



STANDING COMMITTEE ON THE ECONOMY

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**STANDING COMMITTEE ON THE ECONOMY
2006**

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Mr. Eldon Lautermilch
Prince Albert Northcote

Mr. Lyle Stewart
Thunder Creek

[The committee met at 15:00.]

The Chair: — We'll get the committee's business under way. Greetings, colleagues on the Standing Committee on the Economy. We are here for an action-packed agenda today starting off with consideration of estimates for the Department of Labour but specifically for the office of the Status of Women. So, Minister Beatty, if you'd care to take it away and make any introductory remarks and introduce your officials, we'd be quite happy to have you do so.

**General Revenue Fund
Labour
Vote 20**

Subvote (LA09)

Hon. Ms. Beatty: — Thank you, Mr. Chair. It's a pleasure to be here this afternoon and I'll start off by introducing the officials who are with me today. To my right is Bill Craik, the deputy minister. And Jim Nicol, assistant deputy minister, behind me somewhere. Nadine Sisk, acting executive director of Status of Women. And to my immediate left is Leslie Neilsen, senior policy analyst, Status of Women's office.

I'll give you a few remarks about the Status of Women's office. The Status of Women's office is dedicated to reducing barriers to women's equality and to advancing and protecting women's rights, status, and security. The office acts as a single window into government for women and women's groups. It also coordinates and supports efforts and initiatives designed to help overcome the things that stand in the way of women realizing economic, political, cultural, and social equality. As a small office, a great deal of the work done by the office comes from partnerships with both government and non-governmental agencies that are focused on developing solutions to some of the key problems women face achieving equality.

Although the range of challenges that women face in overcoming inequality are broad, the Status of Women office continues to focus on the action plan for Saskatchewan women. This plan focuses on forming goals, economic security and equality, safety, health and well-being, and participation in leadership and decision making. Clearly these goals mean different things to different women. For example, economic security may be as fundamental to one woman as being assured she will receive court-ordered child support, while for another woman it may mean being paid the same as her male counterparts.

As such, the breadth of opportunity to make a difference in the lives of Saskatchewan women is both daunting and promising. In addition to working with partners from within our province, the Saskatchewan Status of Women office also plays an active role in interjurisdictional initiatives. These relationships with Status of Women offices from across the country help ensure Saskatchewan is part of a larger approach to addressing the challenges that women face in achieving equality.

And with that, Mr. Chair, I and the officials would be pleased to answer any questions you may have.

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

Mr. Krawetz: — Thank you very much, Mr. Chair. And welcome to you, Madam Minister, and your officials. We'll try to be brief. I know we have one hour in total, and it will allow some questions of the Status of Women office and then allow us to move on to other issues that will be the responsibility of Mr. Forbes.

I want to begin by first of all thanking Mr. Forbes for providing the information that I requested the last time, which included information about the Status of Women which was that the full-time equivalent staff at the Status of Women is four. And while I listened to your review of the department, I'm wondering, with a staff of four what interjurisdictional connections can be made in terms of dealing with women's issues regarding transition homes, justice issues, those kinds of things? How do you accomplish that within the Status of Women office with a staff of four?

Hon. Ms. Beatty: — Mr. Chair, one of the ways is that — I think this is common to other departments as well — there's always federal, interprovincial, you know, federal meetings that are held where issues are identified and worked on. And this is one thing that this office has been able to do.

One of the conferences that was held this year and was initiated in Saskatchewan was a conference focusing on women in, you know, experiencing violence. And so this conference took place this spring in Ottawa. So that's the kind of work that's done interprovincially and with the federal government as well.

And also when you talk about the government departments themselves, you know, there's also an internal committee that hits all departments, the Crowns, and so on where there's women advisers, you know, that impact on policy development that's happening that, you know, sort of looking at it from a woman's perspective. So that kind of internal intergovernmental departmental work is happening as well as nationally.

But for sure, you know, at times there are challenges because there's a lot of issues that still need to be addressed. But like I say, I think one of the most effective ways of dealing with a whole number of issues, you know — when it comes to women and reaching equality — is through relationships and talking with women's groups, bringing their issues forward, and so on.

So that's the kind of work that happens. It's more coordination and sometimes reminding folks that are at the table that are decision makers, you know, we need to look at it from this perspective as well. So for sure it's huge, you know, but we're making progress.

Mr. Krawetz: — Madam Minister, thank you for that response. One of the concerns that I've had expressed to me is that as the Status of Women office has changed in its full-time equivalence over the last number of years — and you can correct me if that's not true — that it seems, according to some people, that lately the Status of Women office is more prevalent to be talking about equality rather than dealing with a hands-on

approach with women regarding whether they be justice issues or whether they're Aboriginal women's issues or whether they're connected to even something like FAS [fetal alcohol syndrome], as I understand the Status of Women office in many other provinces does.

Is that a fair criticism by these people that would suggest that the Status of Women office is more concerned about equality only, and that in fact they're not dealing with the real hands-on issues that women face in the province of Saskatchewan?

Hon. Ms. Beatty: — I think, Mr. Chair, I think it's both, you know, from what I sense. Like I'm fairly new into this role as well but from what I see and what I sense is that I think that's an unfair statement. You know, they're not only doing that. And I don't think it's the responsibility of the Status of Women to be out there, you know, telling women what to do and how to do things. You know, a lot of the direction and the advice and the knowledge has to come from the women themselves out in the communities.

I look at a lot of the communities. You talk about Aboriginal women. I look at the great work that they're doing out of the communities. In my own constituency, for example, they don't necessarily approach it from a woman's issue only. They approach it in a holistic way, which is looking at the whole family. That's the way of the culture.

So, you know, there's a lot of tremendous work that's being done out there by women and a lot of progress being made. And I think our responsibility is for sure to bring that awareness and that understanding to the decision-making tables. You know a lot of times there's not enough women, whether we're talking about policy development where, you know, when we were talking about . . . Even at the cabinet table I think that's the role of . . . That's the way I see it anyway. And we need to be out there talking and listening and taking advice and working with women's groups out there.

There's a lot of progress happening. One of the things that I've seen is that when it comes to women and single parent families, for example, and if we're continuing to provide daycare spaces, you know, support programs so that they're successful in improving their education. You know, those are some of the fundamental things that we have to do. Because at the bottom, at the end of the day, a lot of the issues stems from poverty. So if we start dealing with these kinds of issues, you know, that's what it's going to take. So you know I think a lot of the direction has to come from the women's group themselves and proactivity.

And I look at the First Nations side, you know. A lot of them administer their own programs and, like I said, a lot of times working with the whole family, not just women. Because I think we understand, you know, I think we all understand that's part of the problem is that there has to be awareness on the male side as well whether you're talking about young men . . . You know there's a lot of stereotyping for example that we have to still get rid of. So it's all facets.

Mr. Krawetz: — I don't disagree with you at all, Madam Minister. The question that I'd still like you to clarify is that if individuals or women's groups — representatives of women's

groups — call the Status of Women's office, would there be a greater amount of success by those groups in actually having their problem, their concern . . . And you've identified a number of issues that women bring forward.

Is the Status of Women's office there and are they helping these groups or these individuals with their concerns? Or did I hear you correctly that you said that other departments then would be asked to assist in coordination of dealing with that need? I think that's what I heard you say at the very beginning — that there are other departments, there's a coordination of services. Because, you know, as I said earlier, a staff of four — when you have half of the population being female and if they're bringing concerns through either the group that they belong to or as an individual — I don't see how that can be all dealt with by a small staff.

So how do you coordinate that? And are there concerns by women and women's groups that say, the Status of Women's office wasn't able to assist me, and I had to go somewhere else?

Hon. Ms. Beatty: — I'm going to ask the department officials to add to the comments that I'm going to make in general. And for sure I think it's a given that they're not all going to come to the Status of Women's office for sure. You know, they do quite well in articulating what the issues they need dealt with directly to the responsible departments. But others, you know, are not always in that situation, so with the specific questions that you've asked I'm going to ask maybe the deputy to add to my comments.

Mr. Craik: — Certainly with respect to first part of your question that you had posed earlier, there has been no change in the complement of the Status of Women office the last four years. There's been four FTEs [full-time equivalent] the last four years. So for that point there's been no change.

The office acts as a window for women's issues within government and without — so looking outward and looking inward. Certainly four people cannot do all the work that is required on such a large file. But the work gets done by people from outside — in the Crown corporations, in other departments — and not just to the, I believe, the women's adviser that it is attached to each department or each Crown corporation. Certainly those individuals connect on a regular basis with meetings coordinated by the Status of Women office and discuss common issues.

Those departments and Crowns meet and discuss and talk about the action plan that was enunciated three years ago and on which work is being carried on. And those individuals and the additional individuals that receive training in gender-based analysis as an example — and there's a substantial number of government employees the last several years who've received that type of training; I think it's in the range of about 450 — end up being the people who have the women's issues in the forefront of their mind when policies are being developed, being considered, or action plans are being identified.

So it isn't enough. You'd need an awfully large department to supervise and to do all that type of work. Additionally I might add, I think that the Executive Council has a policy adviser for the Status of Women office, and it's a different policy adviser

than for the Department of Labour as a whole. And it's a former deputy minister who had the rank of deputy minister for the Status of Women office in the past.

So there is a fairly significant connection with Executive Council, the connection of policies, the enunciating of those policies to the public, to stakeholder groups, and to try to keep those things identified within government.

The other face of the department is when it reaches outward to the outside groups. And no doubt there is a limit to the amount of work that four people are going to be able to do in terms of getting out. I had the privilege of speaking to a council of women annual meeting about 12 days ago in Saskatoon on a Saturday. And you probably know that as an umbrella organization of women's groups throughout the province. And so I had the chance of speaking to them for about an hour and a quarter.

I haven't heard questions from groups that suggest that our Status of Women office is not able to take calls and is not able to answer questions. So I have no knowledge of that and if Ms. Neilsen has anything further to add, she can add on that point. But I think it's maybe a question as to understanding the role of this office.

The office, I don't believe, was ever designed to perform all the work. It's as the minister said. It's meant to be an area of expertise, an area that can advise Crowns and departments in administration, implementation of pay equity policies, and how that works. That can go out with gender-based analysis training, either the one-, two-day workshop, and to build awareness of women's issues from that point. And even though the office has been in existence for a considerable period of time, there's still a lot of work to do to reacquaint people with the principles that we're trying to administer.

But I haven't heard complaints about the unavailability. It may limit, I suppose, the number of times we can answer requests for every speaking engagement throughout the province. But to my knowledge we haven't had to turn down many requests.

Mr. Krawetz: — Good. Thank you, Mr. Craik. And to you, Madam Minister, or through your officials, a final question. You mentioned that you act as almost a coordinator for departments or Crowns. Is there one specific department or Crown that receives more of the referrals or contacts over the course of a year?

Mr. Craik: — No. I'm not aware of any department as such, no.

Mr. Krawetz: — Madam Minister, the Status of Women office, I note by the estimates provided to us that the budget has changed by about \$18,000. The staff has not changed. I'm assuming that the majority of that is in salaries, except for 2,000. Is that level of increase based on 0, 1, and 1. Is that a grid increase? What expenditures are determined by a \$14,000 increase?

Mr. Craik: — Well you're correct in your assumption. The \$16,000 is for the personal services and other expenses are 2,000.

There was a classification review performed by the Public Service Commission and that's pertinent because three of the positions — three of the four positions — are out-of-scope positions. So it would be mostly due to that. The one in-scope position would be subject to the raises that have been negotiated with SGEU [Saskatchewan Government and General Employees' Union].

Mr. Krawetz: — Mr. Chair, that would be all the questions that I have of the minister on the Status of Women.

The Chair: — Thank you very much, Mr. Krawetz. And thank you, Minister, and your officials. Minister Beatty, I believe we'll be bidding you farewell and welcoming Minister Forbes. So we'll have a brief recess while the ministers and officials change.

Hon. Ms. Beatty: — Mr. Chair? Mr. Chair, I'd like to thank the officials for coming this afternoon. And I thank the member for his questions and his interest.

The Chair: — Thank you, Minister.

Subvote (LA01)

The Chair: — Welcome back, colleagues. We'll resume consideration of the Department of Labour estimates. We are now joined by Minister Forbes. Minister Forbes, if you could introduce any new officials that you've brought to the committee, and we'll get under way.

Hon. Mr. Forbes: — Yes. Thank you very much. And I'll be quick about this. On my left is Jim Nicol, assistant deputy minister. Behind us is Nadine Sisk, acting executive director, Status of Women office; John Boyd, executive director, planning and policy division; Eric Greene, director of labour standards; Glennis Bihun, acting executive director, occupational health and safety division; Doug Forseth, executive director of labour relations and mediation division; Kevin Kuntz, director of finance and administration; Margaret Halifax, director of the Office of the Worker's Advocate; Peter Federko, chief executive officer, Workers' Compensation Board; Gail Kruger, vice-president, prevention, finance and information technology from the WCB [Workers' Compensation Board]; and Melanie Baldwin, board registrar from the Labour Relations Board. And I'd be happy to take questions.

The Chair: — Thank you, Minister. And Mr. Krawetz.

Mr. Krawetz: — Thank you very much, Mr. Chair. And after all of those introductions I can tell you, Mr. Minister, that we will not get to every department, I can assure you, because in 33 minutes, as I see by the clock, it will be difficult to touch on a lot of the issues. But I do want to indicate to you that probably three of the areas that we'll spend some time on this afternoon are going to be the LRB [Labour Relations Board], labour standards, and WCB. So those will be hopefully the three areas that we can get to in the time that is provided.

Mr. Minister, of course the LRB story has been front and centre in the province for many weeks already. And I want to clarify with you as to the position that you will take as the Minister

Responsible for the LRB regarding the potential Ombudsman's investigation. Are you aware whether or not the Ombudsman will pursue an investigation as requested by the opposition, or whether or not it will turn to some other avenue?

Hon. Mr. Forbes: — I would add this. I'm not sure if you're aware of the CBC [Canadian Broadcasting Corporation] report that happened at noon today. Okay. Then I'll just . . .

[The] . . . former Vice-Chair at the Labour Relations Board [I'm quoting CBC, noon today] will not have his case investigated by the Saskatchewan's Ombudsman, after all. [I'm quoting.] The provincial opposition had asked the Ombudsman to investigate allegations of political interference at the Labour Relations Board. Walter Matkowski did meet with the Ombudsman to consider that option last week, however the Ombudsman said he could not review the case if there was also a lawsuit. Matkowski and his lawyer say they have decided they will go ahead with their suit.

Mr. Krawetz: — Okay. Thank you, Mr. Minister. I wasn't aware of what Mr. Matkowski was intending to do. I was aware, from Mr. Fenwick's office . . . I was called this morning to indicate that they were not going to be continuing with the investigation, but there was no clear direction as to what the next step would be based on that.

So as a result of a potential investigation in the court, I'm assuming that your answer to many of my questions might be that it will be before the courts and therefore you won't, you won't be commenting on any of those issues. If that is correct, would you state so?

Hon. Mr. Forbes: — Yes.

Mr. Krawetz: — And therefore I'll not waste time asking the questions.

Hon. Mr. Forbes: — No. I appreciate the opportunity to answer that question. And we anticipate that there will be a lawsuit and so it would be inappropriate for me to speculate on some of the points.

As in the media, I stand by my deputy minister in that there's a vast difference in recollection of the substance of the allegations. And I think it best and I'm comfortable — and I've said this in the media — comfortable with this proceeding forward, so . . .

Mr. Krawetz: — Thank you, Mr. Minister. While we were hoping that it would be concluded in another fashion, Mr. Matkowski has made that determination, and he is the one who has made the allegations as well.

So I'd like to turn still to the Labour Relations Board, but more in a generic sense of some of the things that have happened over the course of the last year. Mr. Minister, as of today, how many cases are before the Labour Relations Board in terms of having had hearings and that the adjudication of that hearing has not taken place yet? How many hearings, how many cases are before the board currently?

Hon. Mr. Forbes: — Well as of May 10 — and Melanie can give us an update on this — but I understand there's 32 outstanding cases. Twenty-eight of those, the hearings have been completed but the board has yet to make a ruling.

And of course, you know, the nature of these decisions, some are very serious and so some take some time. And of course the coordination of the parties at hand is something very important too. So it's a complex answer, but I'll ask Melanie to give you more details on that. But that's what I knew of as of May 10.

Ms. Baldwin: — Mr. Chair, as of May 17 — provided nothing is happening right now in terms of decisions going out as we speak — there were 32 cases where the hearing had been concluded and no reasons for decision had been rendered. Four of those 32, an order has been issued — so the parties are aware of the disposition — but no reasons have been given yet for that order. So 28 without order or reasons and 32 without reasons.

Mr. Krawetz: — Mr. Minister, through to Ms. Baldwin, could you comment . . . What do you mean by without reason or with reason?

Ms. Baldwin: — The Labour Relations Board, as a general practice when it hears cases which are opposed, renders reasons for its decision, written reasons for its decision. We publish something called the *Saskatchewan Labour Relations Board Reports* and the written reasons are included in those reports.

So in certain cases, in most cases you'll have an order, which is the actual order of the board. And that order will be accompanied by reasons for the decision, written reasons for the decision, which can be five pages; they could be 65 pages — depending on the case.

In some cases though — so in the four that I've mentioned, for example — you'll have situations where the board will issue an order, with reasons for decision to follow. So the order will be issued — which would be a one- or two-page document, bottom-line decision — and then reasons for that decision, written reasons for that decision would follow once they've been written.

Mr. Krawetz: — So, Mr. Minister, through to Ms. Baldwin . . . And I won't mention the name of the individual, but I have a file here regarding a person from Saskatoon and CUPE [Canadian Union of Public Employees]. The document that is contained has a huge number of pages. Are these the reasons then that are then listed as, you know, paragraph 42 and 43 and 44 and so on, are these the reasons for the order? Or are these the explanations of the board?

Ms. Baldwin: — Well I think probably both. I mean the reasons for a decision constitute the board's explanation of why it has made the bottom-line decision that it has made. So the bottom-line decision would be, for example, the application is granted or the application is dismissed. The reasons for that would then be contained in the reasons for decision. And if you're looking at something with that many paragraphs it likely is reasons for a decision and not an order. It would be unusual for an order to be that lengthy.

Mr. Krawetz: — If this document is something that the final

conclusion is not the kind of conclusion that the individual expected, what is the next step of appeal or redress?

Ms. Baldwin: — There is no appeal from a decision of the Labour Relations Board. Section 21 of The Trade Union Act contains what is called a privative clause. That provision does indicate that there's no appeal from a decision of the board. So having said that, even with a privative clause of that type, the Court of Queen's Bench for Saskatchewan maintains the inherent supervisory jurisdiction over all administrative tribunals. And so under certain limited circumstances the Court of Queen's Bench will judicially review decisions of the board.

There is also the ability in the board to reconsider its decisions under section 13 of The Trade Union Act, and sometimes . . . There are certain criteria which must be met in order for the board to reconsider its decisions but sometimes people who are unhappy with the decision will apply for reconsideration if they feel that those criteria have been met.

Mr. Krawetz: — Thank you. On average then in any given year . . . You indicated 32 cases. How many cases would there be a request for reconsideration?

Ms. Baldwin: — That is a statistic which will be found in the annual report of the Labour Relations Board. So I can tell you for 2004-2005, there was one. There were six, for example, in 2003-2004. And if I can just find my statistics for 2005-2006, I'll tell you what that number is for that time period. In 2005-2006 there were four applications for reconsideration disposed of by the board, two of which were granted and two of which were dismissed.

Mr. Krawetz: — Good. Thank you for that. Mr. Minister — through I imagine Ms. Baldwin would be the quickest one to answer this — of the cases that are still before the board, what is the longest history of a case in terms of its age?

Hon. Mr. Forbes: — I'll get Melanie to give a more fuller answer, but during my briefing that I've had with Melanie I've had the same questions that you've had. You know, the number of cases that we hear I think it would be interesting too and sort of the average because we have a pretty good average in terms of finishing things up within 90 days, that type of thing. But I'll let Melanie answer that question.

Ms. Baldwin: — The way that we measure this is it would be the lengthiest time between the last hearing date and today, as opposed to since the date of the filing of the application because quite often there's delays that happen in the scheduling of matters that don't have to do with the board. They have to do with the parties' schedule.

So in terms of the performance measure for the board it would be the date from the last hearing until today. And the oldest case, there is one case that was last heard on December 4, 2003. That is the oldest decision presently pending before the board. Then there's several from 2004. And it goes from then until one that was completed last week, I believe, is the latest one on the list.

Mr. Krawetz: — Thank you. Mr. Minister, as far as the cases that are before the board right now, how many of those cases

involve certification of a union or decertification? Are you able to indicate that total and then what is the breakdown between each of those two categories?

Ms. Baldwin: — When you're taking about cases before the board are you talking about cases from this list where the hearing has been completed and no decision has been rendered?

Mr. Krawetz: — Yes.

Ms. Baldwin: — Okay, because there would be other cases, obviously, that we'd be dealing with. In terms of cases on that list, I'll have a quick look here.

It appears that of the cases where the hearing has been completed and decisions are outstanding that there are five certification applications on that list and one application for rescission, or decertification.

Mr. Krawetz: — Yes, I remember that from last time, yes — not decertification but rescission.

Could you tell me the status of a firm applying for rescission called Atlas Industries Ltd. out of Saskatoon? Is that concluded or is that one of the cases . . . Is that the case that's still pending?

Ms. Baldwin: — First of all, a firm doesn't apply for a rescission. The employees have to apply for a rescission.

So yes, there is an outstanding rescission application involving employees of Atlas Industries. And it has been reassigned to be heard by a new panel of the board. So it is not on this list at this time because that will have to happen before it comes on to this list as one where the hearing is completed and a decision is outstanding.

Mr. Krawetz: — I clearly understand that it is the employees that apply for that. And I would agree with you that it is not the firm and it is the employees. And my understanding, that the employees of Atlas have asked for this a number of years ago. Can you clarify how old this file is and whether or not this, in fact, was asked for by the employees a long time ago?

Ms. Baldwin: — I believe the application was filed late in 2004. And I believe the last hearing date would have been mid-2005. But I don't have that exact date in front of me.

Mr. Krawetz: — And could you clarify then what has happened since the last hearing in mid-2005?

Ms. Baldwin: — Well it would have been a matter that was placed on the list of cases where decisions were pending. Unfortunately, the decision was not completed before the expiry of the term of the vice-chairperson who was hearing the case. As a result, the case has been reassigned to a new panel of the board to either complete it after reviewing transcripts of the proceedings and then hearing arguments from the parties, or to rehear the case if that's what the parties choose.

Mr. Krawetz: — Mr. Minister, in the example of files that have not been completed in the time that the Vice-Chair is no longer an active member, do you expect that there will be

hearings for most of those cases? Or do you expect that there will be a concern around time and therefore that there will be a review of the documents, a review of the files, and that there will be a conscious effort on the department's part to expeditiously deal with this?

Hon. Mr. Forbes: — I think it's really important, and as I understand the working of the LRB and the nature of the work they do, when you're working with parties to try to schedule meetings and that type of thing, to work as quickly as you can to get the job done. And I think everybody would like to see that. But of course, there are schedules and that type of thing that needs to be done.

I think that of course, obviously we wanted to see this, any decision move along as quickly as it possibly can and not be delayed without good reason. So in this particular case I think that we'll do all that we can to see that it moves along.

Mr. Krawetz: — Can you confirm, Mr. Minister, whether or not there is a new panel in place that is in fact dealing with this case right now?

Hon. Mr. Forbes: — I can't, and I don't know whether the registrar could.

Ms. Baldwin: — I believe that the new panel will be the two sidespeople who sat on the initial case and Vice-Chairperson Zborosky of the board.

Mr. Krawetz: — When do you expect them to begin evaluating this case to deal with it in an expeditious fashion?

Ms. Baldwin: — I believe the transcript has been completed. However the parties are not . . . I don't think the parties have yet agreed to the process of a new panel looking at the transcript and then determining the case on the basis of that. So that's the status of that file at this time.

Mr. Krawetz: — Thank you very much, Ms. Baldwin. And thank you, Mr. Minister, for those questions about the LRB. I'd like to move to questions on some labour standards in light of the fact that we're down to 16 minutes. And with that, Mr. Chair, I'll go straight into a couple of questions, or a few questions. I shouldn't say couple.

Mr. Minister, we have been contacted a number of times by businesses, farm businesses wanting clarification on the definition of a primary farming operation versus a commercial farming operation. Is there a clear definition within regulations or somewhere as to what is meant by a primary operation and what is meant by a commercial farming operation?

Hon. Mr. Forbes: — Well not to delay things . . . Have you got the definitions?

Mr. Greene: — There is no definition of commercial in the Act. There's an exemption for employees who primarily work in farming, and that's how it's stated in the Act. So employees who primarily work in farming are exempt from the application of The Labour Standards Act.

Mr. Krawetz: — Well I understand that. The question is then,

what is farming? As I said, we need to have a clearer definition of whether or not . . . And I'll give you an example. If I am a farmer that produces some poultry — and I do not actually have the young chicks hatched on my farm; I go to the local hatchery and I purchase 500 chicks and they become hens and they lay eggs — is that a commercial farming operation or a primary farming operation?

Mr. Greene: — For the purposes of the Act, employees in that type of operation would likely not be covered by the Act because we see that as a farming operation and not one covered by the Act.

Mr. Krawetz: — It is my understanding that there is some confusion from labour standards because that is a real example. Okay?

Mr. Greene: — Right.

Mr. Krawetz: — And the farmer in question does have an employee. And now it seems that labour standards are looking at it and saying, well because you're not producing the initial product — the chicks — on the farm, therefore it is a commercial operation because they're bought somewhere else. And I'm wondering if that has been brought to your attention.

Mr. Greene: — It's been brought to my attention. There's no confusion. The instance that I believe that you're referring to, it's a farming operation. And the employees of that farming operation, they're not covered by The Labour Standards Act.

Mr. Krawetz: — Thank you for being so clear and succinct.

The second question then is about a farming operation that involves cattle. If there is a cow-calf operation and the farmer then involved in feeding the animals — his animals — then purchases additional calves from another operation, is that a primary farming operation?

Mr. Greene: — It likely would be a primary farming operation, and again the employees would not be covered by the provisions of this Act.

Mr. Krawetz: — Okay. Third example. If the farmer is also a cattle farmer and is feeding animals during the winter and then through a contractual arrangement feeds the neighbour's cattle for the winter, is that now a commercial operation or a primary farming operation?

Mr. Greene: — The Act speaks to an employee who works primarily in farming. If the operation is primarily engaged in feeding and raising other person's cattle for a fee — if that's the primary operation — then that operation will be what you have termed a commercial operation and the employees in that operation would be subject to the provisions of The Labour Standards Act.

If it's not primarily — and then that would be the subject for an investigation — then more than likely that individual would not be subject to the provisions of The Labour Standards Act.

Mr. Krawetz: — Thank you, Mr. Minister, and to your official, there has been a lot of expansion in intensive livestock

operations, especially in the hog ventures. Is there a clear definition of the large hog operations? And I'll use the example of the hog operations in my constituency, Big Sky Farms. Is that considered a commercial venture or is that a primary farming venture?

Hon. Mr. Forbes: — I appreciate the question. I remember this when this was passed in the House a few years ago and so I know that there is a definition. I'll get the executive director, Mr. Greene, to give the exact thing. But I know it's one that's an important issue as we see intensive livestock operations grow. And I'll let Mr. Greene . . . He's found the answer right now.

Mr. Greene: — For the purposes of the exemption a commercial hog operation is not included within the exemption, i.e., The Labour Standards Act would apply to employees in a commercial hog operation if the definition is met.

That means the commercial operation under regulation 2(c.1) is that they have to be "engaged in the breeding, farrowing, weaning or finishing of porcine animals" — in other words, pigs — and it has to employ six or more full-time equivalents calculated in accordance with regulation 24(3)(4). The calculation in that subsection talks about the number of hours divided by, I believe it's 2,080 hours.

Mr. Krawetz: — Okay. Mr. Greene, then when you talk about the minimum of six employees and the large commercial operations of course now have five or six locations where there is the sow barn and there is the weaning barn and then there is three or four finishing barns. Are you talking about the combined workforce at one barn? At all barns? Is it the entire entity? I hope you understand what I'm getting at.

Mr. Greene: — We would look at the entity as opposed to the location where the individuals actually worked.

Mr. Krawetz: — So then if there are more than six employees in the entire operation from start to finish . . .

Mr. Greene: — Within Saskatchewan.

Mr. Krawetz: — No pun intended by the word finish, but that would mean then that that is deemed to be a commercial operation?

Mr. Greene: — That would be our position initially, yes.

Mr. Krawetz: — Thank you very much. Mr. Minister, I would like to move to WCB.

Hon. Mr. Forbes: — Okay, good.

Mr. Krawetz: — Mr. Minister, if I might — I know we have eight minutes left and it will be impossible to get through all of the questions — first one is in a generic sense, and I believe Mr. Federko might know this, Mr. Minister. There was a reprinting of a WCB poster that through a freedom of information I was told that the cost of reprinting was \$3,525. Could you indicate why the poster had to be reprinted?

Hon. Mr. Forbes: — I believe there was an error on a phone

number, and we wanted to make sure the phone number was correct.

Mr. Krawetz: — So a brochure was produced that had the wrong phone number of a WCB office or . . .

Hon. Mr. Forbes: — No, it was a large poster. So the poster had a phone number on it, and then we found out that it was not the right phone number and so . . .

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, I'd like to clarify a case that I brought to Mr. Federko's attention last time we met in estimates. And I did receive a response from an official from WCB, but it didn't help clarify some of the things. And I'm going to talk in a generic sense so that we're not mentioning the individual involved.

But it's regarding cases that have a dependent spouse because of a fatality that has occurred for a worker that was insured. Mr. Minister, it is my understanding that a number of sections come into play — section 83 and section 104 as indicated in the letter. And I was trying to get an understanding of how there could be misinterpretation. And the phrase that seems to have caused some confusion . . . and I'll quote directly from I believe section 83(4)(b) that says that "the earnings that the dependent spouse is earning from employment . . ." and that's a direct quote.

If that is not correct, maybe Mr. Federko could confirm that, but I understand that that's the phrase that is used. In a number of cases, it seems that it's the word "is earning from employment," seems to have been changed to earnings that may be retained.

Hon. Mr. Forbes: — Okay.

Mr. Krawetz: — Could you clarify whether or not it is, in fact, "is earning" or whether or not it is may be able to earn?

Hon. Mr. Forbes: — Now in answer to the question, I understand both those phrases are actually used, is and may be able to earn. It's really important on the specific case — what is the circumstance there? — because there are different sections that come into play. And I appreciate the complexity of the question and the answer too.

And this is really an individual . . . almost, yes, the response is, is the individual actually working at the time? What are the needs of the individual if they are not working at the time?

Mr. Krawetz: — I'll simplify this then, Mr. Minister, if I could. If indeed the other clauses don't apply, the youngest child has now reached the age of 18 and that person is no longer there as a dependent child. And if the person is not working at that time and there is no longer a dependent child, does the amount of payment that will be made to the surviving spouse, will it be determined by what the spouse is earning — which in this case the spouse is not working — or will it be controlled by the fact that if the person is deemed to be capable of working at a minimum wage job, that the earnings will be reduced by what may be able to be earned?

Hon. Mr. Forbes: — I'll get the official to answer.

Mr. Federko: — If the dependent spouse is not working at the

time of death, then during the maximum benefit period, which is five years, so for the first five years after death, the dependent spouse is guaranteed essentially to receive what the injured worker would have received had they continued to live. However as 83(4) says, subject to section 104, the board has the ability to determine the amount of compensation that would be most duly payable under the circumstances.

So if the dependent spouse is not working at the time of death, every effort would be made to provide whatever vocational training or any other support necessary to the dependent spouse to allow them to achieve an employment status. And if for example after all of the training is provided and sufficient effort has been made to find employment for the individual, under the powers of the board granted by the Act through section 22 as well as section 104, the board can determine the degree of earnings loss and adjust the amount accordingly.

So 83(4) says subject to (1) and (2) and 104. So you must look to 104 as well to determine really what the ongoing benefits of the dependent spouse might be.

Mr. Krawetz: — I'm trying to get an understanding because there's more than just this one individual case, Mr. Minister. So it's not, you know, like I'm not being specific to this case. But the discussion around what does 104, how does it control the subclauses of section 83 . . . And when I looked at 104, it says that, specifically 104(b)(i) states that one's payments may be reduced or terminated if:

without good reason, the worker is not available or declines to accept a bona fide offer of employment in an occupation in which the worker, in the opinion of the board in consultation with the worker, is capable of engaging;

Now the question that has been posed to me by the dependent spouse in this case is that, after consultation with the worker, the worker has said, I can't, I cannot do that. And that didn't seem to have a bearing on the decision that now reduction of the allowance payable to the surviving spouse was . . . that that allowance was reduced because it was deemed capable of earning even though the person wasn't working.

And then in a very specific case — this one that you had your official respond to — the person was deemed in fact incapable of working in 2003. So since 2003 that has been clarified. But before that, the person wasn't working, felt that they were incapable of working. And yet the decision by WCB was, you are capable of earning even though you're not working. How do you correct that? Or is that correctable? And what procedures should individuals follow?

Hon. Mr. Forbes: — I want to thank the member for the question. It's very informative as we go through these kind of questions. And I would say of course as we've outlined in the last couple of times, the appeal process — but also the Worker's Advocate — in terms of how you find your way through the Act . . . And so that would be my reply.

I think it's very important to have people work with people when they're going through the appeals to make sure they understand. And the Act is very complex as you've pointed out

with 104 affecting this section.

Mr. Krawetz: — My final question, Mr. Minister, is this section that says, or sub (2) that used the word "is earning." Has that been a section that has come into the Act in the last while? Is that a change? Why do some individuals feel, feel — and I'll say feel — that that section was not that clear 20 years ago when some of these cases originated?

Do you know, Mr. Federko, whether or not that is a recent change or has this clause been there for a long period of time? And if you can't provide me with that answer today, I'll look for a written response from you.

Hon. Mr. Forbes: — We'll get that back. We'll find out when it came in.

Mr. Krawetz: — Thank you, Mr. Minister, and to your officials. It's been a quick hour. And I know there are many other things, but we'll be able to deal with them directly through your office or through the applicable departments. And I want to thank you and your officials.

Hon. Mr. Forbes: — Yes. I just also want to thank my officials for coming out and providing the support and the good answers. And thank you very much.

The Chair: — Thanks to the minister and officials. Thanks to Mr. Krawetz for the crisp line of questioning. We'll briefly recess. We'll briefly recess whilst the Department of Finance comes to the bar.

[The committee recessed for a period of time.]

General Revenue Fund Fiscal Stabilization Fund Vote 71

The Chair: — Bring the committee back to order. Welcome to Minister Thomson. We're here for the consideration of statutory votes 71, 151, 154, 152, 153, 140, 159, and 150.

Welcome, Minister Thomson. Do we have any questions on these statutory votes for the minister at this time?

Mr. Weekes: — We have no questions.

The Chair: — Seeing none, we thank the minister for his attendance at the committee, and we'll move on to another item of business for the agenda. But thank you for coming to the committee, Minister.

Hon. Mr. Thomson: — Thank you, Mr. Chairman. I had come with a lengthy prepared statement. However I will leave the committee to their own devices. Thank you very much.

The Chair: — The minister is both wise and merciful. Thank you.

[Vote 71 — Statutory.]

General Revenue Fund Lending and Investing Activities

**Municipal Financing Corporation of Saskatchewan
Vote 151**

[Vote 151 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Opportunities Corporation
Vote 154**

[Vote 154 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Power Corporation
Vote 152**

[Vote 152 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Telecommunications Holding Corporation
Vote 153**

[Vote 153 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Water Corporation
Vote 140**

[Vote 140 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
Information Services Corporation of Saskatchewan
Vote 159**

[Vote 159 — Statutory.]

**General Revenue Fund
Lending and Investing Activities
SaskEnergy Incorporated
Vote 150**

[Vote 150 — Statutory.]

The Chair: — The next scheduled item we have on the agenda is 4:15. We've got the consideration of Bill 28.

In the interests of saving some time, what we could do is vote the Labour estimate at this time. We had initially planned to vote the estimates at the conclusion of the meeting, but given that we've got a couple of minutes, perhaps we could move to voting on the Labour estimate.

Mr. Weekes: — Yes, sure.

The Chair: — Thanks, Mr. Weekes.

**General Revenue Fund
Labour
Vote 20**

The Chair: — Okay. So in Labour, vote 20, which can be found on page 110 in the budget document, we'll move to the first vote — (LA01) central management and services in the sum of \$5,144,000. Any questions on that item? All those in favour? Agreed?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The item is carried.

Occupational health and safety (LA06) in the sum of \$6,103,000. Any questions on that item? Seeing none, all those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The item is carried.

Labour Relations Board (LA04) in the sum of \$823,000. Any questions on that item? Seeing none, all those in favour?

Some Hon. Members: — Agreed.

The Chair: — Those opposed? The item is carried.

(LA07) labour relations and mediation in the sum of \$534,000. Any questions on that item? Seeing none, all those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The item is carried.

Labour standards (LA03) in the sum of \$2,119,000. Any questions on that item? Seeing none, all those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Item is carried.

Worker's Advocate (LA08) in the sum of \$558,000. Any questions? Seeing none, all those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Item is carried.

Status of Women office (LA09) in the sum of \$378,000. Any questions? Seeing none, those in favour?

Some Hon. Members: — Agreed.

The Chair: — The item is carried.

And there is also the amortization of capital assets in the sum of \$21,000. Those in favour? Any questions on this matter? Seeing none, those in favour?

Some Hon. Members: — Agreed.

The Chair: — Those opposed? The item is carried.

I would invite a member of the committee to move the following motion:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Labour, \$15,659,000.

Do I have a mover of that motion?

Hon. Ms. Higgins: — Mr. Chair, I so move.

The Chair: — Thank you, Minister Higgins. Any discussion on the motion? Seeing none, those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The motion is carried.

[Vote 20 agreed to.]

The Chair: — Thank you, Minister Higgins. We'll briefly recess the committee while we go to check and see if the Agriculture folks are here for consideration of Bill No. 28. This committee is recessed.

[The committee recessed for a period of time.]

Bill No. 28 — The Veterinarians Amendment Act, 2005

Clause 1

The Chair: — We'll bring the committee back to order. Welcome to Minister Wartman and his officials for consideration of Bill No. 28, An Act to amend The Veterinarians Act, 1987. The minister is welcome to make any remarks he'd like to make at this time and to also introduce his officials, and then we'll get right down to business.

Hon. Mr. Wartman: — Very good, thank you. With me today on my left is Hal Cushon, assistant deputy minister, Department of Agriculture and Food. On my right is Roy White, acting director, inspection and regulatory management branch. And behind us is Dr. Robert Kerr, manager of the provincial veterinarian animal health unit, inspection and regulatory management branch.

And we've done a lot of work on this particular Act, meeting with stakeholders, working with our opposition members as well to try and find out what we can move forward. And we've certainly worked with the SVMA [Saskatchewan Veterinary Medical Association]. I think there's some disappointment that we were not able to move forward the full range of scope of practice that they were asking for. But I can tell you that even as of today they are still working with the stakeholder groups, the stock growers association and others, trying to make sure that there is a full understanding of what the issues are, what the impacts will be. And they are looking for ways to try and accommodate what the needs of producers are around some of the key areas.

By agreement I will be bringing forward two changes to the clauses, two amendments to the Bill as it's been tabled, and the members of the opposition are aware that those are coming forward. And so with that I'll just say that this primarily then, with the changes that we'll be making, is a housekeeping Act at

the request of the Saskatchewan veterinary association.

The Chair: — Well I thank the minister. And before I open the floor to questions or comments, I'd also like to table with the committee a letter that was written to me by the registrar of the Saskatchewan veterinarians, Dr. Hagele. We'll circulate that to the committee. It's largely of an information nature.

Anyway, we'll open the floor to questions and comments. Mr. Bjerneud.

Mr. Bjerneud: — Thank you, Mr. Chair. Mr. Minister, as we have talked on a number of occasions on this Bill . . . And I know there's been a lot of lobbying on both sides of the spectrum here, as we're well aware. And as you said, you've met with many of these groups. We've met with many of these groups. At one point I felt we had a commitment that there would be three parts of this Bill that would be pulled out: the animal dentistry part, the preg check part, and horse castration part. Is that still where we're at?

Hon. Mr. Wartman: — If you'll look at the pages that have been distributed here you'll note that one of the amendments will take out two pieces and the other will take out one. So each of those are covered.

Mr. Bjerneud: — Thank you, Mr. Minister. Just so I make sure that I am understanding you right. The two cover in the one part are actually included — both the preg check and animal dentistry go out as one.

Hon. Mr. Wartman: — Yes, they will. They would not be . . . Yes, that's right.

Mr. Bjerneud: — Just so that we're aware. And the part about the horse castration is also excluded. So the three problems that we had and others had with the Bill then are removed from the Bill.

Hon. Mr. Wartman: — They are.

Mr. Bjerneud: — Okay. Thank you, Mr. Minister.

I guess the only other thing that I had to add is you were lobbied I'm sure very hard on behalf of one side or the other on this. So were we. Somewhat disappointed though at some of the propaganda that was spread out there.

And what I'm speaking of partly is from the Saskatchewan Veterinary Medical Association's part. And I don't know if you've seen this, but it tries to go on to say that the Saskatchewan Party ignores animal welfare. And I'm really disappointed with this because probably a very large number of our caucus members are actually farmers and have livestock, whether it's horses, cattle, or both.

And I feel that, number one, this little part in the veterinary medical association's handout are not actually accurate. And I know this is nothing to do with the minister. But I felt that in my 11 years here, we've had lobbying on a number of Bills, and I don't think I've ever seen anybody go to the point that Dr. Hagele has gone on this, with this part that he wants, these things that we've talked about already today, these clauses that

we've already talked about today that are going to be removed.

So very disappointed at that part, that there's some not factual information being spread out there. And to the point that really that Sask Party members — and that's what he's talking about, us as MLAs [Member of the Legislative Assembly] — are ignoring the welfare of animals.

Now every one of us that have livestock out there, that's our livelihood. As the minister's well aware and everybody else out there, that's our livelihood. And for someone to say that we don't really consider the welfare of our animals top, number one, we make our living off these animals and the healthier they are, the better we are. So for someone to, you know, leave the impression out there that we are not really concerned about that is a fallacy.

And I just wanted that on the record, Mr. Minister, noting that that's nothing to do with you. But it's some of the lobbying we've had this time on this Bill, and I felt that that was really an unfair way to lobby and actually, when it comes right down to it, not factual.

So, Mr. Minister, if that's the commitment you made before and that's what we've got today, I think we have no problem with this Bill.

Hon. Mr. Wartman: — Okay. Thank you very much. If I might just, in the frame of the discussion, note that Dr. Hagele, in our meeting with the equine ranchers and the stock growers association and other stakeholders, was very passionate.

And I think the example that he gave in particular where you could see the concern and the passion was around the horse castration. And as members will know, generally with horses they are not castrated young as calves would be, and the impact on a horse is quite significant. And I think what you're getting from Dr. Hagele . . . And I know that you folks will continue conversations with him, but I think what you're getting is passion as a result of some of what he has seen and experienced, and I really encouraged him and the SVMA to continue the discussions with stakeholders and try and make sure that as we move forward that people have a very good understanding of what's going on.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Minister. I'll just add to what my colleague has just said concerning the veterinary association's remarks in that article. I think everyone needs to know and I'm sure everyone in this room knows the process.

What the process is as far as official opposition is to talk to the stakeholders concerning any legislation, any Bill, which we did. We talked with the vet medical association on a number of occasions. Personally I met with them, I believe, on two occasions and I participated in a conference call concerning this Bill. This was over the winter and, I believe, early spring.

And that is really the reason why, by agreement between the government and the official opposition, we've negotiated a fall sitting to have Bills introduced in the fall so that everyone can go out and take the time and review these Bills and talk to the

stakeholders, and make sure that the Bills that are introduced are good Bills that help the industry. And this process did work. Everyone did their job, including the official opposition.

And we took this to the stakeholders. There were stakeholders from the producers associations that had concerns with this Bill. And we as the official opposition brought these forward to you, Mr. Minister, in person, off the record and on the record. And the process worked. You have withdrawn those three contentious items and to be discussed again at a later date.

And hopefully by agreement among the stakeholders — which would include the producer associations, the stock growers, and the vet medical association — and by agreement that they would come up with a plan to address any of the concerns and bring it back this fall for legislation.

That's how the process worked and I think it worked well and we in the official opposition did our part as far as bringing those concerns to you, the government.

I would just like to move on to one area. And it's . . . just like to read from the Act, The Veterinarians Act, 1987, and it says under item no. (4):

No person other than a member . . . [meaning a veterinarian]

(a) use the word “veterinarian” or “veterinary” in combination with any other name, title, description, letter, symbol, or abbreviation that represents expressly or by implication that he is a member; or

(b) represent or hold out, expressly or by implication, that he is:

(i) entitled to engage in the practice of veterinary medicine; or

(ii) a member.

Then number (5) reads:

No member shall hold himself out as a specialist or as being specially qualified in any particular field or specialty of veterinary medicine unless he has:

(a) complied with the bylaws; and

(b) been approved as a specialist or as being specially qualified by the council.

The producer associations that I have talked to look to that with some concern as the vehicle that's already in the Act that would potentially have the implication of not allowing a producer to basically do some veterinary procedures on their own animals. And I would just like to ask, Mr. Minister, what is your opinion of this part of the Act? And in general would there be anything in the Act that you would see that would disallow a producer from doing various veterinary procedures on their own animals that now exist?

Hon. Mr. Wartman: — I think if the member will turn to

section 17, you will see that there are exclusions here. And the exclusions would allow producers to look after their own animals. So if you look at:

- (2) Subsection (1) does not apply to:
- (a) the furnishing without remuneration of first aid to an animal in an emergency;
 - (b) the administration of medication to an animal:
 - (i) by its owner, lessee, or bailee; or
 - (ii) with the consent of the owner, lessee, or bailee; or
 - (iii) by the agent, an employee or a member of the household of the owner, lessee, or bailee;

And then it goes through some of the specific exclusions around poultry; study, prevention, and treatment of fish diseases; technical performance of AI [artificial insemination]; the non-surgical implantation of embryo or embryos; castration of horses, goats, calves, pigs, etc.

So basically, the exclusionary portion of that section allows farmers to care for their own animals. And at the point I think of one of the items that was brought forward in our discussions at one of the stakeholder-SVMA meetings was that, you know, a farmer in difficult circumstances could pretty much try anything to care for their animal if they were on their own.

Now the real concern is that in terms of care of animals, that nobody — as the other member, Mr. Bjornerud, indicated — nobody wants to harm their own animals or cause harm by any actions that they would take. But there are provisions just in terms of the welfare of animals that if someone was abusing animals in some way, that under that area they could be reported and have to face the consequences of abuse of their animals.

Mr. Weekes: — Thank you, Mr. Minister. And I would agree with you. I think we have fairly high standards of animal welfare and care in this province and we certainly want to improve on them.

And I certainly look forward to a very good conclusion to discussions with the various stakeholders that you will be having this summer and this fall. And hopefully, there'll be legislation introduced this fall that all the stakeholders will be happy with. So thank you, Mr. Minister, and that's all the questions I have.

The Chair: — Thank you, Mr. Weekes. Any other questions, comments? We'll move to consideration of the Bill. And just to remind committee members that we'll move through the Bill clause by clause. When we come to the relevant clauses, 3 and 7, that's when we'll entertain the amendments.

That being said, clause 1, short title, agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clause 2 agreed to.]

Clause 3

The Chair: — Clause 3, if I could . . . Clause 3 where there is an amendment to be made, do I have someone to move the amendment?

Hon. Ms. Higgins: — Mr. Chair, I'll move the amendment:

Strike out clauses 3(c) and (d) on the printed Bill.

The Chair: — Any questions on the amendment? Seeing none, is it the pleasure of the committee to adopt the amendment? Agreed?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The amendment is adopted. We'll now put the question on clause 3 as amended. Those in favour, agreed?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Clause 3 is amended as adopted.

[Clause 3 as amended agreed to.]

[Clauses 4 to 6 inclusive agreed to.]

Clause 7

The Chair: — Clause 7 where we have an amendment to be moved. Minister Higgins.

Hon. Ms. Higgins: — Mr. Chair, I move:

That clause 7 be struck from the printed Bill and substituted with the following:

“Section 17 amended

7 The following subsection is added after subsection 17(4):

“(4.1) Clause (4)(a) does not prohibit a veterinary technologist from using the title veterinary technologist”.

I so move.

The Chair: — Thank you, Minister Higgins. Any questions or comments on the proposed amendment? I see none. Is it the pleasure of the committee to adopt the amendment?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The amendment is adopted. We'll move to the consideration of the amended Clause 7. Those in favour of clause 7 as amended?

[Clause 7 as amended agreed to.]

[Clauses 8 to 23 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Veterinarians Amendment Act, 2005.

I'd invite a member of the committee to move that we report the Bill as amended, amended.

Hon. Ms. Higgins: — Mr. Chair, I move that we report the Bill as amended.

The Chair: — Thank you, Minister Higgins. Those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Bill as amended will move to be reported.

Thank you very much, Minister. And thank you to your officials. And thank you to committee members.

**General Revenue Fund
Finance
Vote 18**

The Chair: — Okay. Thank you, committee members. In the interests of making hay while the sun shines, we've got agreement to go through the votes on Finance, on vote 18 and other votes on those estimates.

Without any further ado, on vote 18, central management and services (FI01) in the sum of \$7,631,000. Those agreed? All those in favour? Agreed?

Some Hon. Members: — Agreed.

The Chair: — Treasury debt and management (FI04) in the sum of \$2,709,000. Those agreed?

Some Hon. Members: — Agreed.

The Chair: — Provincial Comptroller (FI03) in the sum of \$8,714,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Budget analysis (FI06) in the sum of \$4,575,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Revenue (FI05) in the sum of \$16,585,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Personnel policy secretariat (FI10) in the sum of \$396,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Miscellaneous payments (FI08), the subvote includes statutory amounts in the amount of \$71,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Pensions and benefits (FI09) in the sum of \$110,622. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — The amortization of capital assets — that one's giving me trouble today, my goodness — is just to be considered, and that sum is of course \$953,000.

So that concludes vote 18.

**General Revenue Fund
Finance - Servicing Government Debt
Vote 12**

The Chair: — Whipping right along, we're moving to vote 12, debt servicing (FD01) in the sum of \$551,000 which is statutory. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Carried.

[Vote 12 — Statutory.]

**General Revenue Fund
Debt Redemption, Sinking Fund and Interest Payments
Vote 175, Vote 176, Vote 177**

The Chair: — Just to advise the members, remaining under the Finance bailiwick, we have a number of statutory votes: the debt redemption, vote 175 in the amount of \$1,282,873; the sinking fund payments - government share, vote 176 in the amount of \$61,820; and the interest on gross debt - Crown enterprise share, vote 177. And that would appear to be . . . just one moment.

[Votes 175, 176, 177 — Statutory.]

**General Revenue Fund
Finance**

The Chair: — Okay. So whipping right along here, we're moving to:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Finance, \$151,303,000.

Do I have a mover for that motion?

Hon. Mr. Lautermilch: — I so move.

The Chair: — Thank you, Minister Lautermilch. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

**General Revenue Fund
Regional Economic and Co-operative Development
Vote 43**

The Chair: — Moving right along on our dance card, we'll move to vote 43, under Regional Economic and Cooperative Developments, page 133 in your hymnal. Central management and services (RD01) in the sum of \$1,967,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Policy and planning (RD02) in the sum of \$680,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Investment programs (RD03) in the sum of \$4,850,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Industry development (RD04) in the sum of \$2,967,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Co-operatives (RD05) in the sum of \$647,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — And the amortization of capital assets is for \$40,000 in this item.

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Regional Economic and Co-operative Development, \$11,111,000.

Do I have a mover for that motion?

Hon. Ms. Higgins: — I so move.

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

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

[Vote 43 agreed to.]

**General Revenue Fund
Lending and Investing Activities
Regional Economic and Co-operative Development
Vote 144**

The Chair: — If we could turn to page 162 in our budget documents for the consideration of vote 144, Regional Economic and Co-operative Development in the sum of \$5,650,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Regional Economic and Co-operative Development, \$5,650,000.

Do I have a mover for that motion?

Hon. Ms. Higgins: — I so move.

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

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

[Vote 144 agreed to.]

**General Revenue Fund
Supplementary Estimates
Regional Economic and Co-operative Development
Vote 43**

The Chair: — We'll move to a supplementary estimate for Regional and Economic Co-operative Development, vote 43, in the sum of \$478,000. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The motion is carried.

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 2006, the following sums for Regional Economic and Co-operative Development, \$478,000.

Do we have a mover for the motion?

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Minister Higgins. Those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The motion is carried.

[Vote 43 agreed to.]

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

The Chair: — Move to vote 35, Saskatchewan Research Council in the sum of \$4,200,000. Do I have a mover for the motion?

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Minister Higgins. Those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Thank you, committee members.

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 2006, the following sums for the Saskatchewan research council \$4,200,000.

Do I have a mover for the motion?

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Minister Higgins. Those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The motion is carried.

[Vote 35 agreed to.]

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

The Chair: — In the main estimates, page 137, we have vote 35 for the Saskatchewan Research Council in the sum of \$8,446,000.

Those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried. And:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for the Saskatchewan Research Council, \$8,446,000.

Do I have a mover for the motion?

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Minister Higgins. Those in favour of the motion?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

[Vote 35 agreed to.]

The Chair: — And that's it for now, committee colleagues. Thanks for bearing with us as we went through those motions. Thanks very much, Margaret, for that fast footwork.

The committee stands adjourned until six o'clock when we'll reconvene to consider further estimates. Thank you, colleagues.

[The committee recessed until 18:00.]

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

Subvote (IR01)

The Chair: — We'll call the committee to order. Welcome, committee members. We are joined by Minister Cline for the consideration of the Industry and Resources estimates. Minister Cline, if you care to make any introductory remarks, introduce your officials, and we'll get under way.

Hon. Mr. Cline: — Thank you very much, Mr. Chair, and good evening to you and members of the committee. I am very pleased to be back in front of the Standing Committee on the Economy, and I'm once again pleased to introduce our officials from the Department of Industry and Resources and some other agencies that I'll refer to.

Sitting to my left is Bruce Wilson, the deputy minister of Industry and Resources. And to my right is Glen Veikle, the associate deputy minister of resource and economic policy. Behind us are Hal Sanders, executive director of corporate and financial services division who is sitting on the left-hand side; Debbie Wilkie, assistant deputy minister of industry development; beside her, Trevor Dark, assistant deputy minister of petroleum and natural gas; and George Patterson, executive director of exploration and geological services.

Also with us, I believe, is Tony Baumgartner who is behind Mr. Dark of industry development. And then seated beside Mr. Baumgartner to his left is Gerry Adamson who's the vice-president of the Saskatchewan Trade and Export Partnership for which we are responsible. And to his left is Mr. Roy Anderson who is the president and CEO [chief executive officer] of Tourism Saskatchewan, which I should actually note for clarification, Minister Hagel is now the minister responsible for Tourism Saskatchewan and tourism. However we are the funding agency, if you will, for Tourism Saskatchewan, and the money flows through our department, although I suppose it's possible that in some future budget that may change. That of course is always within the prerogative of Executive Council, so the Premier will make that decision.

Mr. Chair, during our last appearance before the committee, we enjoyed a healthy discussion about the proposed polygeneration facility for Belle Plaine, funding mechanisms for feasibility studies, and potential partnerships with private companies, corporations, and the federal government. During that discussion, Mr. Stewart asked some questions about a project dating back to the years 2000-2001 involving power cogeneration from flare gas. I committed to asking my department for information on that project and reporting back to him. I'd like to inform the committee that my office has provided that information to Mr. Stewart.

We also engaged in dialogue regarding the government's involvement and investment in the hog industry, specifically in Maple Leaf Foods in Saskatoon, Big Sky Farms and its involvement in a similar facility in Manitoba, and the current issues surrounding the Worldwide Pork facility in Moose Jaw. I would like to note for the committee that the very next day — coincidentally following our appearance before this committee — my colleague, the Minister of Agriculture and Food,

committed to providing up to \$1.5 million in assistance to Worldwide Pork in Moose Jaw to allow a restructuring plan and possible employee purchase to take place.

As I told the committee during our appearance, the government would consider the same kind of investment with Worldwide Pork as was provided to Maple Leaf Foods once we were presented with a viable business plan. I'm pleased to note that this has been the case and that plans are proceeding in Moose Jaw with the potential reopening of the facility within mere weeks. That's certainly what we hope.

With that, Mr. Chair, I want to thank you for this opportunity to continue the discussion we started three weeks ago. I look forward to another productive and interesting discussion on the estimates of our department. Thank you.

The Chair: — As do we certainly, Minister. Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair, and thank you, Mr. Minister, for those opening remarks. And before I turn the floor over to my colleague, Mr. Elhard, I'd just like to welcome the officials and we look forward to a healthy discussion and your help is very much appreciated.

Mr. Elhard: — Mr. Chair, and Mr. Minister, thank you for this opportunity to ask a few questions of particular interest to the constituents of Cypress Hills.

As you're no doubt well aware, there's increased oil and gas activity in the southwest part of the province. There seems to be a boom on down there right now, and that has provoked a number of sort of conflicting interests in the area. One of them of course is the impact that this activity is having on roads, and the other is the impact that the activity is having on Crown grazing leaseholders in the area.

And I would like the minister to explain — for the sake of my constituents who are concerned about the impact that this activity is having on both their leaseholdings and their cattle and their cattle operations generally — what role this department plays in establishing the balance between the need to generate the income from the oil and gas development industry and the agricultural industry that has provided such valuable resources to the province over the last 100 years.

Hon. Mr. Cline: — I'm advised, Mr. Chair, to Mr. Elhard, that the Department of Agriculture and Food is responsible for the Crown leased land. And they set both the rate that the leaseholders would pay to the Crown and also the way in which people would be compensated for oil and gas activity.

Mr. Elhard: — This department plays no role in trying to determine the fair balance between the two industries that are seemingly more in conflict these days than they are in co-operation?

Hon. Mr. Cline: — I'm advised, Mr. Chair, that if the question is as to the sharing of lease revenues, no we do not play a role.

Mr. Elhard: — Is it your department that is responsible for the Surface Rights Arbitration Board?

Hon. Mr. Cline: — No. That is the Department of Justice.

Mr. Elhard: — As the minister's probably aware, there is considerable concern in the region about the competing interests. And I don't seem to be getting any satisfactory response from the Department of Agriculture in terms of getting these issues resolved. I'm wondering if there is a role for this department to play in helping to mediate some of those concerns. Is there any interest in trying to find a resolution to some of these very complex and difficult competing interests that might be satisfactory to both the industry, the provincial government, and ultimately the individuals who have these grazing leases?

Hon. Mr. Cline: — Mr. Chair, I would answer it this way. I think it's fair to say that it might not be appropriate for our department to be involved as the lead department to resolve that kind of issue, either for environmental concerns or concerns of agricultural producers for this reason: that we really, in government, are advocates for development. In other words, you know, we consider it to be our mandate to grow the oil and gas sector as much as we can. And I recognize fully that in doing so we then run into other interests. That is, to use the Great Sand Hills as an example, we run into very legitimate environmental concerns that the member's well familiar with being from the general area.

And so we would be advocating sustainable, environmentally proper development. But really the Department of the Environment has to play a role to come in and not be the advocate for development but be the advocate for the environment, and then somehow we have to achieve the appropriate balance that the member refers to.

And I think on the grazing side, it probably would be difficult for our department to be the department responsible for dealing with the concerns of the producers in the sense that in one sense it might be a conflict of interest. I mean we're here to promote the development of the oil and gas sector. And we certainly do not want to run roughshod over agricultural producers, believe me. And of course in most instances they welcome what we're doing because, leaving aside the leasehold question, the producers are getting income and revenue from oil and gas, and they're very happy about that, and what they'd like is more of it.

But it probably would not be appropriate for our department to be the one that would go in to really resolve and be the advocate for the agricultural producers. They should have a champion for themselves and an appropriate regulatory framework that I suspect comes from the departments of Agriculture and Food which should be concerned about their position on the one hand, and probably Justice in its capacity as being responsible for the Surface Rights Arbitration Board on the other hand.

And so not wanting to in any way minimize the importance of the concerns of the leasehold producers, I would have to say no, I don't believe that that would appropriately be the responsibility of this department to safeguard those interests although I think those interests should be safeguarded in other ways.

Mr. Elhard: — Mr. Minister, in your response I think the

operative word was somebody ought to be the champion of the agricultural producers, and that's frankly what they're missing right now. Nobody is championing their needs and their concerns.

And if I might describe it as such, those producers are caught in a squeeze of multiple dimensions. They have the industry moving into their Crown grazing leases with the express approval of this department, because it's this department that says how many wells can be undertaken, drilled, developed on any given quarter section of land. And it's the Environment department that is supposed to look after the mitigating environmental hazards. And it's the Agriculture department that is supposed to look after the benefit of the producer, but is collecting all the revenue.

And nobody seems prepared to deal with the issues facing those leaseholders. The response seems to be pretty arbitrary. And the response I've gotten is, those guys are getting a good deal; they should be happy with what they've got. And I don't think that's really satisfactory in this particular instance.

Now I'm not laying this charge at your feet or at the feet of this department. But I guess what I'm looking for is somebody who will at least acknowledge the difficulties this whole scenario is producing for those individual ranchers down there whose livelihood depends on Crown grazing leases, the productivity of which, you know, supplies their livelihood.

And if the productivity is reduced by significantly increased oil and gas development on any quarter, or environmental degradation because of that activity and their financial remuneration is completely missing in this whole package, what's the incentive for them to look after the asset that they've been charged to provide?

So if this department and you, Mr. Minister, don't feel it's your responsibility to be the advocate for the agricultural producers in that area, I guess what I am asking is that you would take this concern and this discussion to a higher level and raise these with the other players and say, this is a serious problem for those producers down there and let's see if we can't find some resolution to it.

Hon. Mr. Cline: — Yes. Well, Mr. Chair, to Mr. Elhard I would say that it's . . . I'm sure that these concerns are very legitimate. They do not fall within the mandate of our department. But Mr. Elhard does say that he is hopeful that, you know, we would take these issues up with other people who may have them as part of their mandate, and we would certainly be happy to do so.

I would be happy to undertake to raise the issue through my deputy minister with the deputy ministers of Environment and Justice that these concerns have been raised. And that's what we can do. But beyond that, we wouldn't be doing much of anything else because it just isn't part of our mandate.

But I would like to say, and I'm sure that all committee members would agree, that from our point of view — leaving aside whatever the specific concerns of the leaseholders may be — when we are trying to build up the oil and gas sector in Saskatchewan we're aware of and feel good about the fact that

in many instances we're able to provide employment opportunities to agricultural producers who need the income, or their children. And also that we see revenues going to landholders which in many cases are making a very important difference to them in terms of their incomes at a time when the farm sector is in great difficulty.

So although we acknowledge that there may be problems that we should raise with some of our colleagues, we do feel that the work we're doing at our department to grow the oil and gas sector overall, is beneficial not only to the province but to people in rural Saskatchewan and our farm producers. So that's the comments that I would make about that.

Mr. Elhard: — I think the sentiment in my constituency would largely agree with the comments you just made. I think people recognize that there is a benefit to the area in terms of income and job potential and so forth. But the issue that I've raised is a very, very irritating thorn in the side of producers as well.

And I will accept the minister's assurance that he will raise this with his deputy and ask them to raise it with other deputies because I think that we need to start somewhere getting some resolution here. And frankly I haven't had a lot of success in other areas, and I would appreciate any effort forthcoming from the minister and/or his deputies.

I understand a little bit about the way leases are provided. Now I'm talking about leasing for the purposes of oil and gas development. I understand that there's a bidding process and that companies bid on the basis of expected return and potential. But how does the department assure against leases being let in areas that are environmentally very sensitive? What is that process?

Hon. Mr. Cline: — Mr. Chair, to Mr. Elhard. When we get a request or an expression of interest in leasing certain lands, all lands that are brought to our attention are then referred over to the Department of the Environment. And we ask them if they have any concerns of that nature, that there's an environmental sensitivity. And if there is, they would raise that. And they on occasion will say that this land should not be put up for oil and gas exploration or development, in which case we don't offer that land up.

Mr. Elhard: — So to your knowledge would that include land that for the most part covers a lake bottom or a lake surface? I've had that issue brought to my office. An individual in my constituency noticed that land was posted for sale that actually was a lake near which he lives.

Hon. Mr. Cline: — It would not necessarily be excluded. Because under a lake for example there would be a good possibility of horizontal drilling. So you might be able to drill for oil under a lake without interfering with the lake at all. And I think that does go on within the province.

Mr. Elhard: — Okay. So are there rules preventing drilling from the surface of the lake?

Hon. Mr. Cline: — Yes, Mr. Chair. You would not be allowed to drill in a lake. There are restrictions in terms of how far from the shore that you would have to be.

Mr. Elhard: — Thank you. The way development leases for oil and gas activity are let in southern Saskatchewan is a fairly well-established practice and procedure. Is development potential similar for the northern part of the province? Do we sell lease options to oil and gas operators in the North the same way we do in the South?

Hon. Mr. Cline: — Yes, it's the same set of rules applies throughout the province.

Mr. Elhard: — Does that set of rules also apply to what might be development in our oil sands, the Saskatchewan oil sands?

Hon. Mr. Cline: — Yes. Actually in terms of the oil sands development, that is different because it's unique. And the first . . . well not the first exploration but the first exploration in a long time in the oil sands, that process has been done in a different way and so that the regular land leasing has not applied. That was more like an expression of interest from a company and then a direct dealing with that company in order to encourage oil sands exploration which is more speculative. So different in that sense and less likely to lead to immediate production, if you will.

Mr. Elhard: — Could you give the committee a greater amount of detail on what kind of agreement may have been reached? I believe the operator or the individual company that is most involved up there is CanWest. But can you describe for the committee the terms of that agreement?

Hon. Mr. Cline: — Yes. I think I'll ask Mr. Wilson to comment on that. He has been involved in the petroleum and natural gas division for many years. He doesn't like me to say it but I think it's almost 34 years. So he'll be pleased to comment on that.

Mr. Wilson: — Yes, if I could. We do have a rather unique situation with respect to oil shales and what we describe as oil sands. Those are covered under a set of regulations called the oil shale regulations, a rather old set of regulations dating back to I believe the 1960s. When those regulations were brought in, the terms for acquiring properties for permit or lease were more along the lines of a mining-type operation where people could essentially make a request for a very large block of land, and as long as they met some minimum conditions they were granted the permits with a requirement to do a certain amount of work.

Back two or three years ago we had a company approach us under those regulations and a request was made for a very, very large block of permit lands in the northwest area. In reviewing the regulations we were I think perhaps somewhat caught off guard with the very large request that we had before us, but given that there was no activity taking place in there, we did indeed issue permits that I think in total amounted to about 1.4 million acres. So a very large tract of land went up.

Part of the condition that we had with the exploration permits was that after a one-year period, 40 per cent of those lands would return back to the province and over a period of time more lands would come back.

Now about a year ago, given the nature of those regulations and the growing interest in oil sands, we have effectively put a

moratorium on further dispositioning under those regulations for oil sands so that we could take an opportunity to update those regulations. One of the things that we absolutely want to do is have a competitive bid process for acquiring those kinds of mineral lands exactly the same as we would with conventional oil and gas in the southern part of the province.

So we have been working with the industry associations, working very much with the company that does have the existing lease up there, trying to come up with certainly a much more up-to-date set of regulations. But as I say, the one principle that we will have going forward will be the notion of a competitive process for dispositioning.

Mr. Elhard: — Can you give us some indication of what the current lease value is, like the value of the property that is currently under lease. Or is that a secret?

Mr. Wilson: — Well I mean everybody would put a different valuation on it. What they are doing at this point in time is going back and reconfirming drilling that took place in the mid-'70s in that area. So they undertook I believe it was a 25-well drilling program this past winter. They have plans to drill another 150 wells in that area. And depending on the results of course there certainly could be additional drilling. So we really wouldn't be in a position to put a value at all on what those lands might be worth.

Mr. Elhard: — But do you have some idea of the estimated reserves, preliminary data in that respect?

Mr. Wilson: — No, there simply is not enough information at this point in time to have an assessment of reserves.

Mr. Elhard: — As the minister can attest, the oil sands activity in northern Alberta is tremendous and there's very many players involved in the activity up there. I think he saw that first-hand when he was touring the area not too long ago, and I had that opportunity in February. And so you know I guess the question becomes, is there the potential or the likelihood of similar activity in Saskatchewan? If so, how soon? What are the prospects? Those kinds of questions. And without being too optimistic, I'm just wondering what the department's attitude is and what their view is of the long-range potential of that development up there.

Hon. Mr. Cline: — I'll take that question, Mr. Chair. Well I mean that's the million dollar question or the billion dollar question, if you will. It's actually a company called Oilsands Quest that is exploring up there. And I've met with them several times. And they, you know, essentially have drilled 25 holes. I don't think it would be a secret that they would say that they don't have information from that drilling whether you'd have a minable deposit of oil sands, if you will.

Certainly we know that we have oil sands. It's a similar issue really to the diamond issue in this sense. We know we have a lot of diamonds. The question is, on the diamond side where they've been, you know, exploring away and spent more than \$200 million so far exploring, there's a large overburden on top of the diamonds. If you go to the expense of removing the overburden and milling all that kimberlite, at the end of the day will the pile of diamonds you have left be able to be sold to give

you enough money to pay for doing all that?

And I think it's fair to say that what they have found so far in the Saskatchewan oil sands is they haven't yet found a deposit. Although they found oil sands for sure, they're very deep. They're I think about approximately 600 feet deep, and so far they've never found it to be all that thick. I think the maximum thickness that they've discovered, as far as I've ever heard, is about 50 to 60 feet. On the Alberta side the oil sands tend to be about 250 feet deep although some of them are even closer to the surface than that. They're quite shallow, and then they tend to be 200 to 300 feet thick. And then you've got, you know you've got enough there that if you take all the overburden off that you're going to make money once you remove the oil sands and get the oil out of it.

So the good news is that with the price of oil at \$70, perhaps there will be some technology available that would allow us to mine that oil in a different way — maybe with steam or some other method — and be able to make a profit. Now that's certainly not known now.

Now Oilsands Quest, as I understand their plan, will drill I believe up to 150 more holes. And I believe they may spend something like \$20 million this year. And it's a serious effort. They've already spent about \$10 million as of the last time I met with them. So they're looking at it very carefully.

And of course one of the things that we did on our trip to Fort McMurray was to talk quite extensively with Suncor about, you know, the fact that they're using steam injection method, if that's what you call it, to remove. And I've asked my department some time ago to be talking to the industry about whether there's some good potential to use this method to get the oil out of the Saskatchewan oil sands. And of course if there is, we already have a system, an enhanced oil recovery taxation system in place to incent that.

And I can assure members of the committee that we will do everything we can to get the development of oil sands on the Saskatchewan side going if we can. And if it doesn't happen, it certainly will not be because of any taxation or regulatory policies of the Government of Saskatchewan. We will have regulations and taxation that will allow that to happen. And that is in place with our enhanced oil royalty system already.

So sorry to be so long-winded, but we don't know if the oil sands are capable of development. But this government will not stand in the way of development. This government will do what we've done in oil and gas, generally speaking, in the last number of years when oil and gas production has doubled. If there is development potential, it will be developed.

Mr. Elhard: — If the agreement is that 40 per cent of their holdings revert to the Crown on an annual basis, they're going to want to prove up their find pretty quick before their leasehold diminishes significantly more. So I can understand why they would undertake a pretty aggressive drilling program to try and determine what the potential is in the area.

Can the minister give us an indication of how much money Oil Quest paid to secure that lease?

Hon. Mr. Cline: — There was nothing paid. Because as Mr. Wilson indicated, the situation is that Oilsands Quest had the right to get access to that land through the regulations that have been in place since the 1960s which are sort of mining regulations but they had the right to have access to the land with no payment. So there was no bonus payment paid to the Government of Saskatchewan.

Now what Mr. Wilson also has said is that we have put a moratorium on that because we're examining whether we should be having a competitive process whereby the people of the province are actually paid something by people who are exploring up there. So you can see that in that context where there was no charge, to tie up a huge amount of land to one company — and we welcome the company; don't misunderstand me — but the system is that they have to make a choice what they're going to be developing and have some activity. They can't tie up that land indefinitely. And so that's what they're doing.

Just to clarify, it is, I think, after two years that they had to return 40 per cent of the land, not one year. So I think the system is very defensible and the mining area, you take the land but you need to be developing something or else it reverts back to the Crown. In this case no payment, a lot of land, they will hopefully — well there is activity — hopefully there will be more but where there is none, there will be reversion back to the Crown so that we hope others may express an interest in what is obviously a very, very speculative field of enterprise.

Mr. Elhard: — Thank you, Mr. Minister. These questions and answers will satisfy the concerns of some of my constituents who wanted to know if there was an equitable and reasonable arrangement involved in the development of the oil sands up there compared to what companies are faced with when they seek leases in the southern and southwest part of the province.

I have just one other area I'd like to touch on quickly. Big Sky pork was the purchaser of the Community Pork Venture barns in a recent effort to salvage a failed operation. And one of the Community Pork Venture barns is located in the community of Shaunavon.

Now as I understand it, when the Community Pork Venture barns went into receivership, the receiver insisted on the assets being sold in total, that the individual barns wouldn't be sold off. And while that might have been in the receiver's best interests and ultimately the purchaser's best interest, which in this case happened to be Big Sky pork, it was an absolute body blow to the investors in the community-owned barn in Shaunavon.

And worse than the fact that they lost their first investment, they weren't even given an opportunity to purchase back their investment from the receiver when they were prepared to do so.

And I know that your department is pretty deliberate and conscientious about its investment strategies and encouraging the people of the province to get involved in investing in these kinds of initiatives. But there's absolutely nothing that will undermine the confidence and the willingness of people to participate in these types of large community-owned ventures if they think the risk is not only great the first time, but they won't

have an opportunity to mitigate their risk or absolve themselves of risk by purchasing back the assets themselves. And I'd like your comment on that scenario.

Hon. Mr. Cline: — Well I don't have much of a comment because our department has had and has absolutely . . . As far as any of us are aware, we've had no involvement with this issue. It is not our issue. So I can't comment on that.

But I will undertake to ask the officials to see if we have had any involvement whatsoever and if so, what that has been, and then to answer in writing. But we feel we've had no involvement with this whatsoever. So the only observation I can make is we'll undertake to make sure that that's correct.

And the only other observation I could make is that I think that when there is a receiver appointed by court order or pursuant to a security instrument that, you know, the owners may have given to a financial institution, that that may operate by force of law where a judge may empower a receiver or a contractual arrangement may empower a receiver. And I think that when that happens for good or ill, the receiver is charged with the responsibility of making the decisions as to how to dispose of those assets.

And I'm not sure that myself as a minister or my deputy or any of my officials would have, or any other department, would necessarily have any authority to countermand the authority given to the receiver by the judge or the document. I suspect that you're getting into an area or, Mr. Chair, the member may be getting into an area where really it would be a matter of law or contract as opposed to government policy.

Mr. Elhard: — I understand that, I guess. Mr. Minister, the reason I raise it is I'm wondering if there might not be some kind of legislative remedy available in these types of situations in the future. I don't think there's anything we can do about — retroactively about — this particular situation. But as you can understand, if local participants lost, you know, half a million dollars in a pig barn venture and as part of the bankruptcy proceedings and the receivership, they weren't allowed an opportunity to buy those assets back again . . . I mean some of those people were prepared to put up another half a million dollars to buy that barn back, but they weren't even given that opportunity.

You know what that does to initiative and desire on the part of individual people in this province to invest in local initiatives. You know if that's a concern for them and if they don't have any opportunity to recover their first investment losses, then they're not likely to look on those kinds of investments very favourably.

And you know one of the problems we face in this province is the sort of the lack of willingness to invest, not so much the ability, not so much the capacity, not even so much the actual dollars, but the willingness to invest in our own community some times. And when these kinds of situations develop, it really undermines the capacity of local investors to step up to the plate and invest when the opportunity is there.

Hon. Mr. Cline: — Mr. Chair, yes I certainly understand the point the member is making, and I also sympathize with people

who may have lost money or who may have wanted to pursue an opportunity that they saw and were prevented from doing. So it's a point that certainly could be taken up with really the Justice minister in the sense if it goes into debtor-creditor relations and relief from the provisions of contracts and so on. And there is provincial legislation in various areas like The Exemptions Act and certain farm Acts that set out rules. So it is something that can be raised with the Minister of Justice for consideration. Certainly we'd be pleased to pass that comment on.

I'm not trying to pass the buck other than to say for our department it just isn't something that we have any involvement with or control over. And if there was to be such a change, which may or may not be warranted, that would be something that would have to be brought before the legislature by the Minister of Justice.

Mr. Elhard: — In bringing this discussion to an end, is Big Sky pork part of the investment portfolio of Investment Saskatchewan?

Hon. Mr. Cline: — I believe that Investment Saskatchewan has an investment interest in Big Sky pork, yes.

Mr. Elhard: — I wonder if Big Sky pork might not be amenable to an approach by Investment Saskatchewan suggesting that it might be rather helpful if they would consider selling off this part of the assets they got in the receiver's sale at a fair and negotiable price representative of the approximate value of the assets originally and see if we can't reignite the investment interest in the local community there. I mean I think, as an investment of Investment Saskatchewan, Big Sky pork might take these kinds of recommendations pretty seriously if it came from one of its major shareholders.

Hon. Mr. Cline: — Mr. Chair, it may be. The model here is that Investment Saskatchewan is set up to be arm's-length from the government. So once again it is a question where basically other parties are empowered to make decisions on the basis that they feel is appropriate. I think that both sides of the legislature have supported that concept. Certainly the point can be made to Investment Saskatchewan that they should consider this. Again the decision would rest with them rather than with myself or members of our department.

So there have been several areas here where I'd pointed out that, you know, the questions really aren't within the mandate of our department. And it isn't to try to avoid the questions, simply to say that there are many areas where we don't have the power or control but other parties do, and to point out who has the authority to do that and also to indicate our willingness to bring these matters to the attention of those parties who are responsible. And we certainly will do so.

Mr. Elhard: — Thank you, Mr. Minister, for that assurance. You know we wouldn't ask you this if we didn't believe in the ultimate persuasive power of the minister and his ability to advance a good argument. So we'll take your assurances of doing that at face value and look forward to some good and reportable results to the constituents of Cypress Hills.

Hon. Mr. Cline: — Well I appreciate that. I would point out

then on a positive note that in terms of what we're seeing for private sector investment in Saskatchewan, the indications we get for this year are that the capital investment will go to a record of \$8.3 billion which would be more than the national average of growth. And the private sector investment is projected to increase by 9.2 per cent. So I just point that out to say that there is more of a trend in Saskatchewan for the private sector to be investing in the economy.

A lot of that is occurring in mining and oil and gas activities, I would suggest. But certainly other sectors like manufacturing appeared quite healthy as well.

We're hoping that some of the recent changes in the budget, such as the fully refundable investment tax credit — which would allow people to build facilities for manufacturing, processing and have the 7 per cent rebated back to them — will assist in that regard as well. So it seems to be going in that direction. But if there are other impediments to investment, we want to hear about those and try to rectify them.

The Chair: — Thank you, Mr. Elhard. Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair. To the minister, under vote 23 in the Estimates book, central management and services, I see that's an area where there's a slight reduction in the estimates for '06-07. And it appears to me that that reduction comes almost entirely, I guess entirely from capital asset acquisitions. I wonder, could the minister tell me what that includes, capital asset acquisitions? And it's 400,000 for this coming year, and it was 860 last year in '05-06. Was the 860 an anomaly, or is the 400 a new standard?

Hon. Mr. Cline: — Yes, Mr. Chair, to Mr. Stewart. Last year we added on to the core lab facility in Regina, and that was a cost of \$860,000, but it was a one-time cost. In other words we've built on to a building. So we did that, paid the money, and it was done, and there was no need for that item in our budget for this year.

Mr. Stewart: — All right, thank you, Mr. Minister. Mr. Chair, to the minister, what does the \$400,000 represent for this year?

Hon. Mr. Cline: — Okay the \$400,000 for this year is for the online well information system. And I'd be pleased if the member wishes, Mr. Chair, to have Mr. Wilson perhaps or someone else elaborate on more detail about what the online well information system is designed to do.

Mr. Wilson: — Certainly. What we're looking at is an opportunity to convert a lot of the paper files that we have to a digital format to save space and expense certainly in our main office in Regina, but also this will have an impact on all of our field offices as well. If we can reduce the overall amount of paper by providing digitized material, we think this is a very good thing to do and will be very beneficial to industry as well. So that is what the expenditure is for.

Mr. Stewart: — Thank you very much. Mr. Chair, to the minister, under investment programs, I see this is the area where the department's making the biggest spending increase and estimating spending of slightly over 44 million this year, up from 17 million last year. Can the minister explain what all that

involves and why the increase?

Hon. Mr. Cline: — Yes. I'll answer the question specifically. But the first observation I'll make, Mr. Chair, to Mr. Stewart, is that the money that we're receiving as an increase to our department this year just flows through us. We don't actually keep the money or spend the money on government programs. It flows out to third parties.

It really is in two areas. One is an increase in the area of ethanol fuel tax which goes up. Last year it was 4.8 million; this year it will be 17.7 million. So that is an increase of \$12.8 million for ethanol. And then the second one is Maple Leaf Foods, fifteen and a half million dollars, which is new; we didn't have that last year.

And I'll just elaborate slightly. The 12.8 million increase to ethanol and the total of 17.7 is designed to pay the subsidy to the distributors of ethanol, which in effect removes the fuel tax from ethanol which is produced and consumed in Saskatchewan as part of the ethanol mandate.

And the \$15.5 million for Maple Leaf Foods would be what we anticipate to be our approximately 23 per cent share of the cost of building their new project in Saskatoon. And that's the amount that we had budgeted for spending this year.

Now I should say — because I am aware of this and so I should tell the committee — it's possible that those amounts may be less in this fiscal year. I'm hoping not, but it's possible. For example we moved the 7.5 per cent ethanol blend back from I believe April 1 to October 1 because we don't expect Husky to be in production as soon as anticipated.

And then the question would be therefore, will the amount of the . . . Well I think it's clear that the amount of the subsidy therefore would not be as large as we had anticipated because the timing is different. I think that's fair.

And on the Maple Leaf Foods, it is a matter of public knowledge that they have put out tenders for their building in Saskatoon which have come in considerably higher — I believe \$30 million higher if my recollection is correct — than they had budgeted for. And so they are in the process of re-engineering their plans and trying to reduce the costs while at the same time having a plant that would have the same output. And so that may delay their construction, along with the general problems there are in construction these days of just getting people to do the construction given quite a hot economy and labour shortage.

And so will we spend the 15.5 million in this fiscal year or will it be a less amount? I think it's fair for me to say to the committee it may be 15.5 million, but it could conceivably be a lesser amount as well. I hope that it will be the 15.5 because I hope they're able to get going with their construction to that extent this fiscal year. But I do think I should indicate to you that these are targets which are not etched in stone.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, is this — in light of the substantially higher construction costs is this program — this proposal of Maple Leaf's in jeopardy at this point?

Hon. Mr. Cline: — Mr. Chair, to Mr. Stewart, I am told not. I have of course as part of my responsibilities taken it upon myself, given the result of the tenders, to meet with senior executives of Maple Leaf, one of which was in Regina here in the Legislative Building last week. He is a vice-president of Maple Leaf who is in charge of this project, and he indicated to me that no, their view is that the project should be full steam ahead but that they did want to re-engineer it and make sure that any costs that could be avoided were avoided. The way he put it to me was that maybe they had some bells and whistles that they really didn't need.

And his view was that over the course of the next several weeks they would be taking some costs out of their project, that they would then try to re-tender and that they want to move on with the project, but that they found the costs to be not quite what they wanted. And they're prepared to have another look at it. But they have every intention, I was advised, of proceeding.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, also under investment programs we see that economic partnership agreements have been reduced, the allocation for them has been reduced, this year's. Which individuals, parties, corporations is the department planning to partnership through these agreements?

Hon. Mr. Cline: — The WEPA [Western Economic Partnership Agreement] agreement referred to in that line of the budget was a cost of \$25 million from the province and \$25 million from the federal government over five years. And as it turned out, projects allocated in the first three years were more than \$5 million per year. They were about . . . well I don't have the exact number in front of me. But they were more than the 15, leaving a certain amount left to be spent that would then add up to the 25 million at the end of the five years so that in the last fiscal year instead of spending 5 million for example, it was 6.3 million. And then the amount left to add up to 25 in five years was, well 10 million point . . . well it was 5.08 million times two.

And so that's what they did. It would therefore appear that it must have been in year one or two they spent less than 5 million. But essentially what they've done is to adjust the numbers simply to make it add up to the 25 million that we were committed to do. And so having said that, I mean, from our point of view at Industry and Resources we think that the WEPA agreements allow us to do a lot of worthwhile things with the federal government. So we'd always be happy to have more money. But of course as a former Finance minister I understand that when you've agreed to 25 million, that's all that the Department of Finance really wants to give you.

And that's how we get to the 25 million.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, I take it from those comments that this is the last year of an agreement. Is that correct?

Hon. Mr. Cline: — It's, Mr. Chair, actually the second last year, so we would go up to fiscal year '07-08, would be the fifth year.

Mr. Stewart: — I see. Is there a likelihood of a new agreement

with the feds following that?

Hon. Mr. Cline: — Yes, I think there is and I certainly hope so. I want the members to know that I've certainly met with our new federal minister of western economic development who is Carol Skelton from Saskatoon. And I've naturally discussed with her the desire of the province of Saskatchewan to enter into a new agreement with the federal government. I mean it's premature, but I think we'd be prepared to enter into an agreement at any time.

We are in a situation where the federal government is in the process of reviewing all agreements with all provinces. And members will be aware of that because there's been a lot of stories in the news and some controversy. But I'm quite confident that the federal government will see this and does see this as a valuable exercise, and so I am very optimistic that we will enter into a new agreement with the federal government around WEPA.

And as I said, I suspect . . . Well I mean they're subject to their own ministers of Finance just like we are. And I'd be ready to sign on tomorrow, but I suspect the federal Finance minister and the provincial Finance minister will probably hold us back and hopefully we'll sign one next year.

Mr. Stewart: — Thank you, Mr. Minister. The Strategic Investment Fund received an increase of nearly \$1 million, I think, this year. How does that fund operate? And, I guess, which companies would be receiving funds through this fund?

Hon. Mr. Cline: — That fund operates simply as an allocation by the legislature to the Department of Industry and Resources, our department, and we then have some funds available for what are considered to be strategic investments. And of course those are public investments and subject to scrutiny by the legislature.

What we're seeking here is ways to build the Saskatchewan economy in very strategic ways and I'm very, actually proud of what this money does because it's something that we're certainly trying to promote.

\$610,000 of new money will go to the vapex enhanced oil recovery process, and 400,000 for the Weyburn carbon dioxide sequestration and international test centre on how to capture and store carbon dioxide.

And the reason I say that I'm very proud of these initiatives is that Saskatchewan has become, I would suggest, the world leader in sequestration of carbon dioxide in the soil in order to increase oil production. And at Weyburn, the EnCana Corporation through their project has actually doubled the production of oil from those wells and extended the life of the wells up to, I think 20 or 30 years. Now Apache Corporation has a similar project at Midale.

And we are attracting world attention and people from all over the world including the US [United States] Department of Energy, but certainly many other countries, looking at what we're doing. It's one of the things we talked to Vice-president Dick Cheney about when the Premier and I went to Washington, DC [District of Columbia].

So I'm very proud of what our oil industry, working with the Petroleum Technology Research Centre including the University of Regina and the Saskatchewan Research Council, are doing. It's very strategic. It could have the effect not only of allowing Canada to significantly reduce greenhouse gas emissions which is something the federal government wants to do in a very practical way I believe, but also it allows us to perhaps double oil recovery in Saskatchewan. So it has very profound implications and I think truly falls within the meaning of the words strategic investment for Saskatchewan.

The other one, the vapex, also I would argue is very strategic. What that involves is a group of companies who are putting up a lot of their own money. By the way, in both cases we don't put up the majority of the money. We put up some money to assist in the research that is necessary.

But the vapex is a situation where oil companies would use certain vapours which could be various kinds, I think including CO₂ vapours as I understand it — mostly propane and butane, my deputy minister advises — to in a similar way move the oil and gas along to achieve similar objectives. And if the results are as profound as they've been in the CO₂ sequestration it certainly will be good news for Saskatchewan. I know that these investments by government lead to investments actually in the hundreds of millions of dollars by companies that are involved in this kind of activity. So that is the reason for the increase in strategic investments and it's the sort of thing that we're trying to do. We're trying to bring technology and innovation to the development of Saskatchewan resources for obvious reasons that I think everybody supports.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister as a follow-up, do entities apply to the Strategic Investment Fund for money or does the department choose where the funds will be allocated?

Hon. Mr. Cline: — Yes, Mr. Chair, the industries come forward with ideas to the department. And by the way, whether or not we had a Strategic Investment Fund, that would happen anyway in the sense that what happens in practice in government — and I'm sure opposition members have the same experience — people have what they consider to be good ideas that will build the economy and they bring them to somebody. Sometimes the ideas may come through the opposition, sometimes through the government members. But the people may need some help or there may be some public policy reason why the public would want to support the activity, and so everybody always looks for a place for people to go, you know, to refer them to for funding. And to the limited extent that we can — because it's not a huge amount of money — we have some money in the Strategic Investment Fund where they come.

It was established in 1998 — I was I guess the minister of Finance; I'm sure it was a good idea — to encourage the development of new technologies and research infrastructure in the province, as I said. And this year the budget . . . or we expect to spend \$1.7 million. And I can give you some examples of some of the things. And we prioritize, by the way. There are some things we say yes to — the officials advise us — and some things we say no. And of course many things we say no to because we don't have sufficient funds to fund them all, although if the legislature appropriated us the money I'm sure

we'd take it.

Some of the money will go to the Saskatchewan forestry centre to do some research around technology. Some of it will be — actually a small amount, \$5,000 — to the Innovators in Schools program, which helps the schools take students to tours at various science facilities and career day presentations. Why would we do that? Many Saskatchewan young people do not realize the opportunities they may have in, for example, oil and gas mining and so on, manufacturing. And we try to make them aware of the opportunities that are here in the hope that they may choose to make their careers here.

There's support for research and development on wood products — viability and competitiveness. The Northern Development Agreement, the Saskatchewan Construction Association, we're working with them for the expansion of the electronic plans room program to the northern part of the province, which they're quite enthusiastic about. I know that. And again some of it is the Weyburn CO₂ monitoring and storage program, and the, again, the International Test Centre for CO₂ Capture. And we make a fairly major commitment to TRILabs in Saskatoon as well.

Mr. Stewart: — Thank you, Mr. Minister. Could you briefly outline the criteria that the department uses? Is there a specific set of criteria or is it a judgment call each year as to where the funds are allocated?

Hon. Mr. Cline: — Yes, Mr. Chair, to the member, we seek projects that we feel will have the biggest economic impact on the future of the province based on innovation and technology. In other words, somebody has an idea to innovate, to use technology. Does it fit within a key sector of the Saskatchewan economy and is it possible that that may help us build a stronger economy in the future? And some examples have been raised. The wood products, seeing if there are ways that we can produce products other than pulp for example that there may be a better market for, and how do you use that technology to do that.

Sometimes I guess it may be human capital in the sense that one small project at least is to work with the students to try to make them want to be part of the economy as well. But the major ones I think have been around innovation in our resource sector to see how we can make better use of our resources like oil and gas, mineral resources, and forestry.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, the ethanol rebate program has received a large increase in spending in this section of the department's budget and I understand that some ethanol facilities will come on stream during the course of the year. But I wonder how much of the budgeted funding was actually spent last year, funding of 4.875 million.

Hon. Mr. Cline: — Yes, I'm advised, Mr. Chair, to Mr. Stewart, it was about 1.6 or \$1.7 million we believe was spent last year — I don't have the exact figure in front of me but we can follow up with Mr. Stewart — of a budgeted 4.8 million. And of course the reason for that was we originally set the mandate to come into effect I believe in the fall of '05 and NorAmera, which is the ethanol producer at Weyburn, was to

come on stream and we were going to have a mandate I believe of 2 per cent commencing the fall of '05. But NorAmera ran into some delays and they are now in production but they weren't in production last fall so it meant that that part of the mandate didn't come in. The 2 per cent didn't come in and so the expenditures were less.

Having said that, they're now in production and we expect that the Husky ethanol plant . . . Of course Pound-Maker has continually been in production out of Lanigan, but we expect that the Husky ethanol plant in Lloydminster will come on stream later this year. And so that was the situation there.

Mr. Stewart: — Thank you, Mr. Minister. So when will the mandate actually take effect then? Has that date been set or is it still dependent upon the timing of Lloyd?

Hon. Mr. Cline: — Yes. Well I should clarify. The mandate is in effect now. There has to be an average blend of 1 per cent which takes into account really Pound-Maker and part of NorAmera that there's production there. That came into effect last fall, November 1. And our plan is that as of October 1 of this year, that that will rise to 7.5 per cent. And we expect Husky to be in production.

I should explain also that the way that works is we expect the average to be 7.5 per cent on an annualized basis once that mandate comes in. But I mean it may not be 7.5 per cent on November 1, but by the time you get to some point in the future then we expect the annualized average to be 7.5 per cent. And for the time being, we expect that from November 1 to October 1, which is a period of obviously not a year but 11 months, that on average 1 per cent will be blended in our fuel.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair to the minister, under the heading of industry development (IR03), is this the section that will be funding the next round of Future is Wide Open campaign?

Hon. Mr. Cline: — Yes, yes it is. That's correct.

Mr. Stewart: — Thank you, Mr. Minister. Are the funds allocated through the industry development section of this, of the department's budget administered through the forestry centre in Prince Albert or is this administered through the department's Regina office?

Hon. Mr. Cline: — Yes, it's entirely Regina. It's not administered at all through the forestry centre.

Mr. Stewart: — Well thank you, Mr. Minister. Mr. Chair to the minister, the marketing section, is this where the Future is Wide Open campaign will obtain its funding?

Hon. Mr. Cline: — That's correct.

Mr. Stewart: — How long, Mr. Minister, will this campaign run for?

Hon. Mr. Cline: — Well it is underway now in the sense that we've started the first phase of it, the advertising of what was done in the budget in terms of the business tax changes. So that it's very focused on that. So it is underway.

It will all be in this fiscal year. So really the period is between April 1, '06, to March 31, '07. And we know that we're spending \$350,000 on the present phase which is to advertise in newspapers plus direct mail to 15,000 business executives across Canada the changes that have been made to the business tax system in Saskatchewan.

In terms of details of the rest of the plan, that's still being worked out. But I can tell the committee, Mr. Chair, that I believe it is not anticipated that this will be done very much over the course of the summer but that it's something that would really start in a major way in the fall and that we'll be finalizing the plans I think, you know, more toward the end of the summer, and they're still being worked on.

The reason being that we feel that the best time to reach our audiences out there is in the fall. In the summertime of course people, if they can, try to take time off and not be thinking about the taxation regime in Saskatchewan, but doing other things. But in the fall they turn their minds to more serious matters, and we think that that's when we will commence on the second phase, which I can't describe in a great deal of detail. I can certainly describe the concepts and the goals but not so much the detailed implementation.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, for the minister: will any of this advertising be shown in the province of Saskatchewan?

Hon. Mr. Cline: — I would not want to make the statement categorically that it will never be shown in the province of Saskatchewan because for all I know there may be a Report on Business, you know, network across Canada which appears on TVs in Saskatchewan where you will see an ad. So I wouldn't want to make that kind of statement.

But I could say to the committee that it is not the intention of our department to spend this money targeted to Saskatchewan people. It is the intention to target it outside the province, and so we'll be focusing on external audiences that we want to attract to Saskatchewan either in terms of investment or people who may wish to relocate their businesses or themselves to the province. So that will be our focus.

Again it would be difficult to say that this would never appear in Saskatchewan. I mean it may be the case that there would be national trade journals or publications where we may advertise Saskatchewan that may be distributed within the province, and that's the kind of difficulty we have. But our intention is that it is focused outside of Saskatchewan. And I have every intention and expectation that we'll be able to demonstrate at the end of the day that that is what we've done without giving the committee or the member the assurance that this would never appear in the province of Saskatchewan.

Mr. Stewart: — Thank you. Mr. Chair, to the minister: which firm has been contracted for this advertising campaign?

Hon. Mr. Cline: — Our agency of record is Phoenix Advertising. And they are appointed as such through a competitive process that I believe is administered by the Executive Council. So they are our agency of record, and they design and implement the marketing strategy for us.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, was there a tendering process involved?

Hon. Mr. Cline: — Yes, there is a competitive process. There's a competitive process held when the agency of record is selected for each department. Now to be clear, there is no competitive process for this particular campaign because it is done by our agency of record, that's why we have an agency of record, it's their job. But they were selected for a period of time to be our agency of record through a competitive process.

Mr. Stewart: — Thank you, Mr. Minister. Could the minister indicate how many oil and/or gas wells near potash or other mine sites have been ordered shut down by the department in the last year?

Hon. Mr. Cline: — The answer to that, Mr. Chair, to Mr. Stewart, would be none. There wouldn't be any oil or gas wells ordered shut down because of their proximity to potash mines. The issue is whether land owners can allow, or the Crown may lease the land, drilling above potash properties, if I can put it that way. And so it does prevent drilling on land of some producers who are in close proximity to potash properties. But I'm advised by my deputy minister, that in terms of the actual shutting down of oil and gas wells that that does not occur.

Mr. Stewart: — Thank you, Mr. Minister. And, Mr. Chair, so I take it that rather than shutting down, I suppose that permits are just refused in cases where there's an issue. And if that's the case, I wonder could the minister give a ballpark estimate as to how many of those would've occurred in the last year?

Hon. Mr. Cline: — There is nothing that would have been shut down as such in the last year. The situation would be that for many years there have simply been some areas where you can't drill for oil and gas because they're potash producing areas. And well the potash industry is concerned that somebody's going to drill a hole, and water's going to, you know, run in from the aquifer into the potash mine which . . . Obviously we've had experiences with that, and it's a very bad thing and could potentially be a tragic thing. So that's the sort of issue.

And so for many years there have been areas where you simply can't do drilling. There's nothing that we've done in the last year or very, very recently to bring this about or to shut anything down. It's just the rule that exists as to around potash mines.

Now I think there can be a discussion as to, are all the lands that are frozen from oil and gas development required to be frozen from oil and gas development? I'm not saying they are or aren't. I don't know, but it's something that perhaps needs to be examined as we move forward. But that's the reason for this freeze that has existed, as I say, for quite sometime.

Mr. Stewart: — Thank you, Mr. Minister, Mr. Chair. I didn't mean to be accusatory with that line of questioning. I'm just trying to get my head around how big an issue this may be. And with oil areas of exploration expanding into potash country, I just wondered if that was a big deal.

Mr. Chair to the Minister: could the minister give us some idea of the latest assay and evaluation of the Fort-à-la-Corne

diamond project and how we're coming with that.

Hon. Mr. Cline: — The situation is that the companies are optimistic that the results that they have will allow them to move forward to — I think it's called — a pre-feasibility stage, to develop diamond mines in Saskatchewan. But again this is really the million-dollar question or the billion-dollar question which I referred to earlier and that is, the companies do not know yet whether it is possible to successfully, profitably mine diamonds in Saskatchewan.

But they're proceeding to spend quite a bit of money to continue to explore. I believe that Shore Gold is planning to spend about \$60 million this year in their Fort-a-la-Corne property. And I believe that the Fort-a-la-Corne joint venture is spending, you know, something like \$45 million this year. So it's a major, major investment which is getting higher all the time.

So what that tells us, I think, is that there's got to be some more than just a faint hope on the part of these companies and investors that they're going to be able to have a diamond mine because otherwise they've spent over \$200 million which is not going to take them anywhere, which I'm sure the investors and the shareholders would not like and neither would we.

However they do advise us, and I have to say that they tell us they are two years away from deciding in a more clear way whether they could mine diamonds in Saskatchewan, and they're going to be exploring for at least another couple years. Now having said that, I think it should be noted that the activity going on in mining exploration in and of itself has become a big industry in Saskatchewan. This year we expect more than \$200 million on exploration activities compared to only about 30 million only three years ago. So it's a six-fold increase.

And when you've got an industry spending \$200 million-plus per year on exploration, obviously there's a lot of jobs and activity going on. So we're moving forward, and the biggest part is uranium for exploration, but diamonds is a pretty close second, and there's big money being spent there.

And I would like to say what I've said to the companies and I've said publicly many times, if diamonds can be profitably mined in Saskatchewan, the policy of this government is that diamonds will be profitably and successfully mined in Saskatchewan, and there will be no taxation or regulatory rules other than safeguarding the environment and occupational health and safety and so on, to prevent that. We've made it clear that the royalty system and such will be brought in to make the mines viable because we are more interested in the capital investment and having the jobs from the diamond mining industry than we are in maximizing royalties to the treasury.

Having said that, I don't want to be misunderstood. Of course the people of the province are entitled to a fair return. But there has to be a balance. But in any event, it's impossible to say what the full value of the diamonds is or whether it's valuable enough to be mined. But I'm quite sure that if there can be diamond mining in Saskatchewan, these companies and the government are doing everything that can be done to bring that about.

And I might add while I'm on the subject, one of the things that we do through the Department of Industry and Resources is what is called geoscience. And we've been putting more money into actually trying to identify the minerals we have in Saskatchewan and map them out in a three-dimensional way. And our department people where we have many skilled geologists, some of whom have Ph.D.s [Doctor of Philosophy] in geology, make an effort to work with industry to give them all the information we have about the mineral sector and map out, you know, whatever the public would want to know or what the industry would want to know.

There also is an open door policy where the public companies can come in and obtain information from the department. We send geologists around the province gathering information about the minerals, but it's not secret. We don't have any proprietary interest in it. Our interest is, have a look, because if there's some way that this can be developed, that's what we want to do.

So I hope that provides some information. I realize it is not definitive about when we would have diamond mining, but I'm intending to give you some background information.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, has work been done with the industry, or is it ongoing to develop a tax and royalty regime that would encourage development?

Hon. Mr. Cline: — Yes. We've been working very closely with the industry. I meet with the companies fairly regularly, certainly as requested. And I've been to their sites at Fort-à-la-Corne on several occasions, including going underground in a relatively small bucket to wander around in the underground drifts of Shore Gold, but also looking at the mill they have there and spending a lot of time discussing issues with them which we're very happy to do.

And we have sent some of our people to other parts of the world like some places overseas I think — but certainly to the Northwest Territories and Israel where in Northwest Territories they're mining diamonds and doing some cutting and in Israel they have a major finishing industry — to try to see what other jurisdictions are doing and obtain guidance as to what we should do to make the industry work here.

We don't get into numbers in terms of the royalties for this reason — that it's impossible to say what the royalties should be without knowing what the true nature of the resource is. But our policy is quite clear if you look at our royalty policy in other areas, by which I mean this: if you look at uranium or potash, we have the highest royalties in the world. That's well-known. And we should have the highest royalties in the world because we have the best resource in the world, the easiest to produce, the most profitable. And so the people of the province are entitled to a fair return on that resource just as the companies are entitled to a good return on their investment and risk.

On the other hand, if you looked at our sodium sulphate industry or our coal industry, we have relatively low royalties. And the reason for that is, the royalty structure in those industries is designed to take into account the fact that our

resources are not the richest resources in the world. It's not the most easiest and profitable to produce so we have to have a royalty structure for coal and sodium sulphate which fits the resource, which says, this is what you need to do in order to have that industry and to keep those people working. And I know that, for example, when I was minister of Finance, we had to change certain taxation rules for both coal and sodium sulphate because those industries were in danger. And that's what we do.

And similarly if you asked, well what should the royalty structure be for diamonds? I would say, well it just depends on the resource. If it turns out that it's a very marginal operation which requires a low royalty in order to be successfully mined, that's what we will have. If it turns out that we have the, you know, the richest diamond resource in the world, then that will certainly be an important factor. But again it is the policy of the Government of Saskatchewan that if it's possible to mine diamonds in Saskatchewan, they will be mined. And we will have policies that allow that to happen as we have in many other areas over many years. Which has made us, I'm happy to say, the world's largest producer of uranium and the world's largest producer of potash. And I think we should all be very proud of that.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister. Some time ago, maybe four years ago, I used to hear a lot of talk about an economic corridor between Regina and Moose Jaw. I'm wondering, is that idea still on the drawing board? Or has any progress been made on that?

Hon. Mr. Cline: — I think from our point of view, to some extent it involves the, you know, the REDAs [regional economic development authority] of Regina and Moose Jaw, certainly. But from our point of view there is an economic corridor between Regina and Moose Jaw in many ways. And we encourage that kind of thinking in the sense that what is good for the region will be good for both Regina and Moose Jaw.

I think there's no doubt that that economic corridor is there because you have Safarco fertilizer, you have Mosaic's potash plant, perhaps a few other industries that I'm not thinking of mentioning right now. But the traffic that goes back and forth between Regina and Moose Jaw in terms of people living in one centre but working in the other, and I think the good work that's been done by people in Moose Jaw — not to take anything away from Regina but people in Moose Jaw — who have identified Regina as their market instead of their enemy.

And that was a change of attitude I think in Moose Jaw that took place maybe 10 years ago or more, that whereby instead of being kind of nervous about Regina because it's so big — and some people said well we can't compete with them — there were people in their community that built the spa and built other businesses and said, hey let's not be nervous about them. Let's see them as our market and go after Regina people to come to Moose Jaw.

And I think that's what happened. I mean in doing so, they have brought people from all over the province and parts of the United States too, you know, to the spa and to the businesses they have there. And there's been kind of a renaissance in

Moose Jaw.

So in our view there is an economic corridor of Regina, Moose Jaw. And they are a region that is operating more successfully together. And we support that. And we think it's happening already.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, if I may suggest — being rather familiar with that area — that a high-speed Internet might be an enhancement to the corridor.

But moving on to oil and gas wells, Mr. Minister, the capital cost recovery program that's in place, I understand there's a considerable difference between horizontal and vertical wells. Could the minister explain where we're at with that issue?

Hon. Mr. Cline: — I think I'll ask Mr. Wilson to comment on that because he certainly is very familiar with that in a detailed way. Thank you.

Mr. Wilson: — Well certainly we do have a series of different volume-related incentives that apply to the drilling in the province. And the volume of the incentive, or the incentive volume, shall we say, is to recognize the risk and the cost associated with drilling a particular well.

So if we have deep vertical well, certainly the cost and the risk of drilling that well would be considerably more than drilling a more shallow vertical well. And therefore, the incentive that would apply to that deeper well would be greater than the shallow well. Similarly with horizontal wells, those wells tend to be higher-cost and riskier. And so, the whole series of incentives that we have are to sort of balance risk and reward. So I think that would be the simple answer to the question.

I can't spout off my head any more exactly what all those particular volume incentives are, but that would be the general basis on which those incentives are developed.

Mr. Stewart: — Thank you, Mr. Wilson. Mr. Chair, it's my understanding that there is not only volume and cost involved, but substantial differences between horizontal and vertical. Is that correct? And I wonder if Mr. Wilson could explain.

Mr. Wilson: — Between vertical and horizontal, yes. If we're drilling to the same depth, a vertical well versus horizontal well, I believe the basic development, vertical development well, there is no volume incentive for at all any more. With our new fourth tier royalty structure, there is no volume incentive for a development vertical well.

The same horizontal development well, I believe, has a incentive attached to it of about 6,000 cubic metres. So the first 6,000 cubic metres would be subject to a very low royalty. I believe it's a 1 per cent royalty.

So again, that would just simply recognize the difference in the cost of drilling the horizontal well versus the vertical well even though they may ultimately be, you know, accessing oil or gas from the same level.

Mr. Stewart: — Thank you, Mr. Wilson. Mr. Chair, to the

minister, that is the way I understood it to be but it seems to me that as far as incenting the development of new oil fields it's backwards, since vertical drilling is . . . You know, you don't initiate a new oil field with a horizontal well.

I'm wondering. I understand that the costs are taken into account as Mr. Wilson explained, but it seems to me as far as expanding our oil drilling in the province that it would be more appropriate if there was a substantial capital cost recovery formula for vertical drilling as well.

Hon. Mr. Cline: — Well I'm advised that with respect to exploratory wells, we do have incentives for those. So in terms of developing new fields, there are incentives there. Generally speaking, what we did in the fall of 2002 was to make our royalty and taxation system for wells that were drilled after November 1, 2002 more or less the same as in Alberta. And of course we've had a lot of uptake. So certainly I think what we've done has resulted in a lot of activity in the oil patch and that's our goal. So we have a system that I think is working.

A real challenge in Saskatchewan is to get more oil out of the wells. Because we have lots of producing wells, we have tens of thousands of producing wells, but on average, because we have heavy oil, they take only 15 per cent — that's 1-5 per cent — out of the ground, leaving 85 per cent in the ground. So it's very important to get more wells and certainly more wells are being drilled all the time and we support that, but we're also trying to increase the production per well. Because if we had no new wells but we doubled the production through injection of CO₂, for example, we'd double the production of oil in Saskatchewan, which has doubled in the last 10 years but we'd double it again.

So in many ways I think the challenge we have in Saskatchewan is to incent research and technology to improve production. And our people and the industry are working very hard on that. In fact we recently were in Minot for the Williston Basin conference where Saskatchewan, Manitoba, North Dakota, South Dakota, and Montana get together because we all have the same problems — which are different than the Alberta geology — to try to figure out how to get more oil out of the ground.

So I think that there is a pretty good royalty structure in place in Saskatchewan for the oil and gas industry to be fully developed, but again I would reiterate that our challenge is to try to increase production of heavy oil.

Mr. Stewart: — Thank you, Mr. Minister, for reminding me about the exploratory wells incentive.

Getting back to the Estimates book, I see that the two public-private partnerships under your department, they're budgeted the same amount as last year. I'm wondering, you know . . . It's my belief that Tourism Saskatchewan and STEP [Saskatchewan Trade and Export Partnership Inc.] are both great successes and I'm wondering, is there no need for additional funds to those organizations? It's one of the few areas that didn't receive an increase this year, so I'm just wondering why that is.

Hon. Mr. Cline: — Well I certainly agree with the member,

Mr. Chair, that these are organizations that do very good work in our province and deal with people beyond our province to try to increase both tourism and exports, and both of these things are very important.

They also have been very good models which are somewhat unique to Saskatchewan, that other people look at I think as good models that don't have them. Because it's an example of government working closely with industry.

To answer the question, I would say that if these organizations got increases, I have no doubt that they would put any money that they received to good use and that there are good things that they could do. Tourism Saskatchewan certainly would do more marketing of Saskatchewan and its opportunities if its budget was increased. And there are many things that STEP could do in addition to the good work they do to even increase what is a pretty good record of exports.

Having said all that, in the last budget — that is the '05-06 budget, the one delivered in March of '05 — Tourism Saskatchewan received an increase from 7.2 million to 7.9 million. So they received something like an 8 per cent increase. And STEP received an increase of \$200,000 from 2.6 million, so they received an increase as well.

I think it was felt that they had received increases the year before, that other initiatives were looked at this year for increases. I certainly don't disagree with the member that they do good work. They're important. And as we move forward and resources permit, we should be examining whether they should be receiving more money. There's no question about that. And that will be examined. But in this particular budget year, that's the decision that was arrived at by Treasury Board, I think based on the fact that they had received what we consider to be fair increases in the previous budget.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister. Regarding the Belle Plaine polygeneration project or proposed project that we discussed on April 27, I think was our last opportunity, it's been proposed to me that SaskPower is an issue and a bit of a stumbling block with this project proceeding. I wonder if the minister could elaborate at all on how negotiations are going between TransCanada and SaskPower.

Hon. Mr. Cline: — Well I don't have any knowledge that SaskPower is being an impediment to any development moving forward. Our intention is that examination of that project will move to the next phase which, as I understand it, will commence very soon and will involve several months of more detailed technical work, a sort of a feasibility study. And that is not being impeded by SaskPower, is my understanding. That is going ahead.

And I can only reiterate what I said at the last committee meeting, which is that this is a very good potential opportunity if it proves to be feasible. And as I understand it, it would involve a very major investment, perhaps the largest single investment in the history of Saskatchewan. And the Government of Saskatchewan is the shareholder on behalf of the people in SaskPower. And if the Government of Saskatchewan determines that it's in the public interest and the

interest of the economy that this project proceed, then the Government of Saskatchewan will arrive at that policy position and make a decision.

And as shareholder of SaskPower, if that involves SaskPower being a party to the project by purchasing power which is available at commercial rates, then that's the decision that will be arrived at. And the shareholder will provide direction to SaskPower that that is the public policy of the province of Saskatchewan. And I don't think that's any secret. It only makes sense that shareholders direct their corporations. And so if there's a good opportunity there, if it proves to be feasible, the people of Saskatchewan will expect that the Government of Saskatchewan moves it forward.

They will not expect that any individual Crown corporation could for, you know, whatever reason stand in the way. And so it's the position of the government that we're proceeding to the next stage. And if that proves to be something that should be developed, I have every confidence that it will be developed. And the development will not be prevented from any particular individual Crown corporation in the province of Saskatchewan.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, are the parties asking for provincial taxpayer investment in this project?

Hon. Mr. Cline: — No. No, they are not. And it's not our objective to do so.

Mr. Stewart: — Thank you, Mr. Minister. I'm glad to hear that. One more item I would like to discuss. And I thank the minister for providing me with a briefing note regarding flare gas cogeneration. One thing I want to ask about, and it's my understanding that . . . Well first of all, the briefing note explains to me that, and I quote, "Unfortunately, the microturbine technology was not robust enough to cope with the variability in fuel quality that occurs with solution gas at oil production facilities."

And so on. It's my understanding, Mr. Minister, that there are very many of these projects operating commercially in Alberta. Am I mistaken about that or is . . . Can you explain, I wonder.

Hon. Mr. Cline: — I'm advised that there may be projects of a similar nature that are operating in Alberta, that the viability of the projects may vary from place to place just depending on the nature of the resource, the volume and pressure of gas, and so on, and that the technology available has not proven to work in Saskatchewan thus far but that somebody's doing some work on technology to see if they could have this working in our gas fields. So that's the information I have.

I would be pleased to try to get additional information as to what's happening in Alberta and as to any differences there may be that allow something to proceed in Alberta that is not proceeding here. And I'd be happy to get some information myself because I'd like to know and provide that to the member, Mr. Chair.

Mr. Stewart: — Thank you, Mr. Minister. I would appreciate that very much if that's possible to obtain that. And I think that's all I have for the minister. I believe Mr. Wakefield has a

few questions and, rather than interjecting later, I'll thank the minister and the officials for the help that they've been this evening. We always appreciate that.

The Chair: — Mr. Wakefield.

Mr. Wakefield: — Thank you, Mr. Chair, and good evening, Mr. Minister, and good evening to your officials. I just have a few questions that I wanted to bring forward. I'll likely be jumping around a little bit because a lot of the questions and discussions that I had thought my way through have already been addressed, and I think the answers sit well.

I guess the first quick question, Mr. Minister, would be what effect on your budget — this budget item that we're dealing with now — will the change in the Canadian dollar make as it becomes stronger and stronger?

Hon. Mr. Cline: — Mr. Chair, to Mr. Wakefield, it would not have any effect on the budget of our department. But it may have an effect on the amount of revenue that we would collect, you know, in oil and gas royalties, which we would simply turn over to the Department of Finance. They'd put it in the General Revenue Fund.

Now in terms of the higher Canadian dollar, the budget already took into account of course the fact that the Canadian dollar has risen considerably from a few years ago. But it has . . . The Canadian dollar is somewhat higher than was projected in the budget. So that would have some effect on the amount of royalty payments from oil and gas and some other commodities that we would pay to the Department of Finance. Now we would expect that the amount of difference for the year that we would pay to the Department of Finance would be approximately . . . I'll ask my deputy minister to say approximately what that amount would be for the year in terms of the money we would be able to turn over to the Department of Finance.

Mr. Wilson: — For oil, as an example, if West Texas Intermediate was a dollar above or below what we were projecting in the budget, that would have an impact on our oil revenues of about \$24 million a year. For every cent change in the Canadian dollar relative to the American dollar, that's worth about \$17 million a year. So right now, West Texas Intermediate is higher than we had projected. The Canadian dollar is much higher than we had projected. And the two tend to cancel, largely, one another out. So in terms of impact on revenue as we would see it right now, it's probably a bit of a wash.

Mr. Wakefield: — Thank you, Mr. Chair, to the minister. There is a considerable increase in investment programs and industry development and so on. Are any of those in American dollars?

Hon. Mr. Cline: — No.

Mr. Wakefield: — And is the same response likely when we're talking about the budgets of both STEP and Tourism because we're dealing with people leaving the country and also hopefully, hopefully, having people coming back into our country?

Hon. Mr. Cline: — Yes, we're dealing only in Canadian dollars.

Mr. Wakefield: — To change topics a little bit, Mr. Chair, and Mr. Wilson has outlined a lot of this before, but I just wanted to go back to the Oilsands Quest in northwest Saskatchewan. Just to confirm again, that was awarded to Oilsands Quest without tender, is that correct?

Hon. Mr. Cline: — That's correct. And as I pointed out earlier, that wasn't because that would necessarily be our preference but because it is the law by regulation that it be done that way, which we've put a moratorium on so that we go to a competitive process.

Having said that, I did indicate also that we didn't have an abundance of people wanting to do this, so we were pleased that Oilsands Quest took this on. However it is subject to them returning to the Crown such lands as they're not really, you know, exploring.

Mr. Wakefield: — Thank you, Mr. Chair. Again to the minister, I'd like to run through . . . I was trying to understand in my mind what Oilsands Quest, where they came from, their origins and so on. So I'm going to run down a list of evolutions that have happened in that business, and you can correct me if my research has gone awry here.

Oilsands Quest was awarded 1.4 million acres of Crown land. There was a company called Synenco that went then developed into Northern Lights Partnership. Sixty per cent of this was Northern Lights Partnership, but 40 per cent of that stake was Sinopec Corporation from China. Is that correct?

Hon. Mr. Cline: — I should clarify that the original grant of the 1.4 million acres was to a company called Powermax, and that is the company that the Government of Saskatchewan made the grant to according to the regulations. And then as I understand it, Oilsands Quest acquired those rights from Powermax.

Mr. Wakefield: — There's another corporation in this line called Uranium Power Corporation that acquired 49 per cent of those permits. Uranium Power was renamed CanWest, and CanWest is 63 per cent owner of Oilsands Quests. Is that the lineage, or am I off track?

Hon. Mr. Cline: — Yes. Well our understanding is that there was a company called Uranium Power Corporation which became CanWest Petroleum and that Oilsands Quest is essentially a subsidiary of CanWest Petroleum.

Mr. Wakefield: — Is Sinopec still have an interest in that development through that lineage that I outlined — the Chinese government-controlled oil company?

Hon. Mr. Cline: — We are not aware of Sinopec's involvement there. If my memory serves me correctly, I believe that some of the principals involved with Oilsands Quest developed or really discovered some oil sands property in Alberta which I believe they may have sold to Sinopec. I believe they did and that Sinopec may now be involved in that development in Alberta.

Whether or not Sinopec is involved with Oilsands Quest in Saskatchewan, we're not aware of that, so I can't comment other than to say what I have said, that we believe Oilsands Quest is a subsidiary of CanWest Petroleum. But at the same time, I'm not disputing anything that the member says. I'm just not aware of that.

Mr. Wakefield: — I wasn't aware of that either until I did some research. I don't believe it was your website or a Government of Saskatchewan website, but it was a website tracing the lineage and I found that to be interesting.

I also found that Oilsands Quest has relinquished some of those acres back. And so at this particular time, they're probably about 75 per cent of that original 1.4 million acres with the prospect of going to less than half, maybe only a third as Mr. Wilson talked about earlier. Is that about the right proportion that you'll have been reverted back to the province?

Hon. Mr. Cline: — I believe that at presently they have about 60 per cent of the 1.4 million acres. I think that 40 per cent has reverted back to the Crown.

Mr. Wakefield: — Yes, that looks right, sorry. What is going to happen when the rest is reverted back? What is going to happen with those acres? Are they going to be tendered now as you have wished they could be?

Hon. Mr. Cline: — Yes, our intention is to . . . You know when Powermax came along under the regulations and they had the right to take the 1.4 million acres for exploratory purposes subject to their obligations to turn back to the Crown that which they didn't use, we realized that — by regulation and law — they had the right to do that.

Also we welcomed the exploration side of things in oil sands in Saskatchewan. But having said that, we felt that we should put a moratorium on the free disposition of lands to be explored and bring in a competitive process whereby, you know, it would be bid on. And of course in that process, I guess if there's only one bidder sometimes and . . . the price will be quite low. But if there's a lot of interest, then it will be competitive and it'll be determined that way.

And that seems to be a fair system that we have throughout the province. And although the mining regulations now apply to oil sands and this happened, we feel that we should change that and bring in the competitive bid system for oil sands in the North. And that's what we're in the process of developing.

Mr. Wakefield: — Thank you, Mr. Chair. Maybe just one question, the time has run out on us, if I could just ask one more question. The land that has been relinquished back, has there been any interest expressed by First Nations in those acres under the treaty land entitlement process?

Hon. Mr. Cline: — Not that we're aware of, but we'll check. And if there has been and our information is incorrect, than we'll certainly provide Mr. Wakefield with that information, Mr. Chair.

Mr. Wakefield: — Thank you, Mr. Chair. And thank you, Mr. Minister. We may discuss this further at a different time. That's

all I have, Mr. Chair. Thank you to yourself and your officials.

The Chair: — Thank you, Mr. Wakefield, and thanks to the minister and his officials. We require you no further at this committee. So thank you very much for coming out this evening and your participation in the committee's proceedings.

Hon. Mr. Cline: — Well thank you, Mr. Chair. I'd like to thank your committee members for having us here. And I feel that many important issues have been discussed, and I hope that we've been able to provide useful information to your committee. So thank you.

And I want to also join in thanking our officials who do a good job, not only today but throughout the entire year.

The Chair: — Absolutely. Thank you, Minister.

Mr. Wakefield: — You'll be pleased to hear that they're starting the third period, and it's 1-0 for the good team.

Hon. Mr. Cline: — Oh good. We're always on the side of the good team.

The Chair: — With that, committee members, we will move into vote 23. So just to give a brief précis on what's to come, we'll do the votes on Industry and Resources. Then we'll consider the reports. Then we'll do the regulations and bylaws. And then well maybe we'll add something else to the agenda just to add to the fun.

Anyway with the indulgence of committee members, we'll proceed to the vote 23, Industry and Resources, which can be found on page 93 in the main Estimates. Central management and services (IR01) in the sum of \$8,136,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Investment programs (IR07) in the sum of \$44,222,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Industry development (IR03) in the sum of \$7,743,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Petroleum and natural gas (IR05) in the sum of \$5,751,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Exploration and geological services (IR16) in the sum of \$4,882,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Revenue and program services (IR04) in the sum of \$3,220,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Resource and economic policy (IR06) in the sum of \$2,501,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Tourism Saskatchewan (IR09) in the sum of \$7,892,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Saskatchewan Trade and Export Partnership Inc (IR10) in the sum of \$2,791,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — And just for the committee's reference, amortization of capital assets in the sum of \$4,755,000.

A motion from the committee:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Industry and Resources, \$87,138,000.

Do I have a mover for that motion?

Hon. Ms. Higgins: — I so move, Mr. Chair.

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

Some Hon. Members: — Agreed.

The Chair: — Motion is carried.

[Vote 23 agreed to.]

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

The Chair: — There is a supplementary estimate to consider for Industry and Resources, vote 23, the home heating assistance for alternative fuel users, (IR15), in the sum of \$2,000,000. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Motion is carried.

Motion for the committee:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2006, the following sums for Industry and Resources, \$2,000,000.

All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Pardon me. Actually do we have a mover for that motion? I was getting a little ahead of myself, pardon me.

Hon. Mr. Lautermilch: — I'll move that.

The Chair: — Thank you, Minister Lautermilch. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Very good.

[Vote 23 agreed to.]

The Chair: — I now have a report which summarizes the main estimates and supplementary estimates that we've undergone consideration of today and have voted approval of. Main estimates for Finance, for Industry and Resources, for Labour, Regional Economic and Co-operative Development, the Saskatchewan Research Council, lending and investing activities, the Regional Economic and Co-operative Developments.

Do we have copies for the committee members? Everyone's received . . .

Do I have a mover for this report? We thought maybe Mr. Borgerson was waiting for a moment like this, but yes, yes, it appears that he is.

Mr. Borgerson: — I will so move.

The Chair: — Thank you, Mr. Borgerson. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — The report is adopted. Committee members of course will be pleased to know we will present said report in the House tomorrow.

Regulations and Bylaws

The Chair: — Now it's time that we've all been waiting for. It's time to do the regulations and bylaws. We're joined by Ken Ring, the ever able.

Committee members will have received a package containing the regulations and bylaws which has been prepared for us by Law Clerk and Parliamentary Counsel, Mr. Ring.

Mr. Ring, do you have anything you'd like to start things off with?

Mr. Ring: — No, only to indicate that this is a first time the Economy Committee is considering regulations. And we have a package that was circulated. You have in each one of the packages correspondence between myself and the minister. There are two or three issues or areas in there that I'd seek the committee's directions to proceed further with the matter or to consider it resolved.

The Chair: — Well perhaps, Mr. Ring, if we could . . . Everyone's got the package in front of them. If you could perhaps take us through points 1 through 8 in numerical order proceeding and we'll go like that.

**The Saskatchewan Veterinary Medical Association
The Veterinarians Act, 1987
Sessional Paper No. 69
Tabled March 25, 1997**

Mr. Ring: — All right. The first item is a bylaw from 1997, the veterinarians' association bylaws. At that time it was reviewed, and the provision calls for members of that association have to . . . It says no member shall commit any act outside of Canada that would be an indictable offence inside of Canada. At the time Mr. Holtzman was the law clerk. He felt that was perhaps outside the jurisdiction of the association, outside the jurisdiction of the provincial boundaries.

Since that time, the law has changed slightly in that associations . . . As the world becomes smaller, it's important to keep track of what members of associations are doing outside the jurisdiction. So I'm not sure that it's so much of a concern now as it was when it was first raised before this special committee on regulations. As well the veterinarians' association has adopted the amendments to their Act that bring it more in line with the standard provisions for other professional associations. So at this time I don't see that bylaw being as much of a concern as it was previously. And so my recommendation to the committee would be to consider the matter resolved and close the file.

The Chair: — Now I'm advised by Meta that procedurally how we will proceed is by consensus. So instead of moving a formal motion, I guess I would just ask the committee if we have consensus to accept the recommendation of legal counsel. And do we have that consensus?

Some Hon. Members: — Agreed.

The Chair: — Thank you, members. And thank you, Mr. Ring.

**The Wildlife Amendment Regulations, 2002
SR 19/2002
The Wildlife Act, 1998
Saskatchewan Gazette March 8, 2002**

The Chair: — Item no. 2.

Mr. Ring: — Item 2 is a regulation from 2002 that dealt with The Wildlife Amendment Regulations. At that time I wrote to the minister and indicated that there was a lack of precision in the drafting of the provision and that it may lead to difficulty in prosecution.

The minister responded to my letter and indicated that the department officials agreed with that assessment and that amendments would be made to change the regulations, although it doesn't appear as though amendments have been made to that regulation as yet. And this may be just one of the items, that as amendments are considered for regulations, they aren't included. They aren't always included in the regulations package.

And so, on that basis, with this situation I would recommend to the committee that I monitor The Wildlife Regulations to see if the changes are made at a future time. And if they are, report back. If they aren't made, report that back. And then the

committee could decide how it would like to proceed with the matter because these regulations are changed once or twice a year, and that would give the department an opportunity to make the amendments.

The Chair: — Consulting with the clerk, we've come up with a refinement for the motion to be requested of the committee. Would it be acceptable to the committee that we move to concur in the recommendation of the Law Clerk? Okay, so do I have a motion to concur in the recommendation of the clerk?

Mr. Borgerson: — I so move.

The Chair: — Thank you, Mr. Borgerson. All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Your recommendation is upheld. Carrying right along.

Mr. Ring: — And as a follow-up to that issue, would the committee like me to write the minister again to remind him of that? Or should I just continue to monitor the regulation?

The Chair: — Mr. Weekes.

Mr. Weekes: — I would suggest that Mr. Ring write the minister and remind him of the circumstances.

The Chair: — Is that agreeable with the committee? Mr. Borgerson.

Mr. Borgerson: — Well I note that the last correspondence was from June 2003, so I think a letter would be in order.

An Hon. Member: — Agreed.

The Chair: — Okay. Agreed. And I guess if we could revert to the first motion, and I apologize to committee members given that it's the first go around for regulations and bylaws — I'm still finding my regulations and bylaws sea legs — but if I could get a motion to concur in the recommendation of the clerk for that item? Yes, item no. 1 on our agenda. Do I have such a motion?

Hon. Ms. Higgins: — I so move.

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

Some Hon. Members: — Agreed.

The Chair: — Opposed? The recommendation is upheld.

2003 Regulations — No Legal Issues

The Chair: — Item no. 3, 2003 regulations, list of regulations with no legal issues. Mr. Ring.

Mr. Ring: — Yes. These are the list of regulations that have been reviewed. I did not find anything that I felt it was necessary to write any of the ministers at the departments on. And this would be a list of regulations that if any of the

members had questions with respect to policy, this would be a list that you could look at and consult to see which regulations relate to this committee. But from the review that the Law Clerk is required to do under the rules and procedures, there were no concerns with respect to this list of regulations from 2003.

The Chair: — Given that there are no recommendations, we are regarding this item as purely advisory. And we thank the clerk for that.

**The Energy-Efficient Household Appliances
(Provincial Sales Tax)
Remission Regulations F-13.4 Reg 30
The Financial Administration Act, 1993
Saskatchewan Gazette December 19, 2003**

The Chair: — Item no. 4, 2003 regulations issues raised. We'll entertain the energy-efficient household appliances provincial sales tax remission regulations first off.

Mr. Ring: — Yes. This set of regulations . . . I had raised two issues with the minister. One of the issues was there were new amendments made to the regulations. One of the concerns was addressed. The second concern was not addressed. And here I have the comment you'll see in the recommendation.

The second concern was regarding the fact that the regulations say that you can apply for a rebate if it is an Energy Star appliance or any as recognized by the Government of Canada or any successor organization that deals with the Energy Star program. And in those last few words “. . . any other agency of the Government of Canada . . .” that will deal with energy-efficient appliances or regulations, it's often very difficult to equate programs when they move and switch and as things change.

And so it occurred to me that they could indicate you are eligible to receive a rebate if it's an Energy Star appliance, and that when the Government of Canada changes that name or changes the program or changes what those are called, then the provincial regulations could be changed to make them come into line with the new federal agency or the new federal name instead of trying to say, any successor agency or to the current agency.

The Chair: — So just to clarify, what you're recommending is that the matter has been resolved or . . .

Mr. Ring: — One of them has. What I would recommend is that I write the minister again and indicate that perhaps the words, the extra words any other agency that might cover that in future, suggest to them that that be deleted from the regulation and then see what type of response is received from that and report back to the committee, depending on the response received.

Mr. Weekes: — I agree with that.

The Chair: — So I guess what I'm looking for is a motion of concurrence with the recommendation of the clerk. Mr. Weekes?

Mr. Weekes: — So moved.

The Chair: — All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? Motion is carried.

**The New Crops Insurance Program Amendment
Regulations, 2003
SR 21/2003**

**The Farm Financial Stability Act
Saskatchewan Gazette April 4, 2003**

The Chair: — Moving on to The New Crops Insurance Program Amendment Regulations, 2003. Mr. Ring.

Mr. Ring: — Sorry, Mr. Chair. With respect to these regulations, when you read through The New Crops Insurance Program Regulations, extra money that was left over was transferred from that program to a different program. I wrote the minister to indicate that there was no provision in the regulation or the Act allowing that transfer of funds between programs, although you can do it by way of a virement, by way of Treasury Board order. There was no provision set out in the regulations.

Since that time, a similar program, the meat-processing regulations, have been passed. And in those regulations, they did include a specific provision indicating that the minister was able to transfer funds between programs within the same area. So it appears as though they have responded to the concern or the issue that was raised. In another set of regulations that are coming forward I don't know, because these are 2003 regulations; there's no point going back and amending regulations that are now almost three years old. So my recommendation here would be to close the file. They are inserting the provision to transfer funds in new regulations that are being enacted now.

The Chair: — Any discussion committee members? Seeing none, do I have a motion to concur in the recommendation of the clerk? Thank you, Mr. Borgerson.

Mr. Borgerson: — I so move.

The Chair: — All those in favour? Opposed? Recommendation is upheld.

**The Wildlife Amendment Regulations, 2003
SR 13/2003**

**The Wildlife Act, 1998
Saskatchewan Gazette March 28, 2003**

The Chair: — The Wildlife Amendment Regulations, 2003.

Mr. Ring: — This is a good news regulation to report to the committee. I reviewed the regulations, raised two issues with the minister. And since that time the Minister of the Environment has made changes to the regulations, and so now the regulations are complete. The two concerns raised were addressed, and I would simply recommend to close the file but at the same time write the minister thanking the minister for responding to the committee's concerns with respect to those regulations.

The Chair: — Any questions or comments concerning this recommendation? Seeing none, I'll ask for a motion to concur in the recommendation of the clerk.

Hon. Ms. Higgins: — I so move.

The Chair: — Thank you, Minister Higgins. Any questions on the resolution? All those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed? The recommendation is upheld. And we'll forward the appropriate minister comments from this with thanks of the committee.

2004 Regulations — No Legal Issues

The Chair: — Item no. 5 on the agenda, 2004 regulations list of regulations with no legal issues.

Mr. Ring: — I address . . . This is just the ones from 2004. As the list it was with 2003, I don't think I need to say anything more than that.

The Outfitter and Guide Regulations, 2004

N-3.1 Reg 3

The Natural Resources Act

Saskatchewan Gazette April 2, 2004

The Chair: — Certainly. Item no. 6, 2004 regulations issues raised, The Outfitter and Guide Regulations, 2004.

Mr. Ring: — These regulations . . . One of the specific issues that the Law Clerk and Parliamentary Counsel is required to review with respect to delegated legislation under the rules of the Assembly are provisions in regulations that preclude a challenge in the courts to ministers' orders or decisions. These regulations contain that type of a provision in section 16. And so I'm raising that and bringing that to the committee's attention. I don't have a comment with respect to that. And I don't see that there's anything wrong with it. But that is one item that I am required to bring to the committee's attention.

The Chair: — Any question or comment from committee members? Mr. Weekes.

Mr. Weekes: — I don't know if I quite follow you. This is saying that there's regulations that cannot . . . may not, it says may not, but will not be challenged in court. There's no legal provision to challenge such things in court?

Mr. Ring: — Yes, and it's . . . Correct. But it is limited. Section 16 reads:

Minister's decision final

The minister's decision to amend, suspend, revoke, renew or refuse . . . an outfitter's licence, or . . . prohibit a person from applying for any outfitter's licence, is final and conclusive and no proceedings by or before the minister may be restrained by injunction, prohibition or . . . [any] proceedings or are removable by *certiorari* or otherwise by any court.

The Chair: — I guess what you're asking us to do is to note that fact, and there's no recommendation as such.

Mr. Ring: — Correct. I'm bringing that to the committee's attention.

The Chair: — Thank you.

Mr. Ring: — Every so often there are provisions like this. And I assume it's there for a good reason.

The Chair: — Any other comments or questions from committee members? Thank you, Mr. Ring.

The Crown Minerals Transfer Regulations, 2005

C-50.2 Reg 25

The Crown Minerals Act

Saskatchewan Gazette January 21, 2005

The Chair: — Item no. 7, 2005 regulations, list of regulations with no legal issues. Of course, no legal issues. And item no. 8, 2005 regulations, issues raised. First off, The Crown Minerals Transfer Regulations, 2005. Mr. Ring.

Mr. Ring: — Yes, this one is a small issue, but I think it is important. In the drafting of the regulations, there you will see that at one point in the regulations they talk about the schedule they're referring to. And then another point in the Act they just talk about the schedule. And so it's not exactly clear which schedule that is. And so if there is an issue with respect to these regulations, someone may try to make an argument that it's not the schedule that's with the regulations; it's another schedule.

Under The Crown Minerals Act there are numbers of regulations. Lots of them contain numerous schedules. I think it's very important to keep the language tight and clear.

I've also included a copy of Bill 15 that was before the House, where even in Acts of the Legislative Assembly, when they refer to a schedule in an Act that's passed by the Assembly, the words to this schedule, to this Act, are added so that it's very, very clear, very precise. And even in a piece of legislation, one would assume it's there, it's voted off, but they still use the words, to this Act.

So I think in the regulations they should consistently be using the schedule to these regulations so that it's clear and there's no room for ambiguity.

The Chair: — Any comments or questions? Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chair. I would accept Mr. Ring's recommendation and write the minister to raise the concern and ask for a response.

The Chair: — Are you going to put that in the form of a motion, Mr. Weekes?

Mr. Weekes: — Yes.

The Chair: — Mr. Weekes has so moved. Any further comment or question on the motion? All those in favour?

Some Hon. Members: — Agreed.

[The committee adjourned at 20:34.]

The Chair: — Opposed? The motion is concurred in.

The Wild Rice Regulations, 2005
F-19.1 Reg 6
The Provincial Lands Act
The Forest Resources Management Act
Saskatchewan Gazette February 11, 2005

The Chair: — Now The Wild Rice Regulations, 2005.

Mr. Ring: — And this last one is also an interesting one. The authority necessary to make The Wild Rice Regulations fall under The Provincial Lands Act which is the responsibility of the Minister of the Environment and The Forest Resources Management Act which is the responsibility of the Minister of Agriculture. And in the regulations, they talk about the minister responsible for these regulations when it could be two ministers, but I believe there is only one minister who is responsible. But I don't know where one would go to find out who the minister responsible is.

And so with that, the recommendation here would be to write the ministers and ask for their response to see if one of them is in fact . . . If only one of them is responsible for it, then that's fine and they could indicate that then in the regulations so that people reading these regulations would know which minister and which department to be addressing themselves to.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you. Mr. Chair, I move that Mr. Ring write the ministers to ask for a response for clarification.

The Chair: — An eminently reasonable recommendation. Any further question or comments? Those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed. The motion is carried. Mr. Ring, thank you very much. Committee members thanks for participating in history. Mr. Ring, do you have anything to add?

Mr. Ring: — Yes. Thank you for your attentiveness. I would also like to thank Allison Gartner and Ron Samways in my office who help put the package together, write the letters and get things out, and prepare things for the members, so we can deal with these matters in an expeditious way. Thank you.

The Chair: — Thank you again, Mr. Ring, and thank you all committee members. At this time I will now entertain a motion to adjourn. Mr. Stewart.

Mr. Stewart: — I so move.

The Chair: — Those in favour?

Some Hon. Members: — Agreed.

The Chair: — Opposed. Carried unanimously. Thank you very much.