



STANDING COMMITTEE ON THE ECONOMY

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**STANDING COMMITTEE ON THE ECONOMY
2008**

Mr. D.F. (Yogi) Huyghebaert, Chair
Wood River

Mr. Ron Harper, Deputy Chair
Regina Northeast

Mr. Darcy Furber
Prince Albert Northcote

Mr. Jeremy Harrison
Meadow Lake

Mr. Warren Michelson
Moose Jaw North

Ms. Laura Ross
Regina Qu'Appelle Valley

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 18:00.]

The Chair: — It being 6 o'clock I'll call the committee to order. We have one substitution this evening; Mr. Forbes will be substituting for Mr. Harper. This evening we will have Agriculture, vote 1, vote 146, and vote 147 for discussion this evening. I'd like to welcome the minister and his officials. And I'd ask the minister if he'd please introduce his officials and if he has some opening remarks for the committee.

**General Revenue Fund
Agriculture
Vote 1**

Subvote (AG01)

Hon. Mr. Bjornerud: — Well thank you, Mr. Chair. With me tonight is Alanna Koch, deputy minister of agriculture. To my right here is Laurier Donais, director of corporate service branch. Behind me is Dave Boehm, assistant deputy minister. On my right side is, as you all know, Stan Benjamin, general manager of crop insurance. And on my left behind me is Tom Schwartz, director of financial programs branch. And they will be assisting me tonight to answer the questions and give the answers that are factual which, in my past, I don't always deal with. But that's what the part that they'll play tonight; you'll get good answers from them.

I just have a few comments tonight that I'd like to start off with. And I think, Mr. Chair, and I think the members around the table tonight will agree with this, that there's a great deal of optimism starting in the province when it comes to agriculture. I feel we're turning the corner, especially on the grains side out there right now. If you go to coffee row and any coffee shop in the province right now, I think you can feel that there's a change happening out there now.

Having said that of course, when you have the cattlemen at the table, the mixed farmers aren't in too bad a shape. They're hurting on the cattle side or the hog side if they have hogs, but the grain side is really helping their situation out right now. Where we have the most . . . the biggest problem right now is where we have ranchers that are strictly cattle or our hog producers as we have heard where some have gone under already. Some are in protection right now, and others are right up against the wall. And we all have to really feel for the position they're in. Most of those operations are family farms out there, and we certainly all feel for the situation that they're in.

Crop prices, as I've said, are strengthening and at a point right now where we can finally maybe even see making a dollar out there right now, although remembering that agriculture has been in the doldrums for a number of years and many farmers have had a hard time just hanging on. So it's long overdue that these prices are where they are. I don't think any of us know how long that's going to last, and I think we're all crossing our fingers that this is a long-term thing and not just a blip for one year. And I'm certainly no expert.

But I think the indications from demand on the food side from around the world and the change in the habits that China and

India have over there and the food patterns that they're requesting right now, I think, bode well for our grain side, whether it's wheat or the pulse side or whatever it is. It really looks good for the future.

And then you throw in the ethanol and the bio-industries that are popping up all over, especially in the US [United States] right now and some here in Saskatchewan. Some in Canada, I think, will put a heavier demand even on our grain side which in turn will help keep the prices higher than normal, and let's hope very high so we can actually see a profit out there.

I think the machinery dealers would be the first to tell you right now that they haven't seen times like this for many, many years. It may be back to the mid-'70s since they've actually had to order equipment in as farmers request that equipment. And that's a very, very good sign, especially for rural Saskatchewan and our smaller communities out there.

We're still dealing with things like droughts and flooding. I hear today where there's the odd spot in the central or northeastern side of the province where there's a possibility of some flooding, but I don't think we'll be as bad as we were in the last couple of years.

On the drought side, we see the Southwest going into their third and fourth year of drought, and had the opportunity to tour the area with the chairman last — what? — a week ago out there. And you really have to see the situation they're in where dugouts are going dry, water supplies are running out where they have big cattle herds, and in some cases have been buying feed for the last month or two just to get them through. So they're in a real bind also right now, and we're watching that very closely.

We also know that the gopher infestation in the Southwest is a tremendous problem. And again you have to see that to really believe just how bad it is out there. That was one of the reasons we put 380,000 into our research program. And this isn't going to probably help them all that much this year but we're hoping again . . . and many of the things we're dealing with here, we hope to do for long-term situations, solving some of the problems they have out there. And I think the research program, we're hoping we can find some ways to assist them.

We're trying to extend or get strychnine opened up for after July 31. And what we see right now is that's coming to an end then. And I think that's going to happen, but it's something we really have to work on because this problem is not going away.

I might mention too that we really appreciate 164 RMs [rural municipality] out there put \$500 each into the research project. So that shows you just how much they feel they need it out there. And it's much appreciated by our government,

The strong Canadian dollar, as we all know, is really affecting a lot of the things that are happening in agriculture right now. And when we come to cattle prices, with high feed costs, as I said before, are putting them really behind the eight ball out there, and there's a lot of hurt right now out there. We're hoping now that the barbecue season is coming on and spring is coming that we're going to see a little bit of improvement in the

price. I think that's the feeling we're getting from the cattlemen. And let's hope they're right on this one. And I think that usually happens to a degree in the spring of the year and we're hoping that that does happen.

Our budget for agriculture this year is \$302.8 million, and that's about . . . if you read in between the lines in our budget, that's about a 9 to \$10 million increase. Now I know that isn't what shows in the budget from last year to this year, but there was about 8, \$9 million of wedge funding last year for research from the federal government that was included in the provincial budget, which was one-time funding that we don't have this year. So we replaced that and added a couple of additional million dollars to get to the point where we're funding programs for this year.

We've also come out with \$6 million for a water infrastructure program. And again this is designed for the Southwest to start with especially because of the situation they're in. Dugouts are going dry. Wells are going dry. Some of the smaller communities are getting very concerned about their water supplies and are actually getting to the point where they're having to cut the agriculture producers off in some areas that have been hauling bulk water for their cattle and that there. So the problem is growing very quickly, and that's why we've come out with \$6 million for Saskatchewan Farm and Water Infrastructure Fund.

We have a committee out there set up right now — Doug Steele, Dave Marit, and Larry Grant — that are actually the people out there that are helping drive this program from the ground up. They're SARM [Saskatchewan Association of Rural Municipalities] representatives and a rancher out there, a farmer out there that we need to have their input to tell us what exactly is needed. We're going to be talking about community wells. There's a big need for that right now where at least if you don't have water on your farm or your ranch, you have access to a community well where you could come and haul it. We're hoping that that goes over very well out there, and I think it will.

We're also talking about dugouts, whether we're improving dugouts or digging dugouts or individual wells on farms right now. And that's why this committee is set up to help design this program so that we actually put the money where it's needed the most and actually solve as many long-term problems as we can.

I guess, you know, we could do something that would help the problem for this year possibly, but we would like to see some long-term help. And I think by doing community wells and dugouts and individual wells out there, whether it starts to rain this year or next year out there and starts to help solve the problem, these will be long-term solutions that they'll have for the next 20 or 30 years. And I think that's a good investment for the taxpayers of Saskatchewan.

We've increased research funding by \$1.6 million, and research plays a tremendous part in agriculture, improving crops. Frost tolerance is one of the things they're working on right now, and I think that would be a tremendous benefit for agriculture if we could get crops where they could handle 2, 3, 4 degrees of frost and not get downgraded when they went to sell their grain. And

after harvest if they had a touch of frost where they might be selling a feed or a No. 3 wheat, they could still be possibly selling No. 1 or No. 2.

So I think that's going to be a very important development if they can come up with this research to develop those crops. Increased yields, I think, is something we see with the corn industry in the US right now, tremendous increase in yields, and a lot of that has come from research. I think that's where we may also benefit with our crops up here. If we can increase the yields, can you imagine with the prices we're getting right now, how that would fit with the bottom line of farmers out there right now? So breeding new varieties, I think we've done a good job in the province in the past of coming up with new varieties. But the ongoing needs are there, and I think every time we can come up with something new that adds value to the farm gate and the prices out there, it's just a benefit for all our farmers.

I think one of the things we'd like to do is try and help the agriculture sector through security where we have long-term programs in place. I think that's been one of my pet peeves for the last many years, or especially since I've been elected. And before that when I was still farming, I think I'd always felt there was . . . whether it was crop insurance or the new programs now. We went from AIDA [agricultural income disaster assistance] to CFIP [Canadian farm income program] to CAIS [Canadian agricultural income stabilization], now to AgriStability, and we seem to change the name, but we don't always seem to improve the programs.

And that's something we're working right now with the federal government on, and we've had a very good working relationship with them to this point. We've had some input into this although we haven't been here long enough to have some of the changes that we would like to see in place, but we're definitely working on that.

AgriRecovery, I've talked about AgriStability, and there's AgriInvest that are in place right now. AgriRecovery is going to . . . and that's the disaster program that's in negotiations process right now being set up. But I think it's so important that our government and Saskatchewan is at the table designing this program. I think if it was there and set up and working properly, what's happening in the Southwest would be partially dealt with through that program. At least if it works the way I'd like to see it in the future, I think part of that problem would be dealt with — federally funded and provincially funded of course. But we wouldn't have to be always looking for ad hoc or something like that to address these issues. And I think we've really missed the boat on this one.

As I said before, we seem to change the names of these programs, but we sometimes forget to work on improving the programs. And I think if we had AgriStability, AgriInvest, and AgriRecovery in place, working properly, there wouldn't be holes between them. And I know I'm probably dreaming in Technicolor, but I think we have to work towards that to start filling some of the holes that have been left there by not really honestly getting to the table and committing to improving the programs and sometimes doing maybe what's politically correct, but not doing what's good for the farm gate. And I think that's what my concerns come in.

Our programs AgriStability, AgriInvest, and the programs that we have in place are about \$221 million right now. And as the members of both sides around the table know, that that dollars are set, cut and dried, and that's up front. And we have no way of altering those dollars, and we actually are quite happy to be able to fund them. That's one of the things we've talk about.

And a commitment we made during the election was part of keeping our promises that we would sign on and fully fund AgriStability and AgriInvest. Why we signed on as quickly as we did is AgriInvest was going to send out money to producers out there through a \$600 million federal fund, and by us signing on we got access to that very quickly in Saskatchewan. I think our farmers and producers have appreciated that, and I'm sure they have.

A full review of the crop insurance program is in the works now, we just announced the other day. I think this is a long time coming. Crop insurance plays a big part in farming operations out there, but to the point where we only have a little over half of the farmers in the province that take part in the program. And I think if we can improve the program and get more farmers to take part in the program, it will only strengthen crop insurance, and in turn possibly we can get to the point where we can either improve coverage or with the premiums possibly even lower them. But I certainly can't make that commitment right now. We'll see what comes out of the review. I think farmers, we hope, whether you're in crop insurance or whether you don't have crop insurance, we would like to see you take part in this.

If you're not in crop insurance, I think it is very important that you get to the table one way or another — through meetings or through our website that we have set up or our toll-free line or just get a hold of a form and fill it out and send it in, or even jot down your thoughts on a piece of paper and get them in to us — because if you're not in the program, there's probably a reason why you're not. And we would like to see what changes we could make possibly to help you make . . . or have the feeling that crop insurance would be a viable part of your farming operation. And that seems to be not happening in close to 50 per cent of the farmers out there right now. So that's one of the things we would like to see. We need all of that information in by about September 30.

So when we look at all of this information and see all the things that the farmers have suggested, we can incorporate some of these changes into the 2009 crop insurance contracts that we send out to farmers. And that's one of the reasons that the changes haven't been made yet is because of the timelines when we got into government and I was named Minister of Agriculture. We didn't have the time to make changes there. We didn't want to drive the process. We wanted producers out there to drive this process because I could put in place what I felt was important, and it might not be that important to 80 or 90 per cent of the farmers out there. So that's why we're hoping that farmers are going to take part in, you know, putting their ideas forward. And we can take that opportunity to improve crop insurance. So we want to seize that opportunity.

Some of the other things that we're going to do and maybe not directly involved with our budget here tonight, but you may have heard me say in the last while that we're going to bring the CAIS administration home to Saskatchewan. One of the reasons

I think . . . and it's kind of been a pet peeve of mine as an MLA [Member of the Legislative Assembly]. And I'm sure every MLA here around the table here tonight has had calls from farmers, on both sides of the House, that something's not working with CAIS program. It's either 2, 3, 4 years behind which is just not satisfactory at all.

In Alberta where they do their own administration, it reacts much quicker. It's not perfect there by any means either; they'd like to see some changes. But their turnaround time is far quicker for one thing than it is here in Saskatchewan. So we're hoping by putting a business plan together and getting the CAIS program back here in Saskatchewan and administer it here that we may have much more input into things like those timelines that I talked about. But I think there's a number of other things where we may have input where we have to deal with the federal government, but by having it here, I think will be a benefit to our producers.

And any of the producers that I've talked to out there, whether on coffee row or at meetings that we've been at, seem to think this is a very positive move, and I think they feel that any kind of a change to the program — AgriStability, AgriInvest right now, where we can speed it up or improve the program — I think is going to be welcomed by everybody out there. So it certainly hasn't worked that great to this point, and I think we have to do something to try and improve that.

We're going to work with the industry to make those changes, as I've said, with the new programs. Farmers again have to tell us what changes they want with AgriStability and AgriInvest, and we'll work very hard with the federal minister, and we've had a good relationship with him to this point.

Some of the things that we're doing besides right now too that have just come . . . one that just come out today where farmers in the Southwest are running out of pasture or water and can't find pasture for their cattle. We've looked into the provincial pastures right now to try and find spots where there's pastures that aren't fully loaded right now with cow-calf pairs and things like that. And today we announced there's room for about 1,700 cow-calf pairs in . . . we have 53 pastures right now for cattle. So we're advertising that today, and it's on a first-come first-serve basis, but strictly for the people in the Southwest because they're the ones that are hurting the most.

And I know this won't solve all their problems and . . . but it may, rather than have to cut down your herd to half or maybe get rid of all your herd because you're totally up against the wall, it may give you an alternative to hang on to at least part of your herd and transfer them up north where the, you know, the moisture is good and pastures are much better.

One of the things, shortly after I was named Agriculture minister, one of the calls that we were getting most often was the cover crop protection program where the federal government had put \$15 an acre into last year, and the deadline had come in October of last fall. And an awful lot of producers out there missed the deadline. Whether it wasn't advertised well enough or they didn't understand when the deadline was, I don't know what it was. But about 100 farmers had late applications and were denied, and there was about 700 that we knew could possibly be eligible that had never even applied, so

maybe had missed the deadline.

We had asked Mr. Ritz and the federal government if they would consider extending that program deadline to pick up some of the ones that were late, and we've worked on that for about the last four months. And the other day in Yorkton at the forum that they held in Yorkton, Mr. Ritz announced that they are going to extend that deadline from October 30 to June 30 of this year for the 2007 program. And I think that's very positive for the people in the Northeast where the flooding has taken place over the last few years. And it just seemed like there was an awful lot of people had missed this program because, for whatever reason out there were denied their access to it. So that was a very positive thing, and I think it just comes back to working with the federal government and having a pretty good relationship to this point.

I won't belabour the point, but I think, you know, at times we're not going to agree with the federal government. I think there's going to be things where we agree to disagree. But to this point, we've had a pretty good reception from being . . . I think we find it's better to be at the table and working behind closed doors with them, trying to get in some of the changes like I just talked about, probably more positive for our producers than, you know, taking them to task publicly every time. And so far it seems to have worked okay. Will it work in the future? I hope so.

So with that, Mr. Chairman, I'd like to open the floor to members for questions.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Thank you. Minister, you've been the minister for five months. I'd be interested in knowing how you believe your department has changed in those five months.

Hon. Mr. Bjornerud: — How the department has changed?

Ms. Atkinson: — Yes.

Hon. Mr. Bjornerud: — I don't know if the department has changed all that much right now. You see many of the same officials around the table as we had before. A deputy minister is new right now. And I think one of the things that . . . and as the member . . . [inaudible] . . . knows as well as I do that it takes a while to start even just getting a grasp of what's going on. There's many things that I don't even fully have a grasp on what goes on within the department, but officials have been very good with me, coming and briefing me on the different sectors of the Agriculture department.

So as I said, I'm learning as I go here. Every day I learn something new. And when you get older in my age, it takes a little longer and you forget part of it, so they have to come back over and tell me the second time. But it's a learning process.

How is the department changed? I think the one thing, the one thing that I brought to the table that I felt was important that I would hope everybody that works in the Department of Agriculture remembers that we're here for one thing, and that's for farmers out there — farm gate. I would hope that every decision we make or everything we do out there benefits

somebody that's either on the farm or the ranch out there, rather than sometimes I think we get kind of out of touch with them and we kind of forget maybe why we're here. And I think that if I don't bring anything else here, I would hope that's one of the things I do.

Ms. Atkinson: — So then if I understand this, fundamentally the department has not changed. The philosophy of the department hasn't changed. It's basically business as usual but with in your view a focus on ensuring that all policy is focused on farm families and farmers.

Hon. Mr. Bjornerud: — I think so. And from our end, some of the officials here deal on a constant basis with our federal counterparts, whether it's the federal bureaucracy. I think, you know, if there's been a change there maybe that we remember if we have disagreements we deal with them quietly on the side and try and find out, you know, if we can come to some reasonable conclusion on these programming. Even our input into the programming I think is going to be far more enhanced by trying to maybe air our differences behind closed doors rather than open in public, and, you know, that might a change from where we were before.

But again, I think the biggest change that I would hope to see here is that we always remember why the Department of Agriculture exists in Saskatchewan . . . is that farm families out there at times need our help, whether it's to programming, regulations, legislation, whatever it is, whether it's removing regulations that may be there for 40 years and maybe it's time they were changed or bringing in new regulation. As the member, you know . . . You know as well as I do or better that at times regulations . . .

We have to protect the environment. We know that's one of the biggest issues out there right now, and that's happening with the environmental farm plan. We're starting to work towards that with the federal government.

So there's a number of things like that I think, but the key message is the we always remember why we are here.

Ms. Atkinson: — How many employees have you terminated since November 21, 2007?

Hon. Mr. Bjornerud: — There's been four changes within the department from the deputy minister down. Deputy minister here . . . Alanna Koch is our new deputy minister, and the other three have not been to this point been replaced. Some of them we are looking for people to replace them, but that hasn't happened to this point.

Ms. Atkinson: — And those four people were Mr. Cushon, Mr. Zepp, and Mr. Brooks. And who was the other person?

Hon. Mr. Bjornerud: — Jacquie Gibney. I'm sorry.

Ms. Atkinson: — Jacquie Gibney. And all of these people were out-of-scope?

Hon. Mr. Bjornerud: — Out-of-scope.

Ms. Atkinson: — And how many vacancies has your

department filled since November 21, 2007?

Hon. Mr. Bjornerud: — To the member, 12 vacancies have been filled.

Ms. Atkinson: — And were all of these vacancies filled through the Public Service Commission?

Hon. Mr. Bjornerud: — All but one would be through the Public Service Commission, and the new deputy minister was not.

Ms. Atkinson: — Thank you. Is it your intention to have the assistant deputy minister or the associate deputy minister a classified position, or will these new people be filled through order in council?

Ms. Koch: — Our intention would be to fill those through the classified service. We're right now in the middle of a competition for one of the ADM [associate deputy minister] positions.

Ms. Atkinson: — If I understand, there is not an associate deputy in your department. Is that correct?

Ms. Koch: — That's correct.

Ms. Atkinson: — So the two, Mr. Zepp and Mr. Cushon, were both assistant deputy ministers?

Ms. Koch: — No, actually Mr. Cushon was an associate deputy as appointed by order in council. Mr. Zepp in fact was not an assistant or an associate. His title, as I recall, was director of strategic operations. And Ms. Gibney was an assistant deputy minister.

Ms. Atkinson: — So she was a member of the classified service?

Ms. Koch: — Yes, that's correct.

Ms. Atkinson: — And you're sure Mr. Cushon was not filled through an . . . he was an order in council? Are you sure that's correct?

Ms. Koch: — Yes, he was originally of course in the classified service, but when he took the associate DM [deputy minister] position, when he was promoted to that, it was an order in council appointment.

Ms. Atkinson: — How many severance packages have been offered to these four people? How many have received severance packages or had offers?

Ms. Koch: — Each of them have received an offer.

Ms. Atkinson: — And how many severance packages have been signed?

Ms. Koch: — None at this point.

Ms. Atkinson: — Is there a total estimated cost for these severance packages, given that Mr. Cushon and Mr. Zepp, in

particular, were very long-time members of the public service? And the other, Mr. Brooks, I believe, was brought here from the University of Alberta. And Ms. Gibney, I believe, came up from through the public service as well. I think she had over 20 — if I'm recalling correctly — 20 years of public service. What do we think the severance packages might look like?

Hon. Mr. Bjornerud: — Well I think right now we don't know, and we can't really discuss that because they're up for negotiations right now; they're being dealt with. And I think it would be unfair to those people if we publicly talked about what was happening behind the scenes. So until those negotiations are done and there's a settlement reached with each of those employees or past employees, I think it would be somewhat unfair to talk about them.

Ms. Atkinson: — Have there been any claims filed in a court of law as a result of the failure to negotiate the severance packages?

Hon. Mr. Bjornerud: — Nothing that we know of at this point although there may be, but that hasn't been brought to our attention yet.

Ms. Atkinson: — Can you explain to me — I don't want to talk about Mr. Brooks — but in terms of Mr. Zepp and Mr. Cushon and Ms. Gibney, can you explain to me why they were dismissed and why, as long-time members of the public service, if they didn't fit into your overall plan, why wasn't there some consideration given to moving them to different positions in the public service?

Hon. Mr. Bjornerud: — Well I guess being a new minister here, or the new deputy minister of course, I think my own personal thinking was that it would make it easier to maybe make changes . . . not maybe now because I'm learning, but as we get down the road with people that possibly are new to those positions. And maybe you know some that have . . . Mr. Cushon has served the province well over many, many years, but I think I felt that by having new people in those position that were you know high positions in the Department of Agriculture, that possibly we would bring a fresh look to what we're doing there right now.

And as times change with Agriculture, as we see out there right now, bring just that fresh look to it. And I think that was the feeling, that it was maybe time to make some of those changes at the top.

Ms. Atkinson: — So I can see that. I can see your rationale. How do you explain Ms. Gibney's termination?

Hon. Mr. Bjornerud: — Well I think being in the order right below, you know, working with Mr. Cushon very closely . . . I think again it was just a matter of having just a fresh look there, some fresh ideas in all those positions that would maybe fit into where we want to go with Agriculture as we get settled in here. So I think it was part of . . .

Ms. Atkinson: — How long had Ms. Gibney been in this position?

Hon. Mr. Bjornerud: — To the member, about two to three

years she was in that specific position she was in. And I guess I might mention to the member too, as you know when — you've changed government from the previous Conservative government — changes are made I think to be able to bring out things that you want to bring out that aren't, you know, maybe a new direction, whatever part of Agriculture it is. And in this case, you know that we're dealing with Agriculture here today, but I think it would be that much harder to make the changes when there's people there that have, you know, their mindset might be around that this has worked very well for the last 20 years, and I see no reason to change.

I think it would be far harder to make some of the changes that we may want to make down the road, and you know if you specifically said to me today, what are some of those changes, I don't think I could possibly put my finger on one thing. But there will be. As we go here we're going to want to make changes. Whether it's with programming or . . . I talked before about when we deal with the federal government we're going to do this in confidence and not be out in the public talking about our differences. And that's something that is very different from the way it worked before. In my understanding of how it worked before and watching what went on, is that when something didn't work well with the federal government we were very vocal and we were very public about the differences we had.

And I think that's one of the changes I think I hope I bring to this table, that as I said before, I certainly am not going to agree with Mr. Ritz or some of his people that may follow him as the federal Agriculture minister. I'm not going to agree with him all the time, but I think it's only to our benefit as a government or to the producers in this province that we air those differences quietly, behind closed doors, whether it's a conference call or face-to-face meetings, that when we come out of those rooms, we have the respect for the other person's position, that we can agree to disagree or we maybe have got partially what we wanted. And I think that's a change from where we were.

And you know, you talked about some of the people that have been removed from those positions. I think that may, that even that attitude may be easier to do with the direction I would like to see us go.

Ms. Atkinson: — So, Minister, is it your position that the public service was vocal in terms of disagreements with the federal government, or was it the minister, Mr. Wartman?

Hon. Mr. Bjornerud: — Well I would presume it was the minister that was the one that was vocal. Now whether you know . . . I deal with the deputy minister on a day-to-day basis. I deal with all of the officials here on a day-to-day basis. I use their knowledge and their experience with the position they bring here.

So, you know, I think that's why I said before, I think sometimes change isn't all that bad. And when governments change, we all know that there's people that we feel that we need that freshness and a new look at things. And that's why we're in, you know, at the spot we are.

Ms. Atkinson: — And just so I understand, it's not your position that the four individuals that were terminated by your

new government were acting anything other than professional. It was the minister who had the vocal difference with the Government of Canada?

Hon. Mr. Bjornerud: — Yes. I think these people probably served this province very well. And Mr. Cushon was a long-time civil servant and I think worked very hard. Mr. Brooks and all of these people I'm sure probably did.

I guess it was more in a direction that we would maybe like to go down the road. And I think that's why sometimes that fresh look at things isn't always that bad, I think.

Ms. Atkinson: — So then it's your position — if I understand this correctly — that you wanted a change at the top because you might have some different program ideas down the road. But thus far, in the five months we really haven't seen any real difference over in the Ministry of Agriculture versus what was there before and what's there now.

So if I was a farmer from rural Saskatchewan, fundamentally, if I was contacting your ministry — I'm talking about people in the bureaucracy, not your office — I wouldn't really notice much of a change?

Hon. Mr. Bjornerud: — I don't think in the bureaucracy you would notice change; I think you might in the direction. I might add too, to the member, that all of these employees were dismissed without cause.

Ms. Atkinson: — Right.

Hon. Mr. Bjornerud: — So you know it wasn't specifically anything that they'd done or any inadequacies that we saw. It was direction.

Ms. Atkinson: — And you didn't, you didn't think about long-term public employees — I'm thinking of Mr. Cushon and Mr. Zepp in particular — who had spent their working careers working for the public service, long-time public employees that had worked through various administrations, not just ours, but had worked through the Devine years and worked through our administration. You did not think about perhaps giving them a change of pace by moving them to some other area.

Hon. Mr. Bjornerud: — No, because I think it would be very hard for them to . . . It would be a demotion from Mr. Cushon's position — let's use that for an example — but any move to him anywhere else within the department would naturally be a demotion. And I don't think that's fair, would have even been fair to him to ask him to take that kind of a, you know, demotion down to somewhere else.

Mr. Cushon, from what I've seen, is very capable. I think his experience he would bring to another job somewhere and I'm sure he will serve some other employer very well down the road with his knowledge that he would bring.

Ms. Atkinson: — So we have two long-time public servants, in particular, who basically . . . their careers end in the public service with dismissal without cause. So I guess, Minister, what signal does that send to, I mean, younger people that might be looking for a career in the public service, who are thinking, well

this might be something I want to do?

I know the Public Service Commission is working very hard to recruit and attract young people to the public service. And so what does that really say to them — when there are people like Mr. Cushon and Mr. Zepp and Ms. Gibney, much more so than Mr. Brooks who has had a varied career — that you come into the public service but depending on who's in government you may not keep your job?

I guess I'm interested in knowing why would anyone want to . . .

Mr. Harrison: — Mr. Chair. Point of order.

The Chair: — Mr. Harrison.

Mr. Harrison: — I find it very difficult to see how this is connected to the estimates. I mean, I think it's firstly inappropriate to be talking about ongoing severance negotiations in the context of a committee meeting which is supposed to be addressing estimates which are not being addressed.

So I mean, Mr. Chair, I think that we should get on to talking about what we're actually going to be voting on, which is the estimates.

The Chair: — I thank you, Mr. Harrison. I would leave it in the hands of the minister. If the minister is willing to partake in this debate, I leave it totally in the minister's hands.

A Member: — You have to make . . .

The Chair: — I just did.

A Member: — I would answer this question and agree with the member, Mr. Chair.

Mr. Furber: — It's a point of order. Then it's up to him, but until then it's up to you.

The Chair: — I just said, if the minister wishes to answer it, he can answer it.

Mr. Furber: — Are the questions out of order or aren't they?

The Chair: — Well they're bordering on being out because I don't see that in the estimates, and that's why I said if the minister wishes to answer the questions, if the minister wishes to answer the questions, he may.

They're not included in the vote. I do not see anywhere in the vote where it talks about severance, so I would say the questions are out of order, but if the minister wishes to partake in the answers to that, he may.

Mr. Furber: — Thanks for the ruling.

The Chair: — You're welcome.

Hon. Mr. Bjornerud: — Mr. Chair, to the member, I will address this one last question. I think the member full well

knows that in 1991 there was many changes made under her government when they came to power from when the Devine government went out.

When the Blakeney government went out in '82, there was a tremendous amount of changes there — the same thing. There always are changes in the public service, especially at the top, when governments take over. So I think when people join the public service and they work themselves up to higher positions, I think they know that in some cases they're put there because of their political persuasion, and in some cases they're employees that have worked, as the member said, through different governments.

But for whatever reason, I think when new governments come to power that they make changes that they feel will make their job much more comfortable and changes they may want to make down the road, some very quickly, but some may be even later. Those changes can be made far easier with people in place that, you know, have a fresh look at where you're heading and then may be a little more agreeable to where you are heading. And with that, Mr. Chair, I would really like us to get back into where the estimates actually are and the subvotes that we're talking about.

Ms. Atkinson: — Mr. Minister, are there provisions in your agricultural budget for severance for people that were dismissed, and where would I find that in the estimates?

Hon. Mr. Bjornerud: — I'll ask one of my officials to answer that for you . . . [inaudible] . . . answer that question.

Mr. Donais: — We will be booking an estimate of the expenditures for these severances in the '07-08 fiscal year because the decision to terminate the employees occurred in '07-08.

Ms. Atkinson: — If I can ask this question to the official, if the severance packages are not signed off before Public Accounts are signed off for '07-08, then will they be booked in this fiscal year?

Mr. Donais: — Again we will booking an estimate for severances in '07-08, whether or not they're signed off. When the severances are actually signed off, we will actually record that payment or those payments in that fiscal year against this estimate. And any differences will get recorded in that subsequent fiscal year.

Ms. Atkinson: — So should Mr. Zepp, Ms. Gibney, Mr. Cushon negotiate a package, and Mr. Brooks, that is higher than what you have estimated for '07-08, then it will be booked in '08-09.

Mr. Donais: — Yes, any difference between what we have actually estimated and what the actual severance signed off is.

Ms. Atkinson: — And in terms of where it would be booked, under what subvote would it be booked in '08-09?

Mr. Donais: — We would be booking it in the (AG01) subvote. Again any differences would occur there.

Ms. Atkinson: — Thank you. So getting back to my question then, we have . . . As a minister of Executive Council and a member of cabinet, one of the issues that government, Executive Council thinks about is recruiting and retaining young people and new people to the public service. So when you are terminating people that are long-time public servants — I'm talking not about people who are politically appointed, might last for the term of the government — what message does that send to the young people in the public service who are thinking about the public service?

Mr. Harrison: — Point of order, Mr. Chair. We've had a ruling on this once already. The exact question that's being asked again right now, there was no connection established, and the member may have thought she established some sort of tenuous connection. This isn't booked in last year's budget, not this year's. I think we should get back on to the point of what we're here for, which is to talk about the estimates.

Ms. Atkinson: — So then it is the position of the Government of Saskatchewan that they're not prepared to answer a very important question in terms of recruitment and retention and the message it sends to young people. That's your position, Mr. Minister? I know you've got your committee people who are trying to do you a great service, but you know we're here to ask questions. And is it your position that you're not prepared to answer that question?

Hon. Mr. Bjornerud: — One last question. As I said before, and I think we're getting off track, the Public Service Commission will deal with hiring people through the department as we all know. What message does it send out there? I think there isn't a person in this province that's working age that doesn't know when government changes, changes will be made.

So should we not remove anybody that's in government because of the message we send out there? Your government made a lot of changes when it came to power. What message did that send to the public service? And I've noticed every position has been filled. So that same message was sent in 1991 by the NDP incoming government that is being sent by the Saskatchewan Party government today. So I don't know how you sit there with a holier-than-thou attitude and try and tell me that this is the first time this has happened. I think it happens every time government changes.

What were you thinking when you made those changes in '91? Were you worried about what the Public Service Commission, the job they were going to have to do to hire people? I don't think so. You wanted changes, and you wanted to hire people in certain positions that you wanted. We're doing nothing different than your government did before. And for you to sit there and kind of say this is the first time this has ever happened, I think is sending kind of a message out there that I don't know who we're deceiving because most people in this province are very well . . . what happens politically in this province when government changes.

I don't apologize for any changes we've made in my department. I feel they were necessary, or I wouldn't ask for them to happen. And the buck stops with me. I asked for those changes to be made. I'm quite comfortable with those changes,

and we're putting people in place right now that who also I will feel comfortable with. I'm sure that the employees that were let go are very capable and will find very good jobs wherever they go. They were capable for us; I don't know why they wouldn't be very capable for whoever they work for next. And I wish them nothing but the best.

Ms. Atkinson: — Well, Minister, having been a member of the government in 1991, I don't recall terminating people who were 30-year employees at the civil service. If you can name one for me, I'd be very pleased to change my position on this, but I don't recall. I think we've spent enough time on this topic.

You know, Mr. Chair, I have been around here for a long time and usually members of the opposition have the opportunity to ask questions without interference from the government private members. And I would ask you to ask your members to let me put my questions.

The Chair: — Ms Atkinson, you can put your questions, and I would hope that you would stay within the context of what the votes are this evening.

Ms. Atkinson: — Well I've noticed far ranging questions in the past, Mr. Chair, and I guess we'll, at some stage, ask the Clerk to rule on this. But I will move on.

Now my next series of questions have to do with crop insurance. Mr. Minister, you have announced a review of crop insurance. Could you provide us with some understanding of what you anticipate Meyers Norris Penny to accomplish. I'd be interested in knowing precisely where the hearings are going to take place and when you anticipate the report will be made public and when the report will form part of your department's requests to Treasury Board for increased funding. So I'd be interested in understanding from you how you anticipate this review to take place.

Hon. Mr. Bjornerud: — Sorry for the delay, Madame Chair, to the member. We hope that Meyers Norris Penny, and this is the plan, to have all the information gathered by about September 30. So the information that we've gathered will become public when we come out with the 2009 contracts, when we assemble all that information. Meyers Norris Penny is going to hold 10 meetings around the province. The exact locations haven't been completely decided at this point, but we're trying to work it so it . . . and it may not quite work out like this, but somewhere around the 100 km distance between meetings, and you know that might not work quite in every area but that's kind of what we've asked Meyers Norris Penny to do out there.

We also have a toll free number which I announced the other day, so you can get information call-in, websites set up that you can send your information in that way. There's a survey going out to all crop insurance members out there right now. But that survey is not restricted to strictly crop insurance members. If anyone else wants to call in on the toll free number, we would certainly send out that survey form for them to fill out. In fact we'd look forward to that happening. As I said before, we need their input to make the improvements, to really make changes that are actually going to work for everybody out there. So that's what we've asked Meyers Norris Penny to do out there.

Why we hired Meyers Norris Penny in the first place, we had thought about doing it maybe in-house and maybe saving a few dollars, but I guess the concern I had that I didn't want them thinking out there that I was driving the agenda. I'd already made my mind up of what changes should be in there, and I'll go through the motions of, you know, letting on that we listen to the public out there and just go make the changes that, I've felt from my past experience farming, that should be made.

I think the changes we make here have to come from the farmers out there, and farming's changing so quick out there that I think I am probably, am not even fully in touch with some of the things that may be needed in the program that I might have missed. So that's why we're working through Meyers Norris Penny and asking them to make this a very independent review for the best of quality of crop insurance down the road.

Ms. Atkinson: — So you've asked for a review. I know the Sask Party had in the platform what they anticipated changes to crop insurance should be, particularly recognizing the real price that people receive. And I'm wondering, with the changes that you announced this spring, are you satisfied with the crop insurance that people presently have with your new changes?

Hon. Mr. Bjornerud: — Well I don't know whether I'm satisfied or . . . I'm pretty sure the public's not very satisfied because only over a little over half of them are taking crop insurance. And I think that's a real concern, should be a concern to all of us as elected members right now.

That program could be so much stronger if we had 75, 80, 85 per cent. And that's probably dreaming again. But if we could ever even get to 70 per cent or 75 per cent, I think, would make the program so much stronger and spread that risk out again a little bit, and we'd have more premiums coming in; therefore coverage probably could be a wee bit higher. Or maybe we could even lower the premiums a little bit because the member, I'm sure has heard out there from the public, you know, on one hand, we'd like our premiums lower.

I've harped in opposition, when I was there, that premiums should be lower, coverage should be higher. This year of course with grain prices going up as they have, we've saw that coverage go up. In fact we negotiated with the federal government. That's one of the things we worked for about two weeks with them, to get those prices up to where we felt were reasonable for our producers here, knowing full well it was going to cost us more — about 25 million more into the crop insurance program provincial share. Having said that, we knew full well that that would also cost the federal government more money too, which is a plus for our producers. But having said that, up the premiums went a little bit.

The part that I think I'm somewhat surprised about, I thought we would get, you know, complaints about the premiums going up. And we've had very little out there. We've probably had a lot more farmers comment that it's about time that the coverage went up, even though it was really not much to do with us. It was just grain prices went up and that coverage should have gone along with it.

Then there's the variable price option where they can go into July, and the uptake on that — and I think Mr. Benjamin could

correct me if I'm wrong, but — I think it's over double what it was last year. So that option even gives them a better option of having a higher coverage yet, if the July 31 prices are higher.

So I think it shows if the coverage is there, farmers will really take advantage of the program. So the uptake on that is a lot higher than it was last year. And, you know, maybe there's other options like that that may come out next year, that farmers would like to see in the program, that probably I may not or Mr. Benjamin or the Crop Insurance officials might not even have thought about. And I think that's why the review is underway and looking for all sorts of input from producers.

Ms. Atkinson: — So what percentage of acres do you think will be covered this year?

Hon. Mr. Bjornerud: — I'm sorry?

Ms. Atkinson: — What percentage of acreage will be covered this year?

Hon. Mr. Bjornerud: — Seventy to seventy-five per cent of the acres out there will be under crop insurance contracts.

Ms. Atkinson: — So that is . . . I think last year it was about 69.3 per cent. So you anticipate a little higher.

Hon. Mr. Bjornerud: — A little bit higher. Yes.

Ms. Atkinson: — Okay, and what do you think the average coverage level will be?

Hon. Mr. Bjornerud: — Well average coverage would be \$128 per acre and that's up quite a bit. I think 86 was the average coverage last year. Is that right?

A Member: — Yes.

Hon. Mr. Bjornerud: — Yes, that coverage last year on average was about 86 and that's jumped up to 128. Of course grain prices have gone up . . .

Ms. Atkinson: — Three point grain prices, right.

Hon. Mr. Bjornerud: — Dramatically also.

Ms. Atkinson: — And what total acres do you think will be covered this year?

Hon. Mr. Bjornerud: — Because the contracts are just coming in now and we're just, you know, starting to tally this . . . 2007 was 25.6 million. And our feeling I think is it certainly won't be lower. In fact the feeling we're getting is from, you know, tabulating all the acres coming in, it probably will, could be a wee bit higher than that.

Ms. Atkinson: — You must have some initial acres at the moment as of April 15?

Mr. Benjamin: — The process is that . . . Stan Benjamin, general manager of Saskatchewan Crop Insurance. The process is at this time of year people purchase the insurance, but they do not report the acres until they're actually seeded. And so the

best measurement of the program can actually be determined around July 1 when we have all of the acres recorded.

Ms. Atkinson: — So do we have the total premiums yet that have been paid?

Hon. Mr. Bjornerud: — Last year was 291.5 million and this year we're looking at very close to 400 million, and of course that's an estimate right now. We'll know, as Mr. Benjamin said, in June when the crop seeded acres come out.

Ms. Atkinson: — And what about the total liability?

Mr. Benjamin: — We're estimating \$3 billion.

Ms. Atkinson: — Three billion? Okay thank you, thank you. And in terms of weather-based programs, do we have any sense of what we're looking at there?

Mr. Benjamin: — So the corporation offers several different weather-based programs. They're designed mainly for people that want a different type of insurance or in particular in the forage pasture where there is no other alternative for insurance. And all of the programs haven't seen an increase this year.

Ms. Atkinson: — Total acres, premiums and liabilities?

Mr. Benjamin: — I don't have that.

Ms. Atkinson: — You don't have that. Okay.

Mr. Benjamin: — Total acres. Yes.

Ms. Atkinson: — Could you provide that for me as soon as possible? I'd really appreciate that.

Hon. Mr. Bjornerud: — We could get you all those numbers when the crop report comes in. We would get you the exact acres that are covered and all that information.

Ms. Atkinson: — Thank you very much.

Now do we have any statistics that would compare our insured acres, our premiums, our liabilities, our indemnities with liability with Alberta and Manitoba?

Mr. Benjamin: — I don't have anything in writing, but I could probably share a couple of comments.

Historically Manitoba's participation has been higher for whatever reason. I can't really pick out what it is, but their participation has been higher. And Alberta has also been slightly lower than Saskatchewan as far as the number of acres insured. And Manitoba's premiums are less because they do not have a deficit in their program or have not had it in the last little while. They did not suffer as much of the droughts of the 2001, 2002, 2003 as Saskatchewan did. And their bushel coverage is usually higher because they have mostly black soil zone and higher yields.

In Alberta the premium rates are slightly higher than Saskatchewan on a provincial basis and their coverage is also higher in on a provincial basis. Some of that is due to the

different way that the southern part of Alberta is farmed with irrigation, and when it's not farmed or when it's not irrigated, it's usually pasture.

Hon. Mr. Bjornerud: — One thing I might add to that. Meyers Norris Penny, we've asked them to do exactly what you were just talking about, is do that comparison with Manitoba and Alberta. If you remember when I was in opposition last spring . . .

Ms. Atkinson: — I was going to remind you of that.

Hon. Mr. Bjornerud: — Yes, I brought a comparison up.

Ms. Atkinson: — Not just last spring, Minister. I think it was for a few years.

Hon. Mr. Bjornerud: — Yes, well you said I said a lot of things in 12 years. That probably was one I should have neglected to say because now we've got to deal with it. But I think it's a good comparison. And we've asked Meyers Norris Penny to go Manitoba and Alberta and check with their programs. As Mr. Benjamin said there are some differences there and maybe that's some of the ways we can improve our program too.

Ms. Atkinson: — So, Minister, is it fair to say that you understand now why Manitoba has different premiums than Saskatchewan?

Hon. Mr. Bjornerud: — Yes, to a degree. I don't think the end of the world stops at the border going to . . .

Ms. Atkinson: — No, I understand that.

Hon. Mr. Bjornerud: — Saskatchewan and Manitoba. But I think I would be, you know, really looking forward to seeing just what the differences are. And as Mr. Benjamin said, there are differences there right now. I don't think anybody would deny that. So we'll be waiting for that to happen.

Ms. Atkinson: — I'd like to move on to compensation for producers who experienced damage from wildlife, and waterfowl in particular. And I'm wondering if you can tell me how many waterfowl claims there were in '07.

Mr. Benjamin: — There are currently recorded 1,127 claims, for a total compensation of 4.9 million. That's for the 2007-08 year.

Ms. Atkinson: — Thank you. Now I know that there was a change, I think in 2007, in terms of initial compensation, and final compensation was to be determined in February. Did that happen?

Mr. Benjamin: — Yes.

Ms. Atkinson: — Okay. Thank you very much. I'm glad that that happened.

Mr. Benjamin: — That was an extra \$2 million that got paid because of that change — on both the waterfowl and big game program.

Ms. Atkinson: — Yes, good. Thank you.

Okay I'd now like to ask a little bit about crops that were left out over winter. Do we have any sense of what we're looking at there, people who just didn't get their crop in?

Mr. Benjamin: — I think for the most part the information that we have is that there's very little that we expect that we have not already adjusted or that was left out. So that has been an issue in the last number of years, and this year it's less of an issue, I guess.

Ms. Atkinson: — Okay thank you. Unseeded acreage program — what do we anticipate this year?

Mr. Benjamin: — Well historically there are several reasons why you have too wet acres. Some of it is because it rains in the fall, and some of it is because you have heavy snowfall, both of which I don't think we've had this year, and so what I've heard is that the Northeast is where we have paid the majority of the claims. Right now I feel that they are in pretty good shape. However where we have paid significant dollars in the past is when it starts to rain in the first or second week of May and doesn't let up, and so it's very hard to estimate I guess.

Ms. Atkinson: — So we think we're not in bad shape in terms of the northeast corner? Okay.

Hon. Mr. Bjornerud: — Yes, I would have to agree with Mr. Benjamin here. I know up in where I live on the east side, and then from where I live by Yorkton north is where the really, you know, Porcupine, Weekes, you're very familiar with that. They're wet, but they're nothing like they were a couple of years ago and when we saw the flooding in that area, although we do hear today, where there are spots. I believe even Watson had some flooding there today. So as Mr. Benjamin said, if the weather changes, and the rain really starts to come down, of course that can change very quickly.

Ms. Atkinson: — Can you advise me how much was paid out in '07-08, in terms of un-seeded acreage?

Mr. Benjamin: — There was a total of \$32 million paid last year for just over 6,000 claims, and that is approximately half of what was paid the previous year, where we paid upwards of \$60 million.

Ms. Atkinson: — How many acres does that represent?

Mr. Benjamin: — That I don't know.

Ms. Atkinson: — Okay. You can get it for me; that's fine.

In terms of crop insurance program changes for this fiscal year, can we just put it on the record what changes you implemented?

Hon. Mr. Bjornerud: — Well irrigation was not split before. If you had irrigated land and dry land as one producer that was combined and that, you know, we all understand that wasn't really fair in the long run. That's been split out now where you can actually have two separate contracts. Or I guess it would be under one contract, but you'd have the two entities. Alfalfa, where it was on area coverage before, alfalfa now can be on the

individual coverage, which again I think is a more fair way of doing it.

Gophers is a permanent part of the program where it was a, you know, a test program before.

Ms. Atkinson: — Okay. And wild rice, we're still proceeding even though the price is troubling?

Mr. Benjamin: — Yes, and so the wild rice program was introduced in 2007.

Ms. Atkinson: — Right.

Mr. Benjamin: — I believe we had about 123 producers. And we did make some payments in two of the areas, and the indications are that we even have more producers signed up this year.

Ms. Atkinson: — Okay good, good. Thank you. Now I know that there was an evaluation that was done in 2007 for spot loss hail, and I'm wondering if you can tell us what the results of that evaluation are.

Mr. Benjamin: — Well the corporation did the evaluation on behalf of the government, and so the corporation obviously didn't make the decision. There were several complaints that we have historically heard of why the producers want crop insurance back in the business and . . . if I can remember them.

One is, you know, fairness in adjusting. The other one is whether there is enough liability out there, whether some of the companies are not offering liability in certain areas, ease of doing business, I guess one-stop shopping and, you know, trying to keep the rates in line. And you know, through the work that we did, we could not I guess . . . The report that we presented, it said that, you know, that the corporation could go back into the business, but there wasn't really a solid business reason, or we couldn't validate any of those reasons as being a real concern.

Ms. Atkinson: — I guess the question to the minister. I think I heard the minister talk about the spot loss hail on numerous occasions — very numerous occasions, very, very numerous occasions — and so I guess I ask the minister, now that you are in charge, what's your view on spot loss hail.

Hon. Mr. Bjornerud: — Well I think that that's one of the things we're going to watch to see, you know, how many times that comes up and whether that's, you know . . . and I think the member can appreciate this too, that as we get all this information in, you know, we'll have to see how many on each issue . . . spot loss hail might be one. Wildlife compensation is certainly on the table. We would want to look at that.

Every avenue we will look and see where the main concern is from producers out there and look at that, but then remembering that we also have to deal with the federal government in negotiating these changes. And, you know, I hope they're very receptive to change. They know we're doing the review, in fact said that they would really be interested to see what the results of the review were and have access to that. But remembering of course they have to also fund the changes that come on the table

and agree to them.

So that's one of the things we have to do. The other thing we have to do is be able to — as you're fully aware — is be able to afford the changes that we're bringing about. So you know, are we going to be able to make all the changes that are recommended? I doubt that very much. We're going to have to pick out . . . I hope to be able to pick out the ones that are most asked for, the most asks by producers out there. And of course walk before we run. Maybe we'll make those changes this year and next year be able to make more as we can afford them. But I think, you know, we're fully aware that the changes we make are going to cost more money.

Ms. Atkinson: — And here's where the federal government and your relationship with the federal government might be helpful because, as you know, this isn't something the federal government really wants to participate in. And so I guess I ask you, Minister, have you had discussions with Minister Ritz on spot loss hail coverage and a partnership with the federal government?

Hon. Mr. Bjornerud: — We've talked about it. We've got no commitment at all from the federal government on any specific change there might be coming down the road of course because we don't know what those changes might be. He's fully aware of the review, as I said before, in fact wants to really have access to all the information we get.

So I think that's positive because maybe they're looking to improve the program too from their point of view. But I think as we can, you know, lever more federal dollars into the program is a real win for Saskatchewan because of course it puts more money into our program and of course strengthens it at the same time even though we'll also have to share in that extra cost.

Ms. Atkinson: — Will Minister Ritz have federal officials that will be monitoring the hearings that'll be taking place on crop insurance?

Hon. Mr. Bjornerud: — Mr. Benjamin tells me that the federal officials will take part in the meetings. You know, they'll take in as observers, not take part in the negotiations, but they want to see what really is coming out from the producers. And again I think that's a pretty positive sign.

So I might just add I talked about Watrous — there'd been some flooding there today — and the member from Spiritwood now tells me that the RM of . . . Paddockwood and Garden River, there's flooding up there today, 18 roads washed out. So I guess we don't know yet, you know, what's going to happen with unseeded acres if there's that kind of flooding going on right now. That's possibly highlighting an area that might be a problem this year for them and of course for the program.

Ms. Atkinson: — I wanted to talk about crop insurance involvement in carbon credits, and I'm wondering if the official or yourself could share with the committee the role that Crop Insurance presently has with companies that are doing this type of work in the province.

Hon. Mr. Bjornerud: — Mr. Benjamin, correct me if I'm wrong, but Crop Insurance provides the data to the companies

for the acres that are out there. Mr. Benjamin, would you like to comment on this too?

Mr. Benjamin: — In the selling of carbon credits, we play the role of the verifier. And so we don't sell the credits. We don't aggregate them. We just . . . As part of the rules of the Chicago Climate Exchange, there must be an independent company that verifies that the acres are in a certain state and are for the amount that are declared. Crop insurance does other, what we call contract work, for PFRA [Prairie Farm Rehabilitation Administration], chemical companies, and so it's just a separate line of business for us. And we do it for anybody that comes that will pay us, I guess.

Ms. Atkinson: — Can I ask what kind of revenue is Crop Insurance able to garner as a result of signing these agreements for verification?

Mr. Benjamin: — I'll look for the exact number. But the process is, is that we charge the actual cost plus a 20 per cent overhead. So that's . . .

Ms. Atkinson: — How many companies would you have agreements with?

Mr. Benjamin: — With the carbon credits, I believe that there are three.

Ms. Atkinson: — So there's only been one new agreement signed recently? Or I think there were two. And I . . .

Mr. Benjamin: — Yes, there has not been . . . There was. There is not more than three I don't believe so.

Ms. Atkinson: — Okay. Thank you. Now I want to talk about gopher damage. And I know we now have a permanent program. Can you tell us how many customers received compensation for damage in last year's crop insurance?

Mr. Benjamin: — I believe the number is 292 customers for a total of \$1 million. I don't know the exact acres that would translate into.

Ms. Atkinson: — If you can get that for me, that would be great. And can you talk about the pilot project, what we learned from that pilot project? And why the decision to permanently provide gopher damage insurance?

Mr. Benjamin: — The issue with gophers is the continuous damage. Unlike some crops that are then seeded and there's a cause of loss like wind or too wet and then the next crop that they seed, the cause of loss is not again there. The gophers just continue to . . . no matter how many times you would seed the crop, they would continually damage it.

And so what the pilot looked at is an ability to say I've seeded the crop once or I've seeded it twice. I've taken part in the establishment of an option which pays an indemnity, but also then you can continue to take part in the crop insurance program. The pilot said, you know, I'm not willing to spend any more money on a crop. I'll take it out of the insurance pool. And for every acre, then, we would pay \$50. And the reason why it was made permanent was it was popular, I guess, and it

worked, I think, so.

Ms. Atkinson: — Tell me about the deductible, how that works.

Mr. Benjamin: — So I'm reading from the guide to crop insurance that every one of our customers would have got. It says, "There is a deductible of one acre per crop per legal land description." So essentially if you do not have more than . . . If you have less than an acre per 160 acres legal land description, then you're not eligible for a claim. And that is a requirement of any program to receive federal funding that is a stop loss or an establishment of benefit portion. In order to get full funding, we must have a deductible.

Ms. Atkinson: — And can you share with us what people who have been inundated with gophers, how they feel about this particular provision?

Mr. Benjamin: — I guess they . . .

Ms. Atkinson: — I guess, are there complaints?

Mr. Benjamin: — Pardon?

Ms. Atkinson: — Are there complaints with this particular provision?

Mr. Benjamin: — I think, as with all elements of the program, people wish it was better. I don't think we had any issues as far as how the program worked. Maybe it was the level of compensation. And the other thing that I have heard is an issue to do with . . . is the land after the gophers have destroyed it, is it in fact become farmable the next year? So those are . . . I think response was positive.

Hon. Mr. Bjornerud: — The feedback we got to my office too, after the announcement was made that it was a permanent part of the program, I think it was positive from those that were in the most affected areas.

Ms. Atkinson: — I guess I heard something a little . . . I mean they're pleased that it's been made permanent, but this particular provision seemed to provide some difficulty for some people. And so that's why I said I would ask the rationale for this and whether or not you'd heard any complaints, because I have.

Okay the next area of coverage that I'd like to talk about is industry assistance, and that is referred to in this subvote. And this is where the Farm and Ranch Water Infrastructure Fund is. It appears as though there has been a decrease in terms of industry assistance, and I'm wondering if you can provide the committee with some detail around that.

Hon. Mr. Bjornerud: — I didn't hear all of the question, but through industry assistance, you're talking about the funding that has gone down from 14.6 million to 5 million 860-some? That was . . . Wedge funding was included in that last year, and I mentioned that in my opening remarks where I believe there was between 8, \$9 million of wedge funding there for research that was included in that 14 million that was one-time money that we didn't get this year. So that's why there's such a drop

there. If you add to the two together, there's hardly any drop in that number.

Ms. Atkinson: — But it looks as though there's about a 3 million drop, but what you're saying is you've backfilled 6 million of that?

Hon. Mr. Bjornerud: — Well if you go from the 14 million, and maybe I'm not reading the right line, but 14.637 million down to our estimates for 2008-2009 to 5.864 million. That's a drop of about \$9 million, 8 million. Some of that was the wedge funding. So the 6 million below that is our ranch and water project.

Ms. Atkinson: — And is this the fund that Mr. Marit and company are going to be involved in? You referred to that in . . .

Ms. Koch: — You mean the \$6 million water fund? Yes, that's the advisory committee has been struck for that fund. Yes.

Ms. Atkinson: — And how do we expect this will roll out in . . .

Hon. Mr. Bjornerud: — Are you talking the water program now? That's just in the works right now. It's something new, of course, that we've come out with this year. And as I said before, we want to make sure we get it right and spend the dollars where they're best going to benefit the producers out there. And that's why we've got people like Dave Marit, the president of SARM, and Doug Steele who is a director, and Larry Grant who's a rancher out there right in the heart of the drought. His ranch or farm is right in the centre of it. So that's why we ask people like this to get involved and make sure that, you know, if it's a community well we're drilling it's positioned in a spot where it's going to benefit the most.

And some of these ideas actually have already come from them, like community wells we've talked about. How big the uptake is going to be? We're not sure. We're talking . . . Because they're involved with RMs, they've suggested we have RMs involved, and I think that's a real positive for us because they can do a lot of the legwork out there. I think I would like to see them take ownership of these wells. Someone has to look after them and keep the maintenance and the upkeep so that, you know, number one they're not vandalized and things like that.

So I think that's going to be a real plus for us out there. All the details of the program are not in place yet. We're working on that with different departments, like SaskWater and SWA [Saskatchewan Watershed Authority] and our department, the Department of Agriculture. And PFRA even we have involved in this program; they like, I think, the idea of this. And then of course there's CSWSEP [Canada-Saskatchewan Water Supply Expansion Program] which is a totally separate federal program that three and a half million dollars are coming in to.

And we're also talking to the federal government if they might be interested in funding part of this, you know, matching our 6 million, or maybe I could even start dreaming a little higher and they would go 60/40. And I don't know if that commitment's going to be there right now, but we've put the ask in and I'm hoping maybe they would come to the table because I think

maybe we can do some really long-term good things for the Southwest.

We don't know and I don't think any of us know, can predict what the weather's going to be like, but these patterns, a little bit scary maybe that this drought is going to be long-lasting down there. And I certainly hope not, and I'm no expert on that subject. But I think if we do this right, we can maybe help their water supply for many years to come. So that's why the program is in place. It's something that we thought that we might be able to help with right now.

A number of these wells of course aren't going to be drilled till later in the summer. So, you know, the need is there now. And I know producers hope that they're early in the program here. That's why I think there's an urgency to get this up and running very quickly.

Ms. Atkinson: — So do you anticipate that most of the money will be spent on some form of co-operative effort in the more regional, a regionalized way?

Hon. Mr. Bjornerud: — Yes that was the suggestion, I think. This group or our advisory committee out there said that might bring the quickest relief out there to communities if we could get communities' wells up and running. And you know we don't know what the uptake is going to be on that so, if we're going to have money left over or if we're going to run out right away. It's one of those things we're going to have to kind of again walk before we run because we're not sure. I think the need is definitely out there.

We've got to design the program so come October we aren't sitting there with four and a half million dollars left in the program that we've totally wasted for all intents and purposes. So I think that's why we have producers involved in designing this because I think they have the best idea of what's needed out there, what areas are the worst.

And that's why I actually, we're specifically saying the Southwest. There's 42 RMs right now that are in dire need of water and you know programs like that . . . so I think the uptake will be good. But we'll have to see as it gets rolling. A lot of calls are coming in, you know, what's going to be covered and all this. So they're very curious out there. So I think that tells me the need is going to be great.

Ms. Atkinson: — So when you say a lot of calls are coming in, are there calls looking for individual help and do they recognize that this is more of a co-operative approach than an individual approach?

Hon. Mr. Bjornerud: — I think they're looking to see just what this covers because CSWEP covers a number of things whether it's dugouts or piping. Piping is, you know, a concern that many of the ranchers have right now. You know, it's going to be fine for us to come out and help them drill a well in a certain area, but they're out of water two miles away or a mile away. So those are all the things that we're putting on the table. We're not sure if we can fund them all, but I think the message we've got from the committee, the advisory committee we have right now, the most important thing is to be able to get wells and pumps up so that it's pumping.

And they think in many cases the producers will say hey this is great; now you know, do I have the right to pump off of this? And I think that's something we're working on right now, and certainly hope that they can take advantage of. You know we've seen all over the province where pipelines for water, good water, you know has been set up over the last many years out there and beneficial to communities. Plus also . . . and that's the other side of it. I think some of the smaller communities out there are very interested in what's going to happen because number one, it's going to take a load off their water supplies, but some of them are short of water too. So we may even be able to help them in the process here you know so that they can all benefit from it.

Ms. Atkinson: — So do you have any sense of what \$6 million is going to buy us in this economy, when capital construction costs are extremely overheated?

Hon. Mr. Bjornerud: — No. And you know, that's one of the shortcomings we have right now. We don't know because the program's brand new. Next fall we'll have a far better understanding and idea of, you know, was this a drop in the bucket? Did it run out right away? How much did we accomplish with it?

Myself personally, I'd like to see this be an ongoing program — and we're going to learn naturally from this summer, and hopefully we do a lot more things right than we do wrong. And I think that's why we're relying on you know people on the ground out there to help us with this.

But you know next fall, if this program even turns out any where near successful, if we could make this an ongoing budget item every year, and you know maybe even add to it, I don't know, but even keep that \$6 million on an ongoing basis, maybe slowly we can start to solve some of the water problems out in the Southwest.

Because you know we always know that, you know, rain will eventually come to the Southwest, but then whether it's 10 years or 8 years down the road, they'll probably be into a drought situation again. But if we had these wells in place it would certainly alleviate some of the short comings they have right now.

Ms. Atkinson: — So you're telling the committee then, Minister, is the \$6 million has not become a permanent part of your budget. It's a one year, one time funding at the moment.

Hon. Mr. Bjornerud: — Well it is, but you know the want that I have with this program, I'm hoping it's very successful. I think the feeling we're getting out there from calls we're getting is producers are pretty optimistic about hearing about the program because, you know, that they haven't had this type of a program in place that's specifically is for big community wells of all sizes.

But again it's trial and error, and I'm hoping you know we can learn as we go here. But again I guess I would say that's why we're utilizing people on the ground out there that are in the most need and are in touch with people that are in the most need out there right now.

Ms. Atkinson: — Thank you. One of the areas that your department has been involved in for some time is transfers to the University of Saskatchewan to the College of Agriculture for research that's being done, particularly in terms of crop science and also value-added opportunities. And I note that your budget goes up about \$1.6 million. Can you share with the committee what you anticipate this additional funding, what kinds of projects are going to be funded at the University of Saskatchewan, or has that not yet been determined?

Hon. Mr. Bjornerud: — Well to the member, some of the things I touched on before that we fully know already that they're going to be researching — and this is an ongoing research projects — that frost tolerance, of course, that I talked about before, I think would be very . . .

Ms. Atkinson: — Can you tell me who the researcher is for each of this projects, if you wouldn't mind?

Hon. Mr. Bjornerud: — Pardon me?

Ms. Atkinson: — The principal researcher?

Hon. Mr. Bjornerud: — That I can't tell you maybe here tonight. We would certainly get that information for you though.

Ms. Atkinson: — Okay thank you.

Hon. Mr. Bjornerud: — I think maybe what we should do too in this case is — because we certainly don't have all the projects in front of us here tonight — is that maybe we can get those, all the projects that the seats are actually researching in the under the additional funding that we put in and the ongoing funding that was there before.

Ms. Atkinson: — So is any of this funding going to research chairs?

Ms. Koch: — The additional funding that's in place for research will be primarily towards, you know, different research projects, but we are not anticipating any new money necessarily going into research chairs.

Ms. Atkinson: — Thank you. One of the proposals that the College of Agriculture had put forward to the department or to the Ministry of Agriculture was a research chair for biofuels and also organics. And I'm wondering, was that met with any kind of support from your ministry?

Hon. Mr. Bjornerud: — I think to save time here tonight, I think we'll have to get that information to you. We don't have it right in front of us tonight. A good question and we'll find that out for you.

Ms. Atkinson: — I'd really appreciate that, Minister, given that I represent city of Saskatoon. A lot of the researchers live in Saskatoon, and they certainly have done a good job of actively pursuing additional research funds. I'm interested in the frost resistance crops. And can you also provide me with the name of the principal researcher on that because I . . .

Hon. Mr. Bjornerud: — I'm sorry I missed that. Which?

Ms. Atkinson: — The research that you're funding in term of frost resistant crops and I'd be interested in the principal on that. Thank you.

In terms of the development in technology transfer — so that would be subvote 7, I guess — there is a increase in salaries, and I'm just wondering what is new in this particular subvote.

Hon. Mr. Bjornerud: — That was under development and technology transfer?

Ms. Atkinson: — Yes.

Mr. Donais: — Yes. Laurier Donais, director of corporate services. Under development tech transfer the increase to salaries is due to collective bargaining increases and salary increases. There's approximately 150, 170 FTEs [full-time equivalent] in that subvote, so that's where the increase would be for.

Ms. Atkinson: — And in terms of other payments, I see there's decline. Could you explain what's going on there, please?

Ms. Koch: — Well just to mention a couple of things, the value chain program and food safety program have had traditional low uptake, as an example of where you're seeing reduced expenditures in those areas or reduced budget in those areas. The programs still exist, but what we did was we just set the budget at what the traditional uptake had been on both of those programs. So those are a couple of examples of the things that are reduced in that area.

Ms. Atkinson: — Okay thank you. The next one is the inspection and regulatory management subvote which provides monitoring and environmental assessment for intensive livestock operations. And it appears as though there's a small increase in terms of the operation of the program. And if you could describe for us what you anticipate that increase will do.

Hon. Mr. Bjornerud: — The one area there that you'd asked about, \$50,000 additional there, was for the SSPCA [Saskatchewan Society for the Prevention of Cruelty to Animals]. They have talked to us on a number of occasions, but with what the situation the livestock industry's in, there're, you know, added costs where producers weren't maybe looking after their livestock up to the standard they should be or in the odd case maybe even walking away because things had turned so bad . . . And naturally the SSPCA is the one that has to come in and, you know, look after that.

So their costs went up, so they had asked for additional dollars, and we gave them the additional 50 that they'd asked for up to, I think, it was around \$330,000 now. I think it was 280 before, something like that, for animal welfare. \$35,000 of that also though is due to just inflationary costs that come with all other things. And 118,000 is for salary increases.

Ms. Atkinson: — Minister, would you mind putting on the record what SSPCA means, just for those of us that know but others may not know.

Hon. Mr. Bjornerud: — Society of Prevention of Cruelty to Animals. Now I know.

Ms. Atkinson: — Right, well those of us that are familiar . . . but for those of us that aren't, that's helpful. Thank you.

Hon. Mr. Bjornerud: — Yes, many maybe aren't. They do very good work by the way, out there for us.

Ms. Atkinson: — They do. The next subvote is the farm stability and adaptation. And this is I know an area that is near and dear to your heart. So we're talking about AgriStability and AgriInvest and other risk management programs. And I'm wondering if you can explain to us why we're seeing a decrease of over \$20 million going into the programs?

Hon. Mr. Bjornerud: — This is a good news cut, really. It's because grain prices have increased dramatically. So, you know, the increase has gone up so the demand on the program is going to be far less than it was last year or, you know, even more than it was the year before. So in a way it's a good news story on that side.

Of course we turned around and took that and a little more and put it into the crop insurance program. But as grain prices have gone up, they've alleviated the pressure that's going to be on AgriStability and AgriInvest right now. You know, as grain prices if they drop and we hope they don't for a long time, but if they do then of course that will come back up again.

Ms. Atkinson: — So your, I guess your view is, or your department's view is, that we should see a decline in the uptake in this program because of increased crop prices.

Hon. Mr. Bjornerud: — I think the amount of dollars that will be, you know, through applications for where the shortfalls have been in the past won't be near as dramatic this year as they were last year. But then remembering of course on the livestock side of these programs there's going to be a bigger uptake because of, you know, we just got through BSE [bovine spongiform encephalopathy] and we just started to recover. And then here we go again with the high dollar and tremendously high feed costs out there right now.

Income for producers that are mostly, or in some cases, ranchers that are all through the livestock industry, that uptake is going to go up. So it's kind of a balancing but I think the biggest demand has always been on the grain side when, you know, grain prices were so low out there and now we've seen just a very positive reaction to them where they've gone up dramatically. It's really going to take a load off that program for, you know, this year, and let's hope into the future.

Ms. Atkinson: — So I know as part of the supplementary estimates we saw some changes in terms of loan loss provisions, in terms of short-term hog and short-term cattle, and I'm wondering, do you anticipate that we may need to have another program in this fiscal year?

Hon. Mr. Bjornerud: — That's really hard to predict right now. The program on the hog side of course is still ongoing. Can't remember the date of the last . . .

A Member: — June 10.

Hon. Mr. Bjornerud: — June 10. So that will be ongoing into

that point. You know, I guess let's all cross our fingers that the prices improve, but there's nothing really to indicate that that's anywhere in the near future. We know the barbecue season is here and that, but is that going to affect it that dramatically?

Some of the things we see happening in the neighbouring provinces, even like Manitoba where they are talking about euthanizing weanlings, and the sow cull is out with the federal government right now. And as we all know, you know, hogs go up and down in such very short periods of time. But the reaction that's happening this time . . . because they are in such dire straits out there and they are losing so many dollars per hog, whether you are a big producer or a little producer, as we saw with what's happening with Stomp lately and that's very disappointing. But Manitoba I've noticed is really reacting very quickly where the numbers of hogs are going to drop dramatically.

And even in Alberta they seem to start cutting back even before the problem got as magnified as it was here in Saskatchewan, may bode well down the road if we can hang on to that point where the numbers have dropped dramatically here. You know, as we know, demand will create the market. So you know, maybe I'm being overly optimistic, but I'm hoping if the numbers drop . . . And it looks like they're going to drop very quickly because nobody can afford to stay. Some of the American feeders that were taking a lot of our small hogs, whether it's isoweaners or weanlings, down to the US and feeding them through are even cutting out some of that right now.

Probably if you had a lot of money and you wanted to gamble, right now's the time to get in hogs, you know, if you could see in your crystal ball what was coming down the road. Now having said that, a lot of the decisions I made when I was farming weren't always the sharpest, so probably this isn't the time to get into it. But if you understand what I'm saying though, you know, those numbers are really going to change very quickly here — not just in Saskatchewan but Manitoba, well right across the country, even in Ontario, P.E.I. [Prince Edward Island], Quebec. They all have the same, you know . . . they're in the same situation we are with the high dollar and high feed costs.

Ms. Atkinson: — Well as you know there's a cap that's been put on the short-term hog program, and this has had a dramatic impact on Stomp. And it's had a dramatic impact on another operation in Manitoba. And it's had a dramatic, it has dramatic implications for Heartland. I guess I'm interested in knowing, in terms of your relationship with the federal minister, given that Stomp, there are over 200 people that work for that operation, and in fact there are a number of immigrants that have come here under our immigrant nominee program, and the importance of the hog industry particularly in that region of the province, not only with Stomp, but Heartland as well, I'm wondering what have you said to Minister Ritz about this cap. Because the cap for Heartland and the cap for Stomp is much more dramatic than for some smaller producers, even though in the case of Stomp this is a family-owned business.

Hon. Mr. Bjornerud: — Yes, I'd agree with you. And we're talking to the federal minister. We talk to Stomp on a pretty regular basis at least up till that where, you know, where the

point of they went into protection where they are now. But that was, you know, we talk to Neil Ketilson from the hog marketing group, and that's one of the first things they're telling us right now.

And I agree with you. The cap is one of the detriments to especially to the big guys out there. The smaller producers of course won't be affected by it as much, but Big Sky and Stomp and then the, you know, the Hutterites to a degree, but they're more diversified so seem to be able to weather this a little bit better than . . . You know, the Stomp family has built up a tremendous business there. And as you said, Leroy, Watson, and that area, a lot of employees, a lot of people make, you know, their livelihood out of that. It's going to affect the area dramatically if they can't find a way to restructure and go on, and we've got our fingers crossed that that happens.

And you talked about the caps that are out there right now. We're in negotiations with the federal government to find if there's a way that that can happen. To this point I've had no indication that that cap is going to be raised, but we're talking to them, you know, on an ongoing basis on this. Now having said that, we're late to help Stomp at this point in time.

Ms. Atkinson: — Well I understand that. But I mean, this is about restructuring, hopefully restructuring, and that this is a company that can make its way out of this with restructuring. And I'm wondering when you say you're having these discussions, what kind of . . . are you getting any kind of signal that Minister Ritz is prepared to change the criteria of the program to deal with this, because this isn't just happening here, but it's also happening in Manitoba.

Hon. Mr. Bjornerud: — I've had no indication to this point that there's any changes coming. Now having said that, you know, Mr. Ritz may come out tomorrow and announce that that cap has been raised. I think the member is well aware that this cap was put in place here, I think, under your government where you agreed with the federal government at that cap at that point.

But having said that, it's something that we're, you know, we're talking to the federal government and making them fully aware of what, you know, we keep them on a daily basis pretty near aware of what's happening in the hog industry, and the livestock and cattle industry, but of the, you know, the asks that are being asked by the hog industry out there right now. So I think they are fully aware of the situation. Again I think the federal government would hope that the programming that's in place, whether it's advances through the AgriStability program and things like that would be adequate. But we've certainly brought it to their attention.

I might add to that too that before those caps can be raised, 7 of the 10 provinces as you know have to agree, and that's not always easily done either because we know it costs each province. It'll cost them more if we raise the caps. So that might be the biggest handicap we have right now where to get that many provinces on board with changing and raising that cap.

Ms. Atkinson: — So what kind of work are you doing with your western colleagues because it appears as though this is something that some other ministers of Agriculture are

interested in pursuing. So I'm interested in knowing in particular what kind of conversations have you had with — say — Manitoba, Saskatchewan, British Columbia, and Alberta.

Hon. Mr. Bjornerud: — One of the things that we've had that people from the . . . well the old CAIS program come here in fact from Alberta. And we've talked to Mr. Groeneveld on a number of occasions, the Minister of Agriculture over there and had a bit of a lapse when the election was on over there. But Mr. Groeneveld again is Minister of Agriculture, where Alberta's proposing almost a new program that would replace AgriStability. And we kind of like . . . Well my past, I guess, as a farmer, really likes what I see there now. You know, sometimes if it looks too simple maybe it's not going to work out there, but you could almost fill it out in the morning at your kitchen table. They've simplified the program so that, number one, you don't use your income tax to be part of the program.

Now maybe it's too simple and it can't work, but so far we haven't been able to find reasons why this wouldn't work. And Alberta's looking for our support — and I think Manitoba is and BC [British Columbia] is, for that matter — to help them go to Ottawa and lobby as one group.

And I think this could maybe be a real benefit to us here if we can agree on the changes that we want between the four of us — Rosann Wowchuk in Manitoba and us here and then Mr. Groeneveld and Pat Bell in BC — I think if we can get together and be satisfied, that these changes would be beneficial for all of Western Canada, all the provinces here.

And we know that the needs in Ontario quite often are very much different than they are out in the West here. But I think if we went down there as a unified voice, and if we want those changes — we all agree that what Alberta is saying or maybe with some modifications, but we see a benefit for our producers — and go down there and lobby as one group, I can see there being quite a benefit to that rather than being, you know, divide and conquer kind of a thing where I think Eastern Canada has a lot of clout at those tables. We know that because of the population and the votes of course, federally. But I think we can have a big input into that.

I might add to the member too that the hog TAP program — the targeted advance program — that was another thing that we'd worked with Mr. Ritz on for 2007 and got them out earlier in the new year. And then had the request from Neil Ketilson and well, Stomp and Big Sky and all of them too, to see if there was any chance we could get the TAP program initiated for 2008 already — which is kind of out of the ordinary because it was so early into the year.

We worked on that hard, and actually they finally came through. We got it through at a 60 per cent rate for Saskatchewan where you can realize 60 per cent of what your projected payout from the CAIS program — or the AgriStability now — would be. And that's actually in the works right now. That just happened not long ago. Of course in Stomp's situation, it never got here quick enough, and that's too bad. But it, you know, it will be there if he can restructure and take advantage of those dollars. Isn't going to solve all the problems out there, but it is some more money that can get out there a little quicker to help carry them through.

So 2007 on the TAP for Saskatchewan is about 5.3 million, and 2008 looks like it could be about \$8.4 million. So it brings a fair number of dollars into the province. And for situations like Stomp was in, it might have been able to help him get from point A to point B, hoping of course the prices improve. And, you know, if they don't, it was just a kind of a time thing where this was going to happen anyway. But I think all of them are trying to hang on to the point where they can maybe start to recover some of the dollars they're losing.

Ms. Atkinson: — Minister, what would the implications be for the province of Saskatchewan if the cap was lifted?

Hon. Mr. Bjornerud: — If the cap was removed?

Ms. Atkinson: — Yes.

Hon. Mr. Bjornerud: — Well dollar-wise I'm not just sure how many dollars that would add to it. You're asking what the total, if we raised the cap or removed the cap, what that cost would be for the province?

Ms. Atkinson: — Yes. If we removed the cap.

Ms. Koch: — Yes. We actually have been working with the federal government on asking for them to do some costing of what the industry's requests were with regards to changes to both AgriStability and AgriInvest because each province obviously has a different number of producers, you know, a different profile of their industries.

And so really what we've done is . . . Saskatchewan in particular has led the charge to ask for a costing out of each one of the industry's asks so that we can be very clear as to what it will cost each province and therefore would make it much easier for us to make decisions, in particular on the cap, for example. What does that mean, you know, for Saskatchewan and therefore what would it mean for other provinces because of this issue of 7 out of 10 provinces needing to agree in order to make amendments to programs?

And so we have been leading that and really encouraging the federal government to do some of that costing out. So far we have not received that costing. Part of the challenge has been is that the industry has somewhat changed their asks throughout the last few months. And so just when, I think, we think we sort of have a good handle as to what it is that the industry is asking for with respect to amendments to programs, they come back with a new ask.

And that's understandable. You know, it's a very difficult time in both sectors. And so it's understandable that really they're just trying to sort of consider . . . [inaudible interjection] . . . yes. So we understand that, but it's made it very difficult. It's been a very fluid situation regarding what exactly their asks are.

So we right now are waiting for the federal government to do some of those calculations, and then there will be ongoing discussions at assistant deputy minister level, deputy minister levels, and then eventually ministers' levels so that decisions can eventually be made on these program changes, recognizing how difficult it is to make changes to federal-provincial programs because of the amending formula agreement which

says that, you know, a certain percentage of production as well as 7 out of 10 provinces need to agree.

Ms. Atkinson: — So, Minister, do you think we're going to have a hog industry left by the end of the year?

Hon. Mr. Bjornerud: — You know, I don't know. I certainly hope so. You know, we've seen an upturn in the prices, but there's nothing to indicate that happening in the near, near future. There's a lot of pessimism out there — as I'm sure you're fully aware — with all the hog producers out there. I don't think we can predict what may come by even November, December of next year. I think in the cattle part of the industry are talking about, there's a good feeling out there that prices may start to recover a bit come November, December. On the hog side I don't think we're getting that indication right now. And you know, that's depressing for all of us that are involved — the industry and especially us as government, and even the members on your side that, you know, have producers out there that are caught in that bind.

It's one of those things that's kind of a wait and see. But you know, what is the button that we push that's the magic button to help bail everybody out, out there? I don't really see one that would solve the problems out there. We've put the short-term loan out there, and Stomp and Big Sky were probably two of the first to take advantage of that loan. And it helped them. You know, they were the first to admit, this will get us through.

In Stomp's case, you know, it delayed the agony is what it did. It helped them get from point A to point B probably, you know, part way through January till this point. But as Stomp had explained to us on a number of occasions, he had payroll to meet. In many cases they use prepared feed out there. You know, in the old days we raised our own grain and fed our own grain, where even it still probably cost the same in the long run, but it wasn't that outlay of cash all the time — where they're at the whim of, you know, whether it's Cargill or whoever's providing them with prepared feed.

And if they can't make that, you know, feed bill — which I think the Stomp family got caught in . . . It was payroll on one side, and then it was the feed bill on the other side, and all the costs start to mount up. And you know, in agriculture we all know, the creditors will let you go so long, but when they can't see — just like you're talking about — no light at the end of the tunnel in the near future, they're very quick I think to start covering their losses, which is probably business I guess, and that's the way it has to work.

But it's part of reality out there. And you know, you've got to feel for these families that are caught in this. And it's a big part of the provincial economy. But you know, here we are.

Ms. Atkinson: — We're going to have a cull, I guess, and I'm wondering if you can describe what role we might have as a province in the cull, and whether there's any provisions being made to have this cull processed and perhaps given to the food banks or whatever. So if you could describe what involvement your department will have in this.

Hon. Mr. Bjornerud: — We're talking about that right now, and that's something I hope in the near future that we can

address very quickly. I think remembering, maybe going back to your previous questions there, if it was a problem just in Saskatchewan as we know, then maybe there would be a light at the end of the tunnel. But this is a global problem right around the world right now, that hog numbers are up of course. And then in our situation you throw in, on top of the prices coming down, where even the Americans were slower to react to the problems that we're having here because their dollar of course is adjusting to where we are with our high dollar — the problem didn't hit over there as bad.

Now it's starting to hit there, which is magnifying our problem because now they don't want a lot of our hogs down there to feed them out because they can't make a dollar on it. And you know, it's put Stomp and Big Sky, I'm sure, and many other producers maybe in a real position. Now what do they do? They can't even ship their hogs down there for, I think, in some cases . . . Manitoba today we got reports where they can't even from weanlings . . . they can't even recover the cost of what transportation would take them from their farm to somewhere else. They're not even getting enough to cover the trucking. And you know, we hear stories from the '30s — the member might not be old enough, but I remember — from the old days where they talk about hauling cattle to market, and you didn't get enough what it cost to actually transport that. It seems crazy. We're in 2008, but here we are again in the hog market, and we're right back to where we were 50, 60 years ago.

Ms. Atkinson: — So what's your department's view on the cull and what should be done?

Hon. Mr. Bjornerud: — With the cull on the sow side, you're talking and that the federal government just come out with? You know, I don't know what the reaction or the uptake on that . . . They've got some rules in place there where you have to empty a complete barn out, you know, and I'm sure the bigger producers maybe take advantage of that.

For the smaller producers, I don't know if that even will work for them because in many cases, you know, they may only have one or two barns, and for them to shut one completely down almost to the point where they're out of business . . . So I don't know. I guess that's another thing we're going to have to watch and see what the uptake is on that.

I'm sure, you know, Big Sky is going to be looking at things like this, and Stomp if they get, you know, into a recovery mode here where they can carry on — and I sure hope they do — you know, may look at going with some barns down and some barns up. And maybe, you know, they can alleviate . . . I think it's \$225 a sow that the federal government has put in place for the sow cull so that might provide them some dollars to go ahead too. But I'm sure that in the negotiations that are taking place with their creditors and that, all these things will be taking into account of, can they get up and be viable at least for a while again. And I'm sure hoping they can.

Ms. Atkinson: — So do you have a view on what might happen to the meat from the cull?

Hon. Mr. Bjornerud: — We're kind of dealing with that right now, and I hope in the next few days we'll have something on that where we can certainly utilize this to the best of . . . You

know, and I'd like to be able to tell you today exactly what that is, but we're kind of in the process right now, and I think very shortly . . . I'm hoping by the end of the week maybe we can have some response, and as soon as we do, I can get that information for the member.

Ms. Atkinson: — One of the pieces of information that you provided the committee when we did the supplementary estimates was sort of a scan across the country in terms of what various jurisdictions are doing. And I note that Alberta is spending a significant amount of money to support producers when it comes to fuel and, I believe, feed. And I'm wondering if this is something that your department has considered in terms of the desperate conditions that the livestock industry finds itself in, and in fact people describe it as worse than anything they've seen in 25 years.

Hon. Mr. Bjornerud: — We're looking at every avenue where we might be able to help. And as I said, of course we did the short-term hog loan, but the member will be well aware that, you know, sitting out there many farmers or producers are saying, well I appreciate the loan, it helps me get from here to here, but at some point I have to pay it back.

So we knew that didn't solve all the problems out there and probably wasn't designed to. I think what the industry . . . About the second day after I was named as Agriculture minister, the hog side and the cattle side were in my office and saying, is there any chance we can get a loan put together, because of course they were worried about countervail for ad hoc.

And it's frustrating for our producers too because then Alberta will come out and — let's face it — do whatever they want to do really, and they have the dollars to do it of course in a much different situation than, as the member's aware, as we are, and of course Manitoba's very similar to us in the same situation.

So you know it was kind of a . . . you were caught between a rock and a hard place. We had trade concerns on one side. The producers, the cattle industry, and even Stomp and Big Sky and them said be very careful how you do this; we don't want the borders shut off. So that's why I guess we ended up with the loan program, which seemed to be much more trade friendly, and it hasn't caused a problem in the past and when your government, you know, did similar things like this.

Then Ontario comes out and does not as large ad hoc as Alberta does, but they went ahead and did it to a degree too, so. But then, you know, the alarm bells start ringing. We have R-CALF [Ranchers-Cattlemen Action Legal Fund] just across the border that would love nothing better than to shut that border down again.

And I guess, you know, we hope this is a shorter term problem, but I guess what a lot of the producers are saying, we need help out here, but we don't want to address the short term or what we hope is a shorter term problem by creating ourselves a really gigantic problem by having the border shut down.

Ms. Atkinson: — What do producers say to you when they look across at Alberta? They don't seem to have trade concerns, and they're not worried about R-CALF, and they're not worried

about the border being shut off. And they're prepared to put \$160 million into feed and fuel.

I'm wondering, are our producers continuing to be so generous in terms of our trade arguments when they see what's happening to the industry in Alberta and they have to compete with them?

Hon. Mr. Bjornerud: — Good point, even though the industry in Alberta also has a number of concerns. My chief of staff worked for the Alberta Cattle Association before coming back here and working for us in my office, so knows many of the people over in that industry and talks to them on a regular basis. And there's a lot of concern over there that at some point this is going to tip the balance over and start to cause us big problems.

But you're right, from a producer's point of view, from Swift Current, Saskatchewan, or Ponteix or Shaunavon or even my guys on the other side, it's got to be frustrating sitting there seeing what happens in Alberta. And this just didn't start now, you know, as the member knows. They're been doing this forever over there because of course they've got a lot of oil money for a lot of years over there, so.

You know, I don't know how to answer that question. I guess, you know, it would be nice to be able to say we could afford, you know, \$200 a hog out there and solve all their problems. And I don't even think that would solve their problems because unless things change market-wise, we're only going to be delaying the inevitable, and they still aren't going to make it.

So I guess the real answer to this is that when prices start to improve . . . If the dollar would drop even 10 cents, it would be great for especially those markets where we export into right now. But that doesn't seem to be in the near future either. So there's no, you know, bright light out there that they're waiting — if I could get from now until then — that they can see down the road. And there's a lot of pessimism, as I said before, in the industry.

Ms. Atkinson: — Well I just make this observation, Minister. I think we're doing a little better financially than we were say a year ago in terms of the price of oil and oil land sales. So I guess we'll have more to say about this in the days ahead because my sense is that the industry — both the hog industry and the livestock industry — you know, short-term loans, that's fine, but they look and see what's happening in Alberta in particular. And there's some other jurisdictions, provinces, that have stepped up to the plate a little more than just a short-term loan program, and I think they're anticipating that our province might do something to assist while they make their way through this.

The next item I want to talk about for the last 15 minutes of the committee is the issue around the federal-provincial-territorial agreement when it comes to the egg quota allocation. And I know that there was a renewal of talks, and I'm wondering if you can tell us whether we've heard any news in terms of additional quota for Saskatchewan.

Hon. Mr. Bjornerud: — I missed part of the question, to the member. You're talking on chickens or . . .

Ms. Atkinson: — No, eggs. The egg marketing agency.

Hon. Mr. Bjornerud: — Well maybe I'll ask Dave Boehm to come up. He's been directly dealing on these issues.

Ms. Atkinson: — Okay. Thank you.

Mr. Boehm: — So in terms of any significant increase as of late, no, we have not achieved that. But we do continue to work with both the local egg producers and CEMA, the Canadian Egg Marketing Agency, in our desire to see an increased allocation.

Ms. Atkinson: — I know that there was a judicial review application that was filed with the federal courts. I'm wondering if there's been any news from that.

Mr. Boehm: — There has been, I believe, one hearing on the egg side where the issue was discussed. It has certainly not reached the stage of a final conclusion or a judgment. And so until we get to that point, which is likely several months out into the future, we don't necessarily have a clear view of how that will unfold.

Ms. Atkinson: — Well I know the egg producers were representing Saskatchewan's position at the Canadian Egg Marketing Agency, I believe in November, and I'm wondering if we have any news from what happened in November.

Mr. Boehm: — Well the issue is a very technical issue, and from the province's perspective, our main concern is around the concept of comparative advantage of production, this notion that as a province with a large grain base and significant grain production that we, given our distance to export markets, would have a natural advantage in terms of the feed cost related to — say — provinces that don't produce as much as feed grains as Saskatchewan, places perhaps like Ontario or Quebec. And so that is essentially the premise of the argument that the Saskatchewan egg producers are putting forward and of course the province has been part of.

As I've mentioned to date, you know, the consideration of that argument in front the federal court continues. Certainly we are hopeful that we'll see a positive outcome on that analysis and discussion, but at this point, a judgment remains and is likely not going to be provided until later this year or possibly even early next year.

Ms. Atkinson: — So what is our department or ministry doing to assist these Saskatchewan producers?

Mr. Boehm: — Well we have worked in partnership with the Saskatchewan egg board and have done a number of things including funding a study by a professor, an agricultural economist from, I believe, the University of Florida, who has looked at this concept of comparative advantage of production and has attempted to develop a peer-reviewed paper that outlines why in fact Saskatchewan has a strong argument on the issue of being in a position to produce eggs at a lower price because of our feed grain advantage.

And of course the other point that we are quick to emphasize and point out to the national agency is our view that the concept

of comparative advantage of production which is a requirement for the national agency to consider in their quota allocation decisions, that that factor has not been fully, I guess, considered in the quota allocation decisions. And so it's the combination of essentially indicating that the national legislation around allocation has not necessarily been followed in our view, and then with that the fact that we believe that we have a clear advantage when it comes to production and that advantage according to the rules on the quota allocation needs to be recognized.

Ms. Atkinson: — So if the Egg Marketing Agency continues to hold its view that the quota that we're receiving is appropriate, the only hope that we have is in the court system?

Mr. Boehm: — Well that is certainly the option and the approach that we've taken to date. There is always an opportunity to negotiate something outside of the court system. I would suggest though that at least historically that attempt to negotiate a more favourable allocation has not achieved the results that Saskatchewan would like to see. And that is of course what we feel has driven us to, you know, a process involving the courts.

But again I'll say that, you know, certainly a negotiated settlement is always a possibility and something that we continue to pursue with the Canadian Egg Marketing Agency.

Ms. Atkinson: — Do you get any sense that the agency is prepared to negotiate, or do you get the sense that they're of the opinion that their interpretation of the legislation is correct and that they'll be successful before the federal courts.

Mr. Boehm: — Well I would suggest the evidence to date suggests the latter, that the national agency while they, I think, understand our concerns and our issues and, you know, they're certainly prepared to hear information and receive information that we're providing on the issue, but at the same time they look at the circumstances and feel that, no, they have taken into consideration the factors that they need to consider in allocating quota nationally and that while Saskatchewan may have these issues and these concerns, that I think it would be fair to say that the national agency does not necessarily share that view.

Ms. Atkinson: — Have we been able or has the ministry obtained a legal opinion from the department or the Ministry of Justice that supports our position, or are we relying on the producers to use their legal counsel in this endeavour before the federal courts?

Mr. Boehm: — I believe it would be a combination of those two. And so we would seek legal advice from our Crown counsel, as well as the lawyer who, I believe, is employed by the provincial egg marketing board to lead the initiative in the federal courts.

Ms. Atkinson: — So it's your view that we should have this determined by November?

Mr. Boehm: — Well of course attempting to predict the timetable, you know, in the federal court system is always a challenge. But certainly in terms of how we anticipate things unfolding, yes it's likely late fall or possibly even into 2009

when we might have a final judgment on the particular issue.

Ms. Atkinson: — Do we get a sense of what other ministries of Agriculture are thinking on this whole issue of quota allocation across the country?

Mr. Boehm: — I can't necessarily say that we have a good sense of what other ministries are thinking. We do have a pretty good sense of what other provincial marketing boards are thinking. And I think it's fair to say that Saskatchewan is largely alone on this issue. Again we recognize that we think we have a unique advantage in terms of comparative advantage of production, so this is very much a Saskatchewan issue. We also are a province that has one of the lowest allocations nationally and that, I guess, is the basis for our concern.

Ms. Atkinson: — It certainly is. And I think the last time we went round on this issue, I think we were able to receive a bit of an increase in quota if I recall, but if I recall it wasn't quite inside the tent.

Mr. Boehm: — Yes, and I can't speak to the historical situation. We certainly were successful to some extent on the broiler side. With respect to eggs, I'm not certain that we've received a level of allocation that we would be totally satisfied with.

Ms. Atkinson: — Okay thank you. Chair, that's all my questions this evening, but I'll have more the next time we meet. Thank you.

Hon. Mr. Bjornerud: — Mr. Chair, if that's coming to an end for tonight's session here, I want to thank the members for their questions, the member for her questions, but I especially want to thank the deputy minister and the officials here tonight. Being new, I really have to really rely on them to a great degree and appreciate their support tonight and their answers that they've provided for the members.

The Chair: — I'd like to thank the minister and officials for being here also and at this point the committee will recess until . . .

Ms. Atkinson: — Mr. Chair, if I might, I'd like to thank the officials for being here tonight, and I look forward to receiving the information in terms of the questions that we weren't able to answer. Thank you.

The Chair: — The committee will be in recess until 8:30, at which time we'll reconvene for vote 43.

[The committee recessed for a period of time.]

**General Revenue Fund
Enterprise and Innovation
Vote 43**

Subvote (EI01)

The Chair: — It's approaching 8:30, so I'd like to call the committee to order. This evening we are considering estimates for vote 43 and 144, Enterprise and Innovation. And I would ask the minister if he would introduce his officials and if he has

any opening remarks.

Hon. Mr. Stewart: — Thank you. Thank you, Mr. Chair, and good evening. I'm very pleased to be in front of this committee tonight with my officials to consider the estimates of the Ministry of Enterprise and Innovation.

And if I may introduce my officials, Mr. Chair. To my left is Mr. Dale Botting, deputy minister; to my right, Denise Haas, associate deputy minister; behind me to my left, Angela Schmidt, acting assistant deputy minister; to her right, Mr. Bryon Burnett, special adviser to the deputy minister; to his right, Mr. Dion McGrath, executive director. And I think to his right, Andrea Terry Munro — I think I'm right. Yes. You're all in your right places. That's very good. In the row behind Angela Schmidt is Mr. Laverne Moskal, director sustainable development; to his right, Jacki Litke, acting director of marketing; to her right, Mr. Roger Israel, executive director regional programs and services; and finally to Roger's right, Ms. Marilyn Day, director investment programs.

If I may proceed with a few introductory remarks, Mr. Chair, I'm very pleased these days to be the Minister of Enterprise and Innovation at this time of economic growth, confidence, and optimism throughout our province. Saskatchewan is at a very significant juncture in its development as a province.

Our people and economy are experiencing a period of remarkable prosperity and growth. The mood of the province has shifted. There's confidence and optimism sweeping our province. Saskatchewan is a have province. We've shed our image as a have-not and we're now seen as an economic leader not only in Canada, but in North America. While much of the United States and other parts of Canada are bracing for an economic downturn, Saskatchewan's economy will remain strong. Saskatchewan is being forecast as Canada's new provincial growth leader. The RBC [Royal Bank of Canada] in its economic outlook a few weeks ago said:

Saskatchewan is expected to be Canada's growth leader, coming in at 3.6 per cent [growth] in 2008 and 3.2 per cent in 2009, benefitting from strength in energy, mining and [the] . . . [agricultural] sector.

Mr. Chair, the outlook also said the province will lead the nation in employment growth, personal disposable income growth, retail sales growth, and that Saskatchewan will have the lowest unemployment rate in the country in 2008.

New capital investment in Saskatchewan is expected to reach \$12.3 billion in 2008 — the highest level ever and an 18 per cent increase over 2007. It was great to hear Mosaic's announcement earlier this month of a proposed \$3.15 billion expansion of its potash operations in our province.

Last week the Minister of Energy and Resources announced record land sales revenues for the province of \$265 million, the largest ever single sale of Crown petroleum and natural gas rights in the history of the province.

Another major indicator that we are ready for growth. According to *The Globe and Mail* in a very recent feature — I believe it was Saturday's paper — Saskatchewan is the new it

province. The article said:

This province, with a population only a bit higher than it was in the 1920s, is enjoying the best times of its century-long history, riding multiple booms in commodity prices. Government, once so central to the economy, has stepped back and instead embraced a more business-friendly agenda, including corporate tax cuts.

A lot more people, Mr. Chair, are calling Saskatchewan home. According to the latest report from Stats Canada, our province's population grew by 16,492 people, the biggest one-year jump in population since 1952.

We want to make certain that our economic growth continues. This will only happen if we encourage investment and innovation and support it in every way possible. We must seek out and create new markets for our products, encourage investment, and stimulate growth.

The work we are doing to fine-tune our approach to this critical task is not only revolutionary but evolutionary. This is evident in the changes you will note to the budget display. As I have publicly indicated recently, there will now not be a ministry, and in fact it will be transferred in its entirety to Enterprise Saskatchewan. It became apparent that the programs intended to remain in the ministry were tightly linked with Enterprise Saskatchewan. It is strategically more practical to have them within the same organization.

It is also more efficient as it avoids duplication of central services such as finance, IT [information technology], HR [human resources], and so on. This is also reflected in the change to the FTE count, restated at 115.9, plus one for the SaskBIO program, plus one from Advanced Education and Employment, plus one from Agriculture. That is 118.9, less seven positions deleted through vacancy management. The total is now 111.9.

I wish to emphasize that the development of Enterprise Saskatchewan is being done in a careful and strategic fashion. This change is part of the evolution of the Enterprise Saskatchewan concept. I believe this, as does the Premier and many others who I've spoken to around this province, that this concept is absolutely the right approach to ensure Saskatchewan's continued economic success. Response to the establishment of Enterprise Saskatchewan and its board from people that I have met and talked with from across our province has been positive, optimistic, and very encouraging.

I was pleased to see the board for Enterprise Saskatchewan hit the deck running with its inaugural meeting just a few weeks ago. We have very talented and well-respected individuals on the board that are working together to establish a solid foundation from which Enterprise Saskatchewan will . . . My apologies, Mr. Chair, and members . . . [inaudible interjection] . . . It's five bucks in our outfit. What do you guys charge?

A Member: — Twenty.

Hon. Mr. Stewart: — Twenty, holy.

We're very talented and well-respected individuals on the board

that are working together to establish a solid foundation from which Enterprise Saskatchewan will lead economic development. I'm very proud to be able to work with a board with such high quality, talent, and experience.

As a bold and innovative approach to creating sustainable economic growth for the province, Enterprise comes at a critical time. Given the current global economic climate, this will be vital over the course of the next several years. Enterprise Saskatchewan is a special operating and coordination agency with an emphasis on being quick and flexible. It will be led by key economic development and community stakeholders to coordinate the province's growth agenda. The Premier has made it very clear that our economic growth is simply too important to not involve stronger input from industry, labour, and other partners in economic development. Aboriginal groups along with business and industry and other stakeholders need to be directly involved in economic development, planning, and decision making. Through this process politics will be removed from economic development.

Saskatchewan needs better idea generation and genuine partnerships with all key stakeholders. Under this model, economic development work with sector and innovation groups will not only continue but be enhanced. Enterprise Saskatchewan provides more grassroots and open sharing of concerns and fresh policy thinking. It also . . . Geez, I swear I thought I had it shut off the last time. There, that's . . .

In one of its initial undertakings the Enterprise Saskatchewan board will oversee and monitor the business-enabling initiative. One of the main objectives of this initiative will be to examine ways to minimize excessive red tape and modernize and streamline our regulatory system.

The \$8.378 million budget for Enterprise Saskatchewan is primarily from transfers of funding from the ministry with \$1 million new funding for start-up costs and board, sector team, and issues council costs. You will note the 8 million in increased funds in the overall budget. In addition to the \$1 million increase for Enterprise Saskatchewan, there is \$3.25 million for SaskBIO [Saskatchewan biofuels investment opportunity] and \$3 million for enterprise regions. The remainder is economic adjustments to salaries as well as inflationary increases.

The enterprise regions program will see \$2 million to be provided to high-performing regions and \$1 million for development of tools and initiatives for regional capacity building. Two million dollars of the funding will be used as an incentive to greater collaboration in larger regions that bring business, stakeholders, and all levels of government to the same table.

When the Saskatchewan Party formed government last November, we recognized that REDAs [regional economic development authority] were grossly underfunded. Consequently we are putting together a strategy to not only resolve the funding issues, but also to build greater capacity within the regions. There's also \$1 million that will be used for tools development, building greater collaboration and research that will assist REDAs to building high-performance regions.

REDAs have contributed to the growth of community economic development and business creation, expansion, and retention in Saskatchewan over the last 14 years. They have been able to access significant funds from a great variety of sources to further the economic development mandate of their particular region. REDAs have also been able to bring together stakeholders in their region to coordinate economic development program delivery and achieve greater effectiveness of some specific initiatives. REDAs are well known and recognized across Saskatchewan and have established a foundation and created a collaborative environment on which to build regional economies.

For most, their limited membership — primarily from municipal government — existing boundaries, service areas, and lack of market-driven focus are limiting their ability to evolve. This leads to the next development level, building high-performance regions. Capacity to realize regional advantage remains inconsistent across the province and in some areas lack the critical mass for economic development to occur. REDAs are ready to take the next step towards focused economic development efforts in building high-performing regions. In fact the new strategy will be based on recommendations provided by the REDA working group, an advisory group representing the REDAs themselves.

This kind of partnership is also evident in our SaskBIO program. SaskBIO is a four-year, \$80 million provincial program. It provides repayable contributions of up to \$10 million per project for the construction or expansion of transportation of biofuels production facilities in Saskatchewan. It provides an opportunity for farmers and communities to participate in the value-added biofuels industry in Saskatchewan through investment, ownership in biofuels facilities. This will help ensure that Saskatchewan is an attractive jurisdiction in which to build a sustainable biofuels industry.

As well, operational costs associated with the program include \$75,000 contribution in '08-09 to the Saskatchewan Biofuels Development Council. We will continue to work with SBDC [Saskatchewan Biofuels Development Council] to continue stimulating and developing this industry in the province.

You will note that all co-operatives funding has been discontinued. The exceptions are existing contractual obligations. These obligations include core operating funding to the Centre for the Study of Co-operatives at the University of Saskatchewan.

Essentially Saskatchewan has a very robust and well-established co-operative sector. This sector makes significant economic and social contributions to the province. Proof is that co-operative development assistance program, CDAP, which encouraged and supported the development and expansion of co-operative enterprises, experienced a lack of uptake in the program. It was therefore discontinued. However, support for co-operatives continues as strong if not stronger than ever.

All of the staff who had been delivering co-operatives advisory and information services have been retained. They are composed of seven full-time equivalents, six staff in regional

offices plus one headquarters policy person. These staff will continue to assist developing co-operatives in the same manner in which they would assist any entrepreneur. Fiscally, this part of the budget was transferred into regional development, and cuts of salary and FTEs were all done through vacancy management.

In reality, co-operatives have an even higher profile now in the new Enterprise Saskatchewan Act. There is a seat at the new Enterprise Saskatchewan board table for a nominated representative from this sector. In addition, Enterprise Saskatchewan will be establishing a separate co-operative sector team supported by added staff responsibilities. This will be specifically tasked to examine new and alternative growth strategies for this sector.

Similarly, the role of the action committee on the rural economy, ACRE, will transition to Enterprise Saskatchewan. Created in December 1999, ACRE's mandate was to examine rural issues related to economic development and make recommendations to government. Appointed non-partisan ACRE members worked at the grassroots level to identify solutions for the development of rural Saskatchewan. Its mandate ended March 31, 2008 as scheduled. And with the creation of Enterprise Saskatchewan and its strong citizen engagement process, Enterprise Saskatchewan will assume the role of stakeholder engagement.

The previous work done by ACRE will be a guide for Enterprise Saskatchewan as it develops recommendations and policies for both rural and urban Saskatchewan. The final report issued by ACRE last month included 23 recommendations that were presented to the Enterprise Saskatchewan board at its inaugural meeting. These will be forwarded to the strategic issues councils and sector teams of Enterprise Saskatchewan.

The recommendations contained in the reports focus on the importance of community in rural Saskatchewan. They also focus on building the capacity for small business and entrepreneurs to thrive in rural areas of the province. These final reports come at an excellent time. We will see to it that the work and knowledge they represent will help us move forward.

One final area. Enterprise Saskatchewan will focus on moving forward with federal-provincial programs and initiatives that provide economic development support and funding for Saskatchewan projects and initiatives. The funds we have here will allow ES [Enterprise Saskatchewan] to move ahead with negotiating the next Western Economic Partnership Agreement or WEPA III with the federal government.

In conclusion — and I apologize if I rambled on too long — I want to say that I'm extremely proud to work with the board of Enterprise Saskatchewan, a group of Saskatchewan leaders from all sectors of our economy chosen on their merits to serve the people of Saskatchewan for less money than any of them would make in their normal daily pursuits. And I appreciate their efforts, as I think all Saskatchewan citizens should, and again I'm very proud to be associated with them. Thank you.

The Chair: — Thank you, Minister. Questions? Mr. Quennell.

Mr. Quennell: — Maybe a fairly general question first. At the

beginning of the minister's brief remarks or near the beginning of the minister's brief remarks . . . And I may have misheard, and this is a time for me to learn. But I think I heard the minister say that the eventual plan is that there would not be a Ministry of Enterprise and Innovation, that Enterprise Saskatchewan would take over all the activities that we see in the estimates now. And instead of being an \$8 million expenditure on the part of the Ministry of Enterprise and Innovation, the Ministry of Enterprise and Innovation as such would not exist, and the agency of Enterprise Saskatchewan would have entirely taken its place. Is that the vision?

Hon. Mr. Stewart: — In a nutshell, yes. I think you have summed it up correctly.

Mr. Quennell: — Okay. To the best of the minister's current ability, what is the timeline for realization of that vision?

Hon. Mr. Stewart: — Well I think . . . When do you think we'll be able to get there, Dale?

Mr. Botting: — We're working on June 1, if we can, with the development of the new organizational model for Enterprise Saskatchewan. Of course there are steps within that operation that'll take longer. We will be working still within the Public Service Commission supports and the accounting system under MIDAS [multi-informational database application system] under the Public Service Commission . . . or the Department of Finance, pardon me.

Ultimately we'll be looking at further potential alternatives with our own HR capacity and our IT capacity, but we're hoping to make the new organizational model operational by June 1. And of course from a staff point of view, there's very little impact because we are obligated to serve and respect the collective agreement that goes till September 2009 and then of course onward, depending upon the final model for what we want to do onward beyond that. So it's just a matter then of just reallocating the current staff positions within the new Enterprise Saskatchewan model as an agency of the Crown.

Mr. Quennell: — So when the minister and the deputy minister and the rest of us are here next year for estimates around this time, what we would see, if that timeline is correct, is a vote, not on the Ministry of Enterprise and Innovation, but a vote on — because that ministry would no longer exist — but a vote on the agency of Enterprise Saskatchewan, with some similar line items. But that would be the case by 2009 estimates.

Mr. Botting: — Correct.

Hon. Mr. Stewart: — I would think so. Yes.

Mr. Quennell: — Okay. Then perhaps a little slower than the minister went through it in his brief remarks, on page 57 the estimated full-time equivalent staff complement for Enterprise and Innovation was 115.9, which I assume — if any of my assumptions are incorrect, please correct them — was the employees considered to be on the Industry side of Industry and Resources department.

The estimate for 2008-2009 is 68.9. And the minister mentioned a number in passing of 111.9, which is pretty close to the 115.9.

But could the minister explain what — and I appreciate there were different ways of getting from the one number to the other number — but how do we get from 115.9 to 68.9 without any terminations of employment, which I think the minister said there were not?

Hon. Mr. Stewart: — We start at 115.9 plus one for SaskBIO, one from AEEL [Advanced Education, Employment and Labour], and one from Ag, seven positions deleted through vacancy management, 43 transferred to ES. I think that equals 68.9. That's where that number came from.

Mr. Quennell: — Okay. So the 68.9 doesn't include the 43 people currently employed by Enterprise Saskatchewan?

Hon. Mr. Stewart: — Right.

Mr. Quennell: — The 43 . . . I guess I shouldn't call it 43 people. But the FTE of staff complement of 43 in Enterprise Saskatchewan, are those all individuals that were previously employed by Enterprise and Innovation?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — So the employees that were transferred from other ministries such as Agriculture remain in the Department of Enterprise and Innovation.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Now today we don't have a separate vote for Enterprise Saskatchewan. Could the minister advise, or the deputy minister if that's easier, advise as to the current activities of those 43 employees?

Mr. Botting: — The 43 employees at this stage, until The Enterprise Saskatchewan Act is passed, are essentially operating within the full ministry. And then when we have The Enterprise Saskatchewan Act passed and proclaimed and we are legally constituted, those will be the folks that were primarily involved in the sector development work, as well as some of the previous competitive strategy and policy work under the former Industry side of the old Saskatchewan Industry and Resources ministry or department.

Mr. Quennell: — Okay. If I was one of those employees, other than now working for the agency instead of the ministry, would I notice any difference in what I was doing?

Mr. Botting: — Not appreciably because we already . . . Well we have some added sector responsibilities above and beyond what the former ministry did. But most of those folks will be doing the same sector work as they did before with the added responsibility, in some cases with some additional support for working with the sector teams as advisory bodies. And in some cases under The Enterprise Saskatchewan Act we have some new sector areas that focus, as I say, in the area of particularly some of the service sectors that we didn't have a direct involvement with historically.

Mr. Quennell: — And I don't mean this to be a critical or even a rhetorical question. And I suppose if the timelines work out the way that the minister hopes, it would be a one-year problem

in any case. But is the minister concerned that the estimates, as they're drawn, tend to or might mislead as to the size of the public service by 43? Because I don't see where these 43 employees are accounted for in the estimates.

Hon. Mr. Stewart: — Well I concede that it is a bit confusing with the way the estimates are drawn, and largely I would say because of the state of limbo that this new agency was in at the time of the drawing. And certainly I can see that there might be some confusion, but certainly all of the FTEs can be accounted for. And in any event, it's a one-time issue and will be sorted out.

Mr. Quennell: — Okay. And, you know, to a certain extent that's why we're here. But just so that I cover off what I think my responsibilities are, these are the only missing 43 employees that you're aware of?

Hon. Mr. Stewart: — I believe so.

Mr. Botting: — If I may add, not unlike other arm's-length agencies, STEP [Saskatchewan Trade and Export Partnership] for one . . . There are 30 people approximately working on STEP, and of course similar to Enterprise Saskatchewan, you wouldn't know that because all you see is the single line item for the budget allocation of STEP, but there are FTEs that are in. And that's been in standard practice ever since STEP had been established over many years ago, and I guess it would be similar practice with Tourism Saskatchewan, etc.

Mr. Quennell: — But as a number of members of the legislature and certainly ministers of the Crown have pointed out, Enterprise Saskatchewan is — and it's certainly debatable or at least it's been debated to what extent — unique and new. And if Enterprise Saskatchewan is to be treated say next year, in the same manner that it's treated this year, in the same manner that we treat STEP and Tourism Authority, then 43 public employees will disappear from the estimates, plus another 68.9 FTEs will disappear.

And I don't think that's appropriate accounting to the public of how many salaries that the public is paying. So I hope that the minister isn't going to be telling me that we're going to be accounting for public employees working for Enterprise Saskatchewan the same way we account for public employees working for STEP, which I'm not sure is appropriate, by the way. But we're certainly dealing with a larger number here, and I wouldn't want to see repeated after this year, what's happened this year with the confusion about how many people are actually working for the ministry when it's no longer a ministry.

Hon. Mr. Stewart: — Thank you. Crowns and agencies of course don't necessarily report FTEs, but those numbers, those full-time equivalents, will be accounted for in the annual report of an agency, and so I expect that's the way that they will be dealt with Enterprise.

Mr. Quennell: — So maybe it's too early to ask this question, but I suppose we all might as well start thinking about it on both sides of the aisle. If the vision of the minister is realized within the time period that the deputy minister outlined, is it therefore the plan that there would not be an Enterprise and Innovation vote within the estimates, but there would be a report that we

would deal with in a different manner — in maybe Crown and Central Agencies? But we wouldn't be dealing with a vote the way we deal with a department vote? We'd be dealing with an annual report the way we would be dealing with a Crown corporation. Is that what is anticipated or has any thought been given to that?

Mr. Botting: — I may suggest it depends on what our ultimate phase-in schedule is. But for purposes of this budget, we will start with the Enterprise Saskatchewan model as you see it, and that's the June 1 date with the sector folks. And then if we have other transfers in the course of the year, that would have to be reflected subsequently by year-end either in the annual reporting for the fiscal year for the first year of Enterprise Saskatchewan or through other mechanisms. And at this stage, our estimates are based on just the 43 that we have here.

Mr. Quennell: — But I think my question, which maybe I didn't phrase very well, is an important one. And maybe you haven't decided on this yet, but I think it bears some consideration. And that is, is Enterprise Saskatchewan, when it takes over all the activities of the ministry, going to be reporting through estimates the way other ministries report and other government bodies within are reporting, like the Public Service Commission, like the Legislative Assembly? Or is Enterprise Saskatchewan going to be free from that kind of accountability? Are you going to rely on this precedent of not including these 43 employees?

Hon. Mr. Stewart: — No, member, I don't believe that we would be subject to estimates in future. I think that our model will be something similar to the Saskatchewan Research Council, will be likely our closest comparison, not being a line department of government.

Mr. Quennell: — I note that the regional economic development authorities have essentially the same funding that was estimated for 2007-2008, estimated for 2008-2009. Is it anticipated that that amount of roughly \$2.7 million or closer to \$2.8 million in 2008-2009 are going to be spent in the same way?

Hon. Mr. Stewart: — I think that, member, will be the similar practice in next year and future years. We are under, at this time, existing contracts with REDAs.

Mr. Quennell: — And forgive me for this, but I've never sat in this chair, as the minister's never sat in that chair before. And I was never the minister of Industry and Resources or the minister responsible for Regional Economic Development, and I appreciate the two have been somewhat merged. If I could just have a brief overview of what that money is spent on by regional economic development authorities.

Ms. Haas: — Okay, I'll answer that one for the minister just to give you a little bit of detail. As the minister has stated, we have existing contracts with all of the REDAs. And a good majority of that funding is really . . . There's three segments to the REDA programming.

The first segment is actually just for their core funding operations where REDAs, if they raise 40,000, that money is matched with a little bit greater than 76,000. And it's an odd

number because of inflationary increases every year that are built into the contract. And they use that money for their core operating.

Then there's another \$400,000 pot of money for what's called the REDA Enhancement Fund. And what the REDA Enhancement Fund is, is it's like a project fund whereby if REDAs want to participate in community-based projects or get community-based projects off the ground and, you know, say to do feasibility studies or business plans or anything for those types of projects, that's funding that they can access to do that. And they have to apply and access that \$400,000.

Then there's another smaller pot of money within that almost 2.8 million of 180,000 which is for what's called the REDA youth program. And essentially that money is again matching money. The REDAs apply to hire a youth under the age of 35, and they can receive some funding to put toward paying that salary. Again they have to put up money in that too. All of the funding is matched funding. And it's all on, as I say, core. There's core money, project money, and money to hire youth to work in the REDAs.

Mr. Quennell: — I think I understand what core money would be used for, and I certainly understand what money for hiring youth would be used for. Can the minister or an official outline what kind of projects are funded?

Ms. Haas: — If I might, probably I think the easiest thing to do would just . . . to give you some examples of what's been funded in the past.

Mr. Quennell: — Yes. Exactly what I'm asking for. Thanks.

Ms. Haas: — And this is from various years, okay. But for instance on the REDA enhancement money, the Southwest and Cypress Hills and Red Coat REDAs used part of their core money and part of REDA enhancement money to develop a large regional tourism map that was an attraction to bring people. It was a map that displayed all of the tourism sites and businesses and everything in the Southwest. So it was used as a way to generate tourism to the region and to advertise per se what was available in the region to do tourism. So that's one. And that one there was actually a partnership between three REDAs. We do have quite a few of that, where REDAs partner on these kinds of projects.

There's other things under REDA Enhancement Fund, business plans for . . . Now this is a few years ago, but another example would be a business plan for the feasibility and ethanol production facility in Weyburn. Again that was how that whole process started. Keep in mind this is not money that's given directly to businesses. This is a community-based infrastructure and allows them to do feasibility studies or even pre-feasibility studies to determine what options they have for pursuing economic development in the area.

Another project that was in the east central area of Saskatchewan that's been funded under the Enhancement Fund was called the last cattle frontier project, again a partnership of three of the REDAs. But they developed a marketing program. Again it went into Alberta and recruited, I think it's up to over 100 families now to that area that are coming there and buying

the land. It's cheaper than Alberta. They're having a hard time expanding in Alberta. So there's those kind of things.

There was again a combination of core and REF [REDA Enhancement Fund] money used in the southwest area doing some of the feasibility and pre-work for expansion of the civic centre which is now the community credit union . . . Sorry. I forget the name of it now, but I mean it is done. And also some work around the possibility of having the casino and a performing arts centre in Swift Current as well.

So those are kind of project-related things. Then there's also capacity building type initiatives that are funded under that program as well. For instance you may be familiar with the Prince Albert region hosted a northern economic summit in January where they brought a lot of the First Nations and Métis and the businesses and the economic development agencies and that from the region together to work toward building an economic plan for the North. And so there was some money provided under the REDA Enhancement Fund to allow that type of capacity-building project within the region.

Other types of capacity-building initiatives, again some in the Southwest that have focused on labour attraction and retention, again funded mostly under core, but also some under the REF. I don't know how much more I have to do, but that gives you an idea of the things that are funded under there.

Mr. Botting: — If I may, I think in a nutshell, I think you, as you say, it's pretty clear it's to help hire young people within a specific REDA. REDA core is to help with REDA budgeting within a specific REDA. The purpose of the REDA Enhancement Fund is to essentially encourage REDAs to work at more than one collaboratively — two, three or more — to develop more of a regional integration on some approaches beyond the 27 individual REDAs that we have. And so we're trying to encourage and incentivize through that program that we've had in the past a little larger perspective than a singular REDA in some these initiatives.

Mr. Quennell: — Okay well what's . . . I'll jump ahead to a question that the deputy minister's comments raise. The REDA Enhancement Fund is new money in this budget?

Hon. Mr. Stewart: — It's 400,000 but it was existing previously.

Mr. Quennell: — Okay so it's part of \$2.7 million.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Okay. And there's no new money going to REDAs. This is a continuation of contractual arrangements the minister referred to.

Hon. Mr. Stewart: — No just inflationary increases, nothing of any substance.

Mr. Quennell: — And the minister referred to them as contractual arrangements so the contracts have a term . . . when they come to an end?

Hon. Mr. Stewart: — They're three-year contracts, and they're

now in their final year, making this an opportune time to consider higher performing REDA areas and a bit of a restructuring and capacity building for the REDAs.

Mr. Quennell: — Okay. So I took it from the minister's opening remarks and from that answer that after the contracts come to an end, sometime in 2008, that the REDAs would be phased out.

Hon. Mr. Stewart: — No, in fact they will be enhanced. The REDAs themselves right now are undergoing a review, and we will be adding capacity to the REDAs in the near future and enhancing their ability to perform and initiating what we call high performance REDAs.

Mr. Quennell: — Okay.

Hon. Mr. Stewart: — Which may have somewhat different boundaries and certainly more capacity.

Mr. Quennell: — Well do the REDAs become the enterprise regions, and do we just have this duplication of funding for this final year up to point seven million dollars, till the contracts run out, and then the REDAs become the enterprise regions, and this \$2 million and this \$2.7 million are rolled into one line item? Is that what the minister is anticipating?

Hon. Mr. Stewart: — We will be working to develop the higher capacity REDAs, and the money will eventually flow into those. And there may be less of them with larger areas to cover and so on, so it won't be necessarily the same number. Consultations on the use of the funding will be carried out shortly. And within, I would say, three or four months, we should have a better view of what the new REDA structure will look like.

Mr. Quennell: — Is it the plan that a year from now, and two years from now, we would have both REDAs and enterprise regions? Will you continue to have REDAs?

Hon. Mr. Stewart: — Yes certainly, we will have REDAs working within the enterprise regions. The REDAs will be our, as I like to call them, boots on the ground, working to attract economic development projects.

Mr. Quennell: — Okay. Well the term, enterprise region, would seem to suggest just a piece of geography governed by an authority, for example. But you don't allocate funds to a piece of geography. And so that's, I guess, my confusion at the moment, is right now we have REDAs which . . . I appreciate there are ongoing contractual commitments for another year or part of a year. And we have these enterprise regions, which sound like REDAs, and the minister says we're going to continue to have both.

What do the enterprise regions do? How is the membership of their authority, or whatever governs them, going to be made up? And how are they going to work with REDAs? And how are they going to be different from REDAs? If that's not too many questions clustered together.

Hon. Mr. Stewart: — I don't think they're different from REDAs. REDAs will work within the enterprise regions to

provide economic development services to the public and to business.

Mr. Quennell: — Well, Minister, the \$2 million that's going to enterprise regions, who's getting that money if it's not the . . . It's not the regional economic development authorities. They're getting inflation increase. Who's getting the \$2 million?

Hon. Mr. Stewart: — The \$2 million is money that's being used to transform the existing REDAs into the high-performing REDAs that we expect to see in a year or so or considerably less hopefully. Certainly by this time next year we will have those in place. And that \$2 million is money that's used to transform the existing REDAs and incentivize them to develop into high-performing regions.

Mr. Quennell: — Now the \$1 million that was referred to as tools development by the minister, is that part of the \$2 million?

Hon. Mr. Stewart: — No.

Mr. Botting: — No, the \$1 million is extra as part of paying for consultation processes, facilitators, as we help to get the 27 current REDAs working in a smaller number, and as we do that transition process.

Mr. Quennell: — Okay. If it's not part of that \$2 million, what line item is it part of?

Mr. Botting: — That extra million? (EI04).

Mr. Quennell: — I'm sorry, where am I going to find that in the estimates? (EI04).

Hon. Mr. Stewart: — (EI04).

Mr. Quennell: — Okay. So it's part of the \$4.1 million.

Hon. Mr. Stewart: — Yes. That's correct. Yes.

Mr. Quennell: — Okay. So that doesn't flow with the REDAs. That's money spent by the ministry.

Hon. Mr. Stewart: — It's used to build capacity in the REDAs, but it's not paid directly to the REDAs.

Mr. Quennell: — Okay. And the minister referred to structural problems with the way the authorities are structured in that they are primarily municipal representatives or representative of municipal governments. Is this capacity building about providing training or skills training or other types of training to municipal leaders who currently serve on REDAs, or is this capacity building about adding different individuals to REDAs or what is . . . Whose capacity is being built here?

Hon. Mr. Stewart: — This capacity building will be about bringing all players to the table, including three levels of government if possible, and in individual circumstances certainly the private sector and of course still representatives from municipal government that have always been part of the REDAs. We'll probably add Aboriginal representation as well.

Mr. Quennell: — Okay. So I mean, is the \$1 million to

facilitate essentially expanding the size of the authorities, adding the number of stakeholders at the table?

Hon. Mr. Stewart: — In a general way, I guess that would be the correct answer. Yes. Adding capacity is . . .

Mr. Botting: — If I may, it would for example include potential training initiatives that could be delivered, say, in partnership with something like SEDA, Saskatchewan Economic Developers Association, which we have often partnered with in the past. And then they would provide seminars or training or workshops to enhance some of the education among the REDAs as they move towards this higher-performance and collaborative and more integrated model.

Governance, building stronger governance policies as an example. Aboriginal sensitivity and partnerships, because we feel a lot of our REDAs have not had enough strong Aboriginal representation with them, within their tables. So it'd be many of those kind of examples where we need to further increase that training, that sensitivity, and that greater sense of inclusion.

Mr. Quennell: — Is it the government's belief that there are too many REDAs and there should be fewer of them?

Hon. Mr. Stewart: — Well that's the government's belief, that the REDAs don't have enough capacity to be as effective as we'd like them to be. And it seems that in adding capacity, likely those regions will become larger although what we're encouraging in the REDA working group to consider are very wide, grey lines between them. And we hope to see more overlap and collaboration between REDAs and more teamwork, frankly, across the province.

Mr. Quennell: — I don't want to belabour the point but the enterprise regions, I take it, are not necessarily coterminous with the current regional economic development authorities. Is that correct?

Hon. Mr. Stewart: — No, not necessarily. Not necessarily at all, but that will be decided in consultation with the REDAs in this process of developing high-performing REDAs.

Mr. Quennell: — Okay. So I still want to get a sense of who's getting this \$2 million and what they're spending it on, because it's not going to the REDAs. That's clear. One million dollars is for high-performing regions, I think the minister said.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — And which are the high-performing regions? And why do the high-performing regions get money and regions that aren't performing don't get money? And what do high-performing regions do with the money? And who gets it? And what are they supposed to spend it on?

Hon. Mr. Stewart: — When this process is complete, member — I appreciate the question — all of the regions will be high-performing regions. That's the object. And I'll maybe turn, hand off to Mr. Botting for a more detailed explanation of how the money will be spent.

Mr. Botting: — Sure. Again there's the two numbers, the 2 million and the 1 million. The 2 million, we will be incentivizing the existing mix of REDAs so there will be money, that 2 million will flow through the REDAs to incentivize their enhanced collaboration. Think of it like that REDA Enhancement Fund that we talked about earlier. Well we want to strengthen that even further.

The 1 million will not go directly to REDAs but to other partners or trainers or facilitators to further help create the skill sets and the tools so we can get the larger regions to work more together and actually develop the dialogue and the understanding of what is a high-performance region, give us some best-practice models, some templates and so on. So we would like to incentivize through the existing REDAs with the 2 million, a chance to have them further come together.

We're very sensitive and we've known lots of examples in Saskatchewan where people have tried to draw lines on a map and say, this is the new model. We're very aware that that's fraught with a great deal of danger in terms of that arbitrary determination of what new regional boundaries look like. So instead we're taking the incentivization approach to suggest that if you come together and collaborate, the 2 million will be there to assist you as REDAs, as coming together to further create a new, larger collaborative model.

Mr. Quennell: — Okay. Now we have \$2 million. And I understood that none of it was going to go through REDAs. And now I understand that half of it is going to go through REDAs. That's what the deputy minister just said — \$1 million of it is going to go through REDAs like the REDA Enhancement Fund. It will be similar to the current REDA Enhancement Fund. Is not that what I heard?

Mr. Botting: — Do you want to further respond to that?

Ms. Haas: — If I can. It's 3 million in total, 2 million . . .

Mr. Quennell: — Sorry. It's 3 million in total.

Ms. Haas: — There's 2 million in the enterprise regions, which is the money that Dale spoke about using to incentivize REDAs to come together to build larger capacity. And then there's the \$1 million that's in (EI04) that's used for training and building collaboration and things like that to bring these groups together. Now if I might, just to perhaps make a point on . . .

Mr. Quennell: — I'm sorry to interrupt, but just so I don't get lost again. So the \$1 million that's not accounted for yet is the \$1 million the minister referred to as going to high-performing regions, so . . .

Ms. Haas: — The \$2 million that's in enterprise regions . . .

Mr. Quennell: — Yes, \$1 million of it is to go to high-performing regions.

Ms. Haas: — No. That \$2 million goes to high-performing regions, okay? That \$2 million that's in (EI03) that's listed under enterprise regions will go to fund the culmination or the collaboration. It will go directly to the REDAs that choose and it's an incentive for them to come together to build larger

capacity, to operate on a larger basis.

Now if I can explain why. REDAs were developed 14 years ago. And at the time, economic development was done . . . You know, community had a much smaller meaning now, whereas now, with operating in the global economy and the competitiveness issues that we have, there's more and more of a recognition that REDAs need to operate in a larger region. And even the REDAs themselves have recognized that. So the \$2 million is going to be used to incentivize them to come to an agreement and come together to operate as a larger region in order to effectively compete in the global economy.

Mr. Quennell: — I don't expect anybody to answer this question. I was just wondering when incentivize became a verb meaning pay.

Hon. Mr. Stewart: — I think that's a Dale Botting verb.

Mr. Botting: — I guess that's my own unique dictionary . . . [inaudible] . . . incentives, to encourage.

Mr. Quennell: — Okay. I mean I don't want to oversimplify it, but I do want to understand. So the \$2 million is to provide, is the funds that provide an incentive for regional economic development authorities to consolidate. The deputy minister is nodding, but I would like something in *Hansard*.

Mr. Botting: — That's a good way to put it. We say collaborate, but ultimately it could lead to actual full-fledged governance consolidation.

Mr. Quennell: — Okay. Well maybe it was me, but I thought it took us a lot longer to get there than I maybe think was necessary. The SaskBIO program at \$3 million, that's a loan program. Is that a forgivable loan program?

Hon. Mr. Stewart: — It's a repayable . . .

Mr. Quennell: — Not forgivable.

Hon. Mr. Stewart: — It's unchanged from previous years. It's a repayable program based on profits being achieved, and it's a program that was just simply carried forward.

Mr. Quennell: — It sounded terribly familiar, Minister, but I didn't see any expenditure in 2007-2008.

Hon. Mr. Stewart: — It was a mid-year item. It came along after the '07-08 budget. And there are no payments accruing under this program until projects are actually up and not only commissioned, but they have to actually achieve their nameplate capacity before any money flows to them from this program.

Mr. Quennell: — So the program that the previous government considered and decided upon, maybe your last year, is the program that is described here which is why it would sound terribly familiar to me and the estimate is that there'd be \$3 million lent out in this year. Is that correct?

Hon. Mr. Stewart: — I think that's correct because we expect only one new project to come on stream in this fiscal year.

Mr. Quennell: — And which project is that?

Mr. Botting: — The Unity initiative, the project in Unity, Saskatchewan.

Mr. Quennell: — And that's using grain?

Hon. Mr. Stewart: — That would be grain based.

Mr. Quennell: — Okay.

Mr. Botting: — Northwest terminals.

Mr. Quennell: — Are there any cellulose projects on the horizon, Minister, that you're aware of?

Hon. Mr. Stewart: — There certainly is a company from Ottawa that's considering a cellulose ethanol project either at Birch Hills or possibly at Prince Albert, but a long ways from reach nameplate capacity. But certainly they are considering activities in that area.

Mr. Botting: — If I may, there's also a second feasibility study, and it's very much at the bench scale yet. But in the Nipawin area, there is a group that is looking at cellulose . . . [inaudible] . . . ethanol as well actually through one of the feasibility studies that is funded from a previous REDA Enhancement Fund program.

Mr. Quennell: — But those are at the stages of expressions of interest if that's . . .

Hon. Mr. Stewart: — Yes, basically.

Mr. Quennell: — Does the government have any concern about matters that are being discussed — I think in the same issue of *The Globe and Mail* that the minister was citing earlier — the role that transferring grain from food to fuel is having on world food prices, or does the government consider that outside its range of concern and responsibility?

Hon. Mr. Stewart: — Well certainly world food security is more of an issue, I think, morally to us than food prices. We also recognize that our agricultural producers have been underpaid for the products that they sell on the world market for very many years, and finally biofuels have helped them have a payday as well. And they are our primary concern.

But on the moral issue of food costs versus food security, I think food security is a more important issue. And the thing with biofuels, it's actually ramping up the production of cereal grains in the world considerably. And if there is ever a world food, a real dramatic world food shortage crisis, that grain could be . . . I mean the ethanol and biofuel plants could be shut down in a heartbeat and that grain would all become available for food, and actually increasing dramatically the supply of food in the world.

So we think, number one, it's very good for our own agricultural producers who have frankly subsidized the world for many years with low food prices. And it also contributes to world food security in the long term.

Mr. Quennell: — And Saskatchewan farmers now get to produce an input as opposed to having to just pay for them?

Hon. Mr. Stewart: — Yes, that's right.

Mr. Quennell: — The minister's obviously thought about this some, so I appreciate the minister's answer.

Is there a maximum for the amount that can be loaned for any given project?

Hon. Mr. Stewart: — I believe \$10 million is the maximum for any single project.

Mr. Quennell: — And the \$3 million is designated for just one project?

Hon. Mr. Stewart: — It's quite a small project — 25 million litre plant. Typical now is about 130. So it's a smaller plant, that's why the lower number.

Mr. Quennell: — And I guess for the public record, just as much to refresh my memory, what is the criteria to be an applicant for this loan? Obviously producer involvement. And if you could just provide some details to that.

Hon. Mr. Stewart: — Yes. Now this has been changed. Anyone living or doing business within . . . We've made some changes to this program. The original program that was introduced last year, we've changed all three of these criteria actually to make it . . . We've lowered the barriers to becoming eligible for assistance through this program. Originally the program that we inherited, anyone living or doing business within a 100 kilometre radius of a project would have been an eligible investor, but now eligible investors are anyone living or doing business within the province of Saskatchewan.

The maximum farmer or community investment criteria of the program that we inherited was 50 per cent, and we reduced that to 20 per cent. And the minimum contribution per litre originally was two cents, and we changed that to five cents. And the object of all three of these changes was to make it easier for projects to access this, this money. And the change was basically driven by the fact that the projects were all having trouble obtaining sufficient local investment to get up and running.

Mr. Quennell: — The producer involvement was 50 per cent and is now 20 per cent?

Hon. Mr. Stewart: — The maximum farmer or community investment was 50 per cent and now it's 20.

Mr. Quennell: — Or the minimum, you should say. Minimum farmer and community involvement.

Hon. Mr. Stewart: — They get the maximum now . . . contribution from the program with a 20 per cent farmer or community investment where before it was 50 per cent.

Mr. Quennell: — Oh so there was a sliding contribution depending on producer involvement?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — And to receive the maximum for, it would require 50 per cent farmers or community and what was the definition of community?

Hon. Mr. Stewart: — Anyone at . . . previously it was anyone living or doing business within a 100 kilometre radius of that, but now it's anyone living or doing business in the province.

Mr. Quennell: — Not necessarily a farmer.

Hon. Mr. Stewart: — No, not necessarily, but a community . . . Yes any farmer in Saskatchewan would be eligible, but also community groups are also eligible.

Mr. Quennell: — Okay. Community groups obviously still have to be in the community, but the farmers can be anywhere. Is that right?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Okay.

Hon. Mr. Stewart: — I'm thinking of new gen co-ops and so on as community groups.

Mr. Quennell: — Right. So we're not talking about individuals. We're talking about persons which include corporations and co-operatives and . . .

Hon. Mr. Stewart: — Not corporations, I don't believe. Individuals and community groups which would be co-operatives.

Mr. Quennell: — Okay. Do they have to be individual farmers or agricultural corporations defined as farmers?

Hon. Mr. Stewart: — The criteria is that they have to have paid taxes as a farmer under The Income Tax Act.

Mr. Quennell: — Okay. So what are the definition of the farmers in The Income Tax Act? Can anybody help me with that? I know I'm not one.

Hon. Mr. Stewart: — I think I am or I was. I'm not sure any more.

Mr. Quennell: — Okay. Well perhaps we can come back to that after I've had a chance to do some research on The Income Tax Act. Let's see if I got the changes right.

So now the maximums available, if you have 20 per cent community involvement or farmers — and the farmers can be from anywhere in the province. And what was the other criteria? Oh the amount per . . .

A Member: — The amount per litre of . . .

Mr. Quennell: — The amount per litre.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Could the minister maybe expand on that and why that change was made.

Hon. Mr. Stewart: — Yes. Originally two cents and changed to five, just to allow the participants to reach the maximum threshold a little easier.

Mr. Quennell: — A little easier. Is the current price of gasoline affect the ministry's — I don't know — prognosis for the future of ethanol in the province?

Hon. Mr. Stewart: — Well the current price of gasoline makes ethanol more attractive. Unfortunately the current price of feedstock grain makes it less attractive. So we gain on one side and lose on the other. It's a narrow margin proposition right at the present time.

Mr. Quennell: — When were these changes in criteria made?

Hon. Mr. Stewart: — January I believe. January, yes.

Mr. Quennell: — And was that \$3 million committed before that date or after that date and perhaps as a result of the change of the criteria?

Hon. Mr. Stewart: — Yes, before. Unity was already at that level.

Mr. Quennell: — Okay. As fascinating as I find ethanol, I think we're reading to move on.

(EI09), industry development — develops and implements policies, programs, and services, supporting the industry, sector, and business development — the minister's ready for another set of questions? Two dramatic changes within this part of the vote, Minister, one on business development — a drop from \$3.35 million to less than half a million dollars. I guess just an open general question is, though, why that is.

Hon. Mr. Stewart: — That represents transfers out to Enterprise Saskatchewan.

Mr. Quennell: — Now the budget of the ministry goes up from \$52 million to \$60 million, and the budget of Enterprise Saskatchewan is \$8 million. But that's not all new money; that's transfers from within. So I guess I need to look at some of the areas where spending has gone up, and the enterprise regions is certainly one of them — \$2 million. So that is work that was done within the ministry, is now being done within Enterprise Saskatchewan or is anticipated to be done this year within Enterprise Saskatchewan.

The \$484 million that's left in the department, is it anticipated that . . . I'm sorry, the ministry. Is it anticipated the ministry will spend that money by June 1, 2008, the date set for the — I don't know what to call it — the end of the ministry?

Mr. Botting: — This was at the time that this was put forward as estimates, if I may, that included some money for the green technology commercialization fund program administration, BizPaL, which is an information service and enhanced business information services generally. This would be the annual allocation. If there's a further transfer in the course of the year,

that'll be reflected in next year's supplementaries as part of overall Enterprise Saskatchewan.

But when we put this budget to bed, we had not this amount but the other amount from the former industry side of the ministry which was sector development and marketing, and that's where the bulk of that money was before.

Mr. Quennell: — And I guess some of this confusion arises in this transition year, if I can call it that. All these numbers for 2008-2009 I assume are actually annual numbers, even though you expect the ministry may come to an end within the year.

Hon. Mr. Stewart: — I believe that's right. That's right.

Mr. Quennell: — Well while we're on green initiatives — and I might ask what those are — I think there was an official that was introduced as the director of sustainability or . . . I'm curious as to what his office entails and what it does.

Mr. Botting: — Certainly.

Mr. Quennell: — It'll give some of the people at the front a break as well.

Mr. Moskal: — An interesting question. In the former Department of Industry and Resources, I was director of sustainable development. Within that branch, we worked with the Department of the Environment and operated or assisted in the delivery of the green technology commercialization grant. The money was housed over at Environment.

The other initiative that we're involved in is the ethanol grant, and we work with the fuel distributors on the downstream of implementing the ethanol regulations and the like.

Mr. Quennell: — Not to make a public servant uncomfortable, Minister, but what are your future plans? What's the government's future plans within Enterprise Saskatchewan for the initiatives that previously undertaken by the director of sustainability?

Hon. Mr. Stewart: — The environmental fund will certainly continue, but it will be under the department or the Ministry of the Environment in future years.

Mr. Quennell: — Okay. So that wouldn't stay within Enterprise Saskatchewan.

Hon. Mr. Stewart: — No.

Mr. Quennell: — That would be now moved over to Environment.

Hon. Mr. Stewart: — That is correct.

Mr. Quennell: — And the sort of initiatives that are under the \$484,000, that's the green initiatives, they also would be transferred over to the Ministry of the Environment.

Mr. Botting: — No. Business pal, BizPaL and the information services will be very much continued within the ministry. The only thing that we see ahead is that that FTE, that full-time

equivalent position that was providing analytical support for Environment, will be reallocated to help with some of the new functions within Enterprise Saskatchewan, longer term. But the actual program, as it has been before, the actual program dollars which is separate from the individual support and analysis, has stayed in Environment and Environment will absorb the analytical capacity within their own, within their own ministry.

Mr. Quennell: — The dollars were already there.

Mr. Botting: — Yes.

Mr. Quennell: — Now I assume the answer is similar in respect to marketing, that the \$3.7 million is now been transferred over to Enterprise Saskatchewan. Or is the answer that the government doesn't agree with how this money has been expended in the past and that's something that you're not going to do any more?

Hon. Mr. Stewart: — That's transferred to Enterprise Saskatchewan.

Mr. Quennell: — Okay. Now the \$3.7 million, that was the advertising programs that raised the profile of the province outside the province.

Mr. Botting: — That's correct.

Mr. Quennell: — And tried to sell the province as the it province.

Mr. Botting: — That was . . .

Mr. Quennell: — That seems to have sunk in somewhere.

Mr. Botting: — If I may . . .

Mr. Quennell: — In Toronto.

Mr. Botting: — The Innovation by Nature campaign and some of that larger consciousness and profile raising, in addition we had sponsorship money. And the collateral that we would use for actually packaging our information to describe the province when we've been doing investment attraction externally, outside our boundaries, all of that is part of the marketing budget that we see absolutely continuing in the future.

Mr. Quennell: — But within Enterprise Saskatchewan.

Mr. Botting: — Correct.

Mr. Quennell: — This year I mean . . .

Mr. Botting: — Yes.

Mr. Quennell: — And immediately because there are no funds set aside within the ministry itself, is that correct?

Mr. Botting: — That's correct.

Mr. Quennell: — Right. So of the \$8.378 million set aside for Enterprise Saskatchewan, how much of that \$8.378 million is marketing money?

Mr. Botting: — The continuation of the 3.74 essentially, with some small adjustments for inflation. And then an addition would be the business development numbers, again with a small adjustment for inflation, because those were all the FTE costs and the related expenses for the sector work.

And then there's an incremental \$1 million which is the actual new money for Enterprise Saskatchewan, and that helps pay for the added costs of consultation through the board itself, the various sector teams, and other collaborative bodies as well as additional start-up money like IT costs and so on if we want to further enhance that, which we see ourselves doing. I hope that adds up close to the 8.3.

Mr. Quennell: — Yes, well I'm going to take you through it again, so that's fine. I have, say, roughly \$3.8 million marketing money. That leaves four and a half million dollars. Where does the other four and a half million go this year within Enterprise Saskatchewan?

Mr. Botting: — Okay. Enterprise Saskatchewan will be — if I could give the full numbers, if I may — 261,000 from the former public affairs group will be now into Enterprise Saskatchewan; 225,000 which was the proportional share of IT funding that was for the staff before we transferred them over; 462,000 which was the proportional share of accommodation funding to house all our staff before we transferred them over to Enterprise Saskatchewan . . .

Mr. Quennell: — That's the 43 employees.

Mr. Botting: — That's correct.

Mr. Quennell: — Right. Okay.

Mr. Botting: — The 3.474 million from business development which was largely our sector folks in some of the strategy analysis that we had . . .

Mr. Quennell: — That number is three point . . .

Mr. Botting: — 3.474 million. And then marketing is a transfer of 2.956 million for what we have budgeted for the year ahead. And then we have an additional 112,000 which was brought into the ministry through one FTE from the Ministry of Tourism, Parks, Culture and Sport and now that additional FTE is going over also to Enterprise Saskatchewan.

Mr. Quennell: — And that . . .

Mr. Botting: — And then the 1 million incremental, the brand new million. So that's sort of the full list.

Mr. Quennell: — So except for the million dollars, the up to \$7.3 million are transfers from various parts of the ministry or from outside the ministry.

Mr. Botting: — Correct.

Mr. Quennell: — Okay. And the transfer on marketing is \$2.9 million.

Mr. Botting: — 2.956.

Mr. Quennell: — So there's actually a reduction in the amount being spent on marketing.

Mr. Botting: — A slight reduction. And that was because actually some of our . . . we're going to be ramping up our marketing over a multi-year period. There was quite a flurry of marketing last year and we're now going to be regrouping, and we've taken some of that money to make the appropriate salary adjustments because we wanted all the positions to be fully funded.

Mr. Quennell: — Now the \$3.47 million, if I've got that number right, on sector analysis again, that's not new. It's new within Enterprise Saskatchewan, but it existed within Industry and Resources, is that correct?

Mr. Botting: — That's correct.

Mr. Quennell: — And what does that involve?

Mr. Botting: — Primarily our sector development group and the folks also involved in the innovation area who are providing work on analysis and the monitoring of major innovation projects like the Canadian Light Source and the VIDO [Vaccine and Infectious Disease Organization] and all of the support around that.

We had sector personnel in energy and in mining, agri-value, value-added mineral development and manufacturing, just to name examples of some sectors. So we're transferring all of those sector expertise into Enterprise Saskatchewan.

We also had a competitiveness group that was looking at competitive policy and strategy. And that group also is part of the transfer over into Enterprise Saskatchewan.

Mr. Quennell: — Did the energy and mining analysts go over to Enterprise Saskatchewan, or did they go to the new Department of Energy and Resource?

Mr. Botting: — They're going over to Enterprise Saskatchewan because they're value added. It's beyond the production level into things like the poly-generation project and the initiatives around refining and so on.

Sorry, Minister, I should leave those questions for you.

Mr. Quennell: — So the term mining is a little bit misleading, I guess.

Mr. Botting: — Yes. It would be value-added mineral development.

Mr. Quennell: — And the \$1 million new money, that's the consultation money?

Mr. Botting: — Correct, largely. But also there would be the board expenses and honoraria. The consultation money through sector teams and strategic issues councils. And then we'd have a little money left over on top of that for some enhanced IT capacity, website development, that sort of thing.

Mr. Quennell: — What is the board honorarium?

Hon. Mr. Stewart: — It's \$155 a sitting day, so they're not feeling like they're overpaying them.

Mr. Quennell: — Minister, I appreciated your comments about these citizens losing money while they're serving on the board. I was on the Board of Governors at the University of Saskatchewan, and this is a patronage appointment, at one time in the paper. And I said I should write a letter and explain how many hundreds of dollars I lose every day I attend a board meeting.

It's anticipated that there will be honoraria for serving on the strategic teams and the — what are the? — the sector teams and the strategic issue councils. I want to get the terminology right.

Hon. Mr. Stewart: — There may be some. We're not reinventing the wheel with the sector teams unless we have to. For instance we're going to be calling upon some existing organizations to fulfil that role for us. For instance the Saskatchewan Mining Association we hope will be our sector team for the mining industry, and so on. And from our initial conversations with them, they're happy to do that. And there'll be no particular cost to government because it's their role to provide information and advice to government in any event.

So we may have to create some sector teams and fund their members for meeting days, but others we will not have to. And we have no interest in reinventing the wheel in that regard. And we do have an interest in keeping costs as low as possible.

Mr. Quennell: — I don't want to sound facetious — and that's a danger I run sometimes — but some sector teams will just be sort of renaming a stakeholder like the Saskatchewan Mining Association?

Hon. Mr. Stewart: — In some cases. We won't be renaming them. They will be the Saskatchewan Mining Association providing advice to the board of Enterprise Saskatchewan as the mining sector team.

Mr. Quennell: — But the mining sector team would be entirely made up of the mining association. I'm not arguing with that because they represent miners. But that would be the case. But that wouldn't necessarily always be the case that there would be an association that would conveniently cover the sector. So what other models do you have in mind?

Hon. Mr. Stewart: — Well there will be some — say, agriculture — maybe we have to choose a mix of agricultural producers, livestock producers, grain growers, and so on to sit from time to time to provide advice to the board. And for the days that they have to sit, per diems will be paid.

Mr. Quennell: — And how will those per diems be set?

Hon. Mr. Stewart: — I believe the government rates, which I believe for senior advisory roles like that are \$155, set by the office of the comptroller, I'm informed.

Mr. Quennell: — Okay. Does the board — and maybe I'll come back to this when we're dealing with the legislation in committee, Minister — but does the board set anybody's . . . I know they don't set their own honorariums, but do they under

the legislation set anybody else's honorarium?

Hon. Mr. Stewart: — I don't think so, no.

Mr. Quennell: — I had some recollection, but we'll take a look at the legislation. Maybe if there's a question there, we'll deal with it then. So the \$1 million for consultations, some part of that, but some relatively small part of that will be board expenses and board honorariums that will hardly come to a million dollars. Where is the bulk of that money going to be spent?

Hon. Mr. Stewart: — Start-up costs I understand will be a substantial part of it. And what else do we have?

Mr. Quennell: — With respect to everyone, Mr. Chair, if the deputy minister wants to give a fuller answer on the record as opposed to making the shorter version from the minister, that might be better.

Hon. Mr. Stewart: — Go ahead.

Mr. Botting: — As the minister indicated, the additional start-up costs would include some expansion of an IT capacity, some of the additional space modifications as we look at a new organizational model. There will be a separate identity for Enterprise Saskatchewan, so there's letterhead and all of the visual identity that will be part of that. And we also would be looking at additional collateral that would be part of describing the Enterprise Saskatchewan, stakeholder feedback process as part of our, just our marketing materials within that budget, supplementing what's already in the other marketing money.

Mr. Quennell: — So some of this \$1 million is one-time money, not seen as an ongoing expense?

Mr. Botting: — It may well be the case in the transition year. We're just sorting out what our final numbers will be. As the minister indicated, our desire is to be as efficient as we can so it need not necessarily be carried over if we find it's one-time costs.

Mr. Quennell: — (EI07) I guess puts the deputy minister in an interesting position. The Saskatchewan Trade and Export Partnership, this organization has been held out as not an exact model but something as a model. When the government has been trying to explain to members of the opposition what's intended by Enterprise Saskatchewan, STEP has been used as an example. It's anticipated, I take it, that the funding for the Saskatchewan Trade and Export Partnership Inc. would continue to come from the Ministry of Enterprise and Innovation and then Enterprise Saskatchewan?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — The Saskatchewan Trade and Export Partnership Inc., would it continue to go to Treasury Board and request to funds, or would that be now the job of Enterprise Saskatchewan to do that?

Mr. Botting: — Yes, past practice has been that the umbrella ministry, formerly the Ministry of Industry and Resources, will request on behalf of STEP. And by courtesy, in the past, the

ministry, the Department of Industry and Resources would invite STEP for a short presentation as part and parcel of that team presentation to Treasury Board. We would anticipate no change in that kind of convention.

Mr. Quennell: — And I guess while I'm on that subject, there'd be, after the ministry no longer exists, there'd still be . . . a Minister Responsible for Enterprise Saskatchewan would be making these submissions to Treasury Board and may continue the convention of having STEP make its own presentation. Is that fair to say?

Hon. Mr. Stewart: — I think so. Yes, that's fair to say.

Mr. Quennell: — The funding for STEP, again is that just inflationary change?

Hon. Mr. Stewart: — Yes, that's all it is.

Mr. Quennell: — So there's no anticipated change in the activities of the partnership, I take it.

Mr. Botting: — No, not really. STEP has other own-source revenues and of course above and beyond this grant allocation. And in the past, the province has given STEP other monies, one-time monies, which they continue to accrue interest earnings on or through repayable loan contributions through some other, through export lending, etc. And so we believe that . . . And STEP actually came to the ministry with a fairly modest request through government originally because they were quite satisfied with their other own-source revenue strategies.

Mr. Quennell: — I take it that there's no . . . or not seen to be any reason why any of the activities of STEP would be folded in to Enterprise Saskatchewan, that STEP would be left as the same independent organization that it is currently.

Hon. Mr. Stewart: — Yes. STEP will be left as is. We're very pleased with the performance of STEP in the past and expect future good things as well.

Mr. Quennell: — Would STEP be a sector team or part of a sector team on export?

Hon. Mr. Stewart: — I haven't contemplated that myself. I suppose anything is possible down the road, but I don't foresee that.

Mr. Quennell: — Is there anticipated to be a sector team on exports in particular?

Hon. Mr. Stewart: — No . . .

Mr. Quennell: — That's a major . . .

Hon. Mr. Stewart: — It's not one of the ones that are listed in the Act, but there is provision to add sector teams as necessary in the future.

Mr. Quennell: — As the minister knows, we're a major exporter, but I guess if the government believes that STEP covers it off, then . . .

Hon. Mr. Stewart: — At this point I would say so, yes.

Mr. Quennell: — Okay. The minister referred to in his remarks the next dramatic change, and that is the discontinuance of any funding to support and promote the development of co-operatives. He did allude to continuation of the funding for the Centre for the Study of Co-operatives. There's zero here under the line item. So where is that support coming from, and how much is it?

Hon. Mr. Stewart: — That number is \$75,000, and it's transferred into policy and planning, (EI02). I think the member will find it there.

Mr. Quennell: — Okay. I don't have an (EI02) in my book of Estimates, I don't think.

Ms. Haas: — It's policy and planning on page 59.

Mr. Quennell: — Okay. Yes. Okay. Well maybe we'll go back to that number in a second because that number has actually grown. And one of the reasons it's grown I take it is because the 75,000 that was in the co-operatives. (EI05) is now over in the policy and planning.

Hon. Mr. Stewart: — Yes. Correct.

Mr. Quennell: — And that \$75,000 is budgeted for this year. How does that compare to last year?

Hon. Mr. Stewart: — Yes. It's the same number, I believe.

Mr. Quennell: — The same. Okay. And I'm not going to — well I shouldn't say I'm not going to because I very well might — hold the minister to this. But does the minister believe that this is a valuable expenditure that should continue in future years?

Hon. Mr. Stewart: — This is a contract member, and it expires somewhere around mid-2009. And it will be reviewed at that time, and a decision will be made then as to whether or not it's continued on.

Mr. Quennell: — Okay. Going back to the policy and planning amount, that has increased by it looks like almost a third. Seventy-five thousand dollars of that — so a little over 10 per cent — is the money that's been provided to the Centre for the Study of Co-operatives. What accounts for the rest of the increase under that planning or under that line item?

Hon. Mr. Stewart: — There's \$100,000 increase under policy and planning for SaskBIO and a \$75,000 increase for Sask Biofuels Development Council grant funding. I think those are the increases that you're referring to.

Mr. Quennell: — Okay. Those were monies that weren't spent in the last year.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Okay. Who are the Saskatchewan Biofuel Council?

Mr. Botting: — It used to be the ethanol Development Council that was a spinoff of Agrivision Corp. And then they went beyond ethanol to include in their mandate biodiesel and larger definitions of biofuels. They reconstituted. And it has a membership base with an elected board. And they are essentially a sector association to represent the full biofuels industry in the province.

Mr. Quennell: — Okay. They're a provincial organization?

Mr. Botting: — Yes, they are.

Mr. Quennell: — And might be called a lobby group — not pejoratively but just a colloquial term.

Mr. Botting: — I suppose. In the same way, I suppose you could say the same thing about the mining association that we've discussed earlier, and so on. But advocacy would be only one of their roles. A lot of their roles are actually related to education and training and those sorts of things as well.

Mr. Quennell: — Do they play a role in funding what, I assume, was a national campaign that I saw on TV with the fellow with the beard that was going around doing staged interviews about biofuels on the street? I can remember that campaign in favour of ethanol biodiesel.

Hon. Mr. Stewart: — I do. I remember, member, but we don't believe that that was funded by this group.

Mr. Quennell: — Okay.

Hon. Mr. Stewart: — I think it was the national organization.

Mr. Quennell: — National organization.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — You don't know if there was any provincial contribution to that?

Hon. Mr. Stewart: — I can't say for sure.

Mr. Botting: — I would think, I'm almost sure the answer is no. Their budgets are very tight, and I couldn't envision where they would have the dollars to do that actually.

Mr. Quennell: — Well I thought it was a very effective campaign but probably quite an expensive one. And the other money on biofuel that's under this line item was for . . .

Hon. Mr. Stewart: — SaskBIO communications, which is just that — advertising of their programs within the province.

Mr. Quennell: — Advertising of the programs of the council?

Hon. Mr. Stewart: — No, this is SaskBIO, the programs that we discussed that we've made modifications to in January. That's SaskBIO.

Mr. Quennell: — So this is communications paid for by the government. Are the communications by the government?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — And to whom?

Mr. Botting: — . . . things we have in mind and will be doing continually is through the Weekly Newspapers Association or other media to further indicate the slight modifications in the SaskBIO program and the eligibility and what the supports are for organizations who have projects that would like to be considered under the program funding.

Mr. Quennell: — Okay so this . . .

Mr. Botting: — To the general public.

Mr. Quennell: — So this is . . . But particularly to people who'd be eligible as investors in the loan program that we previously discussed.

Hon. Mr. Stewart: — Those would be the people who'd be most interested, yes.

Mr. Quennell: — Okay. And that was what amount? Sorry.

Hon. Mr. Stewart: — \$100,000.

Mr. Quennell: — And that's anticipated with mostly print in rural newspapers?

Hon. Mr. Stewart: — Yes, I would think mostly print advertising but certainly advertising.

Mr. Botting: — There are pamphlets and that sort of . . . I call it marketing collateral. But it's pamphlets and brochures that describe the slightly revised program.

Mr. Quennell: — The deputy minister's going to have share his dictionary with me some time. This would go a little quicker. Marketing collateral? Okay that's a new one too.

There has been some discussion, public discussion about the criteria and point system used to award . . . maybe award's not the right word, but appoint board members for Enterprise Saskatchewan. Can the minister provide the criteria and the point system and how that worked?

Hon. Mr. Stewart: — Apparently we don't have the list of criteria with us, but certainly it's on the web site. And they were generally chosen for their reputation in their own field of endeavour, their own sectors of the economy, their governance experience, their proven collaboration inclinations, and perhaps the deputy could fill me in on other criteria.

Mr. Botting: — We had about another, I think, 10 or 11 different factors: experience in economic development and their track record, track record in collaboration and also work and experience in consensus building bodies with diverse interests, governance. We also looked at the normal skills matrix one would think of as a good board member: some marketing expertise, strategic planning, some legal background.

We took all of these criteria and we applied basically a point scale. And then we had a team of professional civil servants

independently go through the 302 applications that we ultimately collected, applied the point scale, and then we looked at what the top scores were for each of the representative categories as dictated by The Enterprise Saskatchewan Act.

Mr. Quennell: — How many different criteria were there?

Mr. Botting: — I think there were . . .

Mr. Quennell: — I mean overall criteria for which one would get certainly for points.

Mr. Botting: — Eleven or twelve.

Mr. Quennell: — Okay and what was the maximum number of points one could get for each criteria?

Mr. Botting: — Three. And we used half points, so it would be zero to point five, one. It was a way in which we decided to put our numbers on the big spreadsheet when we went through them all.

Mr. Quennell: — Okay, full score would be somewhere around three, three thirty-six?

Mr. Botting: — That's correct.

Mr. Quennell: — The deputy minister kept saying we. Who is we?

Mr. Botting: — There were a team of officials that were within the ministry that were a composite of staff both from a sector and our policy group within the industry side of the ministry for the most part.

Mr. Quennell: — Okay. Who were the officials?

Mr. Botting: — I don't know if we can . . . Under public service confidentiality, I'm not sure if we're able to do that.

Mr. Quennell: — Okay. Can you provide me with their positions then?

Mr. Botting: — I can talk about the areas. There's myself as deputy minister . . .

Mr. Quennell: — That would be good enough. Please go ahead.

Mr. Botting: — And then the competition and policy group, our sector development group. I think those were the key areas that we engaged. And we wanted to make sure we kept this as non-partisan as possible by using well-experienced multiple year or well-experienced people that have been in the civil service for quite some time.

Mr. Quennell: — No politicians.

Mr. Botting: — No politicians.

Mr. Quennell: — Not to suggest there would be anything wrong with that, just making sure I understand what happened. There was a transition team of course between former

government and the current government. Were any members of that transition team involved in the process?

Mr. Botting: — Not in that point scoring.

Mr. Quennell: — Okay. Not in the point scoring. Any other part of the process?

Mr. Botting: — Minister, do you want to take it over from there? We gave our scores to the minister and then from there, it went through the minister's office for final acceptance and . . .

Hon. Mr. Stewart: — And we, I think in every instance, went with the highest scoring individuals.

Mr. Quennell: — The highest scoring individual within the . . .

Hon. Mr. Stewart: — Within the sector.

Mr. Quennell: — Within the sector. You think in every case or you're sure in every case?

Hon. Mr. Stewart: — I'm not 100 per cent sure, but I believe that we did.

Mr. Quennell: — Okay. There's been, for reasons of staggering when people come on the board and off the board, it's been indicated that some of the, I guess, nine, no ten non-political — if I can use that term for the unelected members of the board . . . I assume five will serve one-year terms.

Mr. Botting: — That's correct.

Mr. Quennell: — Have you determined which members those will be?

Mr. Botting: — Have we determined which members they are?

Mr. Quennell: — Yes.

Mr. Botting: — Yes. We have a . . .

Hon. Mr. Stewart: — I have that in front of me, member. Ms. Crystal McLeod who is our member at large will be a one-year term. Mr. Gary Merasty will be a two-year term. Mr. Bill Cooper will be a one-year term. Mr. Dave Marit's a one-year term. Michael Fougere is a one-year term. Ms. Myrna Bentley is a two-year term. Mr. Mark Frison is a one-year term. Mr. Craig Lothian's a two-year term. Hugh Wagner's a two-year term. And the Deputy Chair, Mr. Gavin Semple, is a two-year term.

Mr. Quennell: — So that is half and half? I wasn't counting . . .

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Yes. Minister, who advised the successful members that they had been appointed to the board of Enterprise Saskatchewan? — successful, keeping in mind that the honorarium is costing them money.

Hon. Mr. Stewart: — The deputy's office did that.

Mr. Quennell: — Okay. So that was the deputy minister's signature on the congratulatory letter?

Hon. Mr. Stewart: — No, I believe it was my signature on the letters as Chair.

Mr. Quennell: — Okay yes. I had the pleasure of hearing the deputy minister's remarks on Enterprise Saskatchewan at the annual SARM meeting. And there was a representative coming from SARM representing the municipal sector on the board. And the deputy minister stated that — or at least that's my recollection — that he was very pleased that the Premier appointed that representative to the board.

And I guess I would like the deputy minister to have the opportunity to clarify that remark because unless that appointment was made differently than all the other appointments that were just described, that wasn't entirely accurate. But I just want to make sure I understand what was said, what was meant by that.

Mr. Botting: — I'll be as technically accurate as I can for the purposes of particularly, of course, for this forum. This is an interim advisory board, and so they're appointed under ministerial order. Our minister has then the full responsibility for appointment. There may — in fact, there generally was I believe — some consultation with the Premier in general consultation, but at the end of the day it's a ministerial order by our minister.

Under the Act, when The Enterprise Saskatchewan Act is passed, the board appointments must be by order in council. And so at that stage, it'll be beyond the ministerial order, and we will have to actually take what's our interim advisory board and ratify these appointments under OC [order in council] later . . .

Mr. Quennell: — Okay.

Mr. Botting: — Which of course is then chaired by the Premier, is the Chair of cabinet.

Mr. Quennell: — As a former minister, I was defending the current minister's honour here. I think your deputy minister should have given you credit for the appointment and not the Premier by the process that's been described and specifically if it came by minister's order. So there was no difference between Mr. Marit's appointment and anybody else's appointment in respect to who made the decision.

The minister referred to his belief that in every case, or practically every case if not in every case, the appointment was given to the person who received the highest points. Would the minister be willing to share the points provided to each individual with the committee, the members of the committee?

Hon. Mr. Stewart: — No, I don't think we can do that. Number one, I think there would be privacy issues involved with that. Certainly we can tell you the number of points that the winner scored, but we can't . . .

Mr. Quennell: — Oh, that's what I meant. Just the . . .

Hon. Mr. Stewart: — Oh sure. I don't see any problem . . .

Mr. Quennell: — No, I didn't meant the 300.

Hon. Mr. Stewart: — Right.

Mr. Quennell: — Certainly not.

Hon. Mr. Stewart: — Right.

Mr. Quennell: — I didn't need to know that.

Mr. Botting: — I don't think we can. Under The Privacy Act, I think we'd have to consult with Justice. It would be no different than in a similar capacity, you know, when we interview an employee, and you have a point score on an employee.

Mr. Quennell: — I'd be pleased if the minister would just undertake to have that consultation with Justice and see if there's any objection on that front.

Hon. Mr. Stewart: — We'll undertake to do that, and I'll get back to you on it.

Mr. Quennell: — Now just so that I fully understand, as the minister was making the selection based upon the points assigned by a committee of public servants, and the minister believes that he always chose from each sector the individual with the highest point score, but there was consultations with the Premier. What was the nature of those consultations?

Hon. Mr. Stewart: — I did go to the Premier with a list of high scorers and sought his approval, and received it.

Mr. Quennell: — So and I think the scenario is familiar to me. The minister walks into the Premier's office and says, this is the group of people that have been selected for the board using this point system, and what do you think? And he looks at it and says, it looks like a very good group of people to me. Something like that.

Hon. Mr. Stewart: — Basically.

Mr. Quennell: — Yes okay. I've been in similar conversations to answer the member's question . . . [inaudible interjection] . . . No, I've just been in similar conversations. It looks like a good group to me, so. And that's about the extent of the consultation of the Premier?

Hon. Mr. Stewart: — Yes, it was one very short meeting.

Mr. Quennell: — Yes. I have, Chair, a number of other questions and I think other members of the committee might have other questions too, so it's going to carry us well past the adjournment time. I'd be willing to have early adjournment of 10:30 if that's acceptable to other members of the committee and to the minister.

The Chair: — Yes, that would be fine. Prior to asking for an adjournment motion, if you're done your questions for this evening, I'll just, I'll ask for an adjournment motion. According to our regulation, we have to. But before that . . .

Mr. Quennell: — Yes. My questions for the evening if that suits everyone I guess, Mr. Chair, is what I'm saying.

The Chair: — Before that, I'd like to thank the minister and his officials for being here and providing answers to the questions that have been asked. And does the minister have any closing remarks?

Hon. Mr. Stewart: — Yes. Thank you very much, Mr. Chair, and thank all members of the committee for staying up with us tonight and to the member for his questions and certainly to my officials for their diligence and the sleep that they're missing tonight.

The Chair: — Mr. Quennell.

Mr. Quennell: — Thank you, Mr. Chair. I want to thank the minister and all the officials for the conversation we've been able to have this evening, and I look forward to continuing it at a later time. Thank you very much.

The Chair: — I'd now entertain an adjournment motion.

Ms. Ross: — I make that motion that we adjourn for the evening.

The Chair: — It's agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. This committee is adjourned for the evening.

[The committee adjourned at 22:31.]