long they'll be, the licences have been cancelled and those sorts of things. Is that a practical suggestion, Minister, or is there some problems with that?

Hon. Mr. Nilson: — No, I think that's a practical suggestion. And I mean, obviously the person will know that in the court proceeding.

But practically, we're supposed to provide information to them and we'll figure out how to do that. And as you've noted in the section, it says:

The minister shall provide notice to a person mentioned in subsection (1) of any licence cancelled pursuant to [this] clause . . .

And so for that notification to go, it has to be something formal. And so most likely, it would be a letter like you suggest, but we haven't gotten into that process yet and we'll have that sorted out as the legislation is passed and then proclaimed.

Mr. Hart: — The amendments under . . . I guess section 70 is a new section. It indicates the limitation of prosecution. And there's changes from the time, or I guess my understanding of this is that there was some infractions that couldn't be prosecuted because time ran out. Was that a large problem? How do the amendments address that particular situation?

Mr. Phillips: — Not a widespread problem. But in some very quite significant cases, once the investigation began, it was determined that the illegal activity had been going on for quite a long period of time with some of the most significant components of the offence happening longer than two years before the, you know, the time of detection and actual prosecution.

What this will do, it doesn't extend it, you know, forever. But it's a two-year period from the time of becoming aware of the offence as opposed to when the offence itself occurred. And this would be then consistent with some of the other legislation that our conservation officers enforce, called WAPPRIITA [Wild Animal and Plant Protection and Regulation of International and Interprovincial Trade Act], wild animal plant importation and trade Act, I think it is.

Mr. Hart: — Thank you. Section 76 talks about prohibiting individuals from obtaining licences for three years. It refers to section 38. And if you could just briefly explain what's happening with that particular amendment.

Mr. Callele: — Okay. This section, really what it does is it broadens the discretionary ability of the court to extend the suspension period for an infraction beyond the traditional one-year suspension period up to five years for . . . And the only exception there would be for the two sections. Section 38 which is careless hunting, firearm accidents, or trafficking in wildlife, which . . . The careless hunting is three year automatic; the trafficking in wildlife is automatic five years. So it gives the discretionary ability to extend it. Instead of just one year, depending on the severity of the offence, it can go anywhere from one up to five years.

Mr. Hart: — Okay. It also says — my notes are correct? — that the judge has some ability to restrict certain activities. I believe I read that somewhere in the Bill. I'm looking at my notes that I prepared a day or two ago under section 76.

Hon. Mr. Nilson: — There's a provision related to repeat offenders and who commit serious offences. Then there's an ability to use some stronger . . .

Mr. Hart: — That's in subsection (3). Would that . . . There was a recent case in the Rosetown area where an individual was curtailed from certain activities. And I believe there's some electronic monitoring and so on. So it's my understanding then that there already is provisions in the Act to allow a judge to do some of that. What's different with this amendment?

Hon. Mr. Nilson: — Yes. I think the point that you are raising of that particular case is that the judge had the ability and put the person on electronic monitoring so they could actually know where the person was using the GPS [global positioning system] system. And that, I think that's an ability that the judge probably had available to him.

I think what this one is doing is just saying that in certain repeat offender situations or when the serious offences are created, to have that longer period of licence suspension is another tool. But that one that they used in this case is one that already exists.

Mr. Hart: — Thank you, Minister. Mr. Chair, to the minister . . . We don't want to leave you out, Mr. Chair. Could you briefly, Minister, or your officials, could you briefly explain the changes that are being proposed in the Bill as far as the handling of seized wildlife? If you could briefly explain what the current Act specifies in that area and what the amendments are proposing so that we have a better understanding of what we're moving to, and where we are today and what we're moving to.

Hon. Mr. Nilson: — Let me try because I maybe will be able to explain it in a straightforward manner and then I'll let them help me out here. But right now we have a 60-day time limit that . . . when you can hold the seized property. And sometimes you can't get the issues resolved within 60 days so it's been extended to 90 days. And what they know from experience is that most of the issues around whether something that's been seized will have been resolved within a 90-day period.

And so that's, I think that's in that section 80(1). That's really the issue, just adding another 30 days. Because what was happening was all of the information wasn't finalized and you'd get the 60-day limit and some of the seized articles would have to be returned or disposed of or something done with them.

Mr. Hart: — Minister, then section 80(4), we did talk about the compensation at the very bottom of that particular subsection. But the changes in the number . . . seizure of wildlife, and if you could just explain where we are today and where we're going to with these amendments just so that we have a clearer understanding of what the Bill is doing.

Hon. Mr. Nilson: — I think the simple answer is that everything that's in that section 80(5), that would be now. It's the new (5) that comes out after 80(4). Those tools weren't there before at all.

And so one of the difficulties would come is, when you have diseased wildlife, what can you do with them? And so that's why we're bringing forward the amendment to this legislation, is to set out some of the things that can be done. And you can see . . . Well they're there: seizure; confinement; deportation if it's an animal that's been brought in from somewhere else; released to the wild if it's a wild animal that's been captured; sale if it's an animal that has some possible sale; or destruction in a humane manner if it was injured or there was something that you couldn't do with the animal. So those are actual descriptions of tools that weren't there, and they're practical ways that one would deal with seized wildlife.

Mr. Hart: — Currently the department officials were required to maintain the animal or confine the animals and maintain them and hold them until the issue was resolved. Is that the current . . .

Mr. Phillips: — We really only had one significant experience where a large number of deer were seized, and then we had an issue of what to do with them. So we held them for the period

of the prosecution at Buffalo Pound Provincial Park, but it would have been far more humane to leave the animals at the site as seized or release them. But we didn't have those powers.

Mr. Hart: — And as we discussed earlier, the safety valve in all of this is that if an animal or animals have to be destroyed or sold and the individual was found not to be . . . found not guilty, that the fair market value clause is intended to compensate the individual in a fair manner.

Well, Mr. Chair, I believe that would answer the questions we would have with this Bill.

The Chair: — Thank you very much, Mr. Hart. We'll move to clause by clause. Is clause 1 agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Wildlife Amendment Act, 2006. Do I have a motion from a member to report the Bill without amendment?

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Ms. Higgins. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Thank you very much. And with that, I believe we'll adjourn the meeting. I'll entertain a motion to adjourn, I should rather say. Thank you, Mr. Belanger. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — And thank you very much, Minister, and officials.

[The committee adjourned at 17:00.]