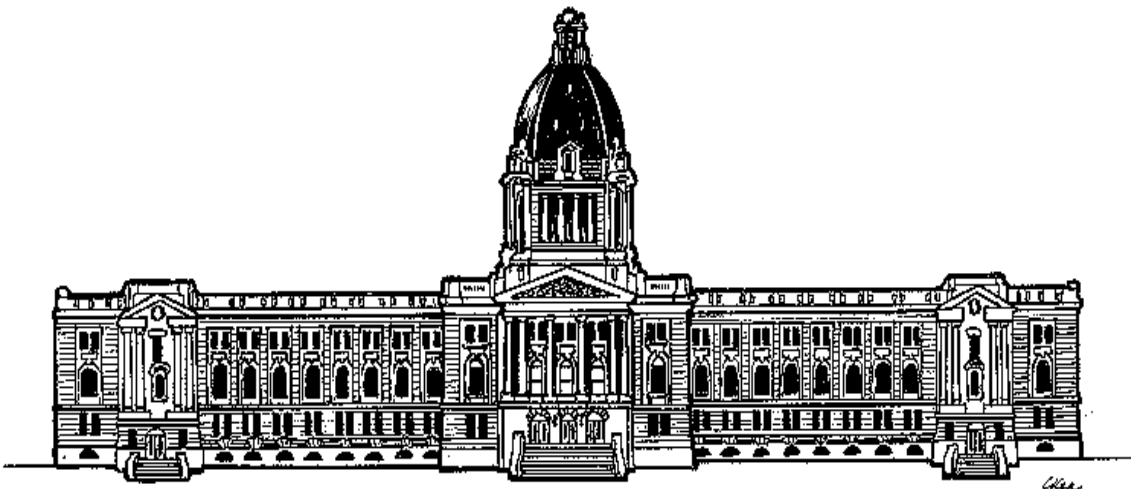




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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 15:02.]

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

Subvote (ER01)

The Chair: — If we could get started, it's the hour. If we may get started . . . Today we're going to do considerations of vote 23, Energy and Resources, but before we would start I'd just like to advise members that it is warm in here. So if you wish to take your jacket off, please do because it is uncomfortably warm. And to get started I would ask the minister if he would introduce his officials, and if he has any remarks.

Hon. Mr. Boyd: — Thank you, Mr. Chair. Welcome to committee members here this afternoon. Along with me are members of the Energy and Resources ministry. Seated to my left is the acting deputy minister, Glen Veikle; seated to my right is Trevor Dark, the assistant deputy minister, petroleum and natural gas division; seated behind me on my left is Hal Sanders, executive director, corporate and financial services; seated in the middle is George Patterson, the executive director, explorations and geological services; and seated over my right shoulder is Kent Campbell, the chief executive officer of the forestry division.

Mr. Chair, I really don't have any opening remarks. I think we can perhaps get right down to business.

The Chair: — Questions. Mr. Furber.

Mr. Furber: — I'd just like to ask the minister to update the people in the province on negotiations with Domtar regarding the pulp mill in Prince Albert. What's the status?

Hon. Mr. Boyd: — I have had recent discussions with Mr. Loulou representing Domtar as of, I believe it was Monday of last week was the most recent opportunity to speak with him. I would ask the member for a bit of his indulgence in terms of the discussion surrounding that. There are shareholder concerns that we have to respect here that discussions sometimes have a way of moving the market a little bit. Mr. Loulou has indicated to me on a number of occasions that these discussions are of a sensitive nature and he would like them to be kept confidential.

I would say though the same that I've said for some period of time, that the discussions have been productive and constructive and ongoing. We are, as we have always been, we're optimistic. In general terms though I would say that this is an asset that doesn't belong to the province of Saskatchewan. It belongs to a publicly traded company that has shareholders all over North America and so we have to be certainly respectful of that, Mr. Chair, in terms of these discussions.

Mr. Furber: — The trees certainly belong to the people of the province of Saskatchewan and I think the agreement with the trees is up and it's up to the minister whether or not he wants to extend to Domtar the ability to hold on to that, the FMA [forest management agreement]. So that part of it does belong to the people of the province and I think — I don't think, I know —

that they're interested in finding out what's going to happen with that.

Additionally I get questions on a daily basis from constituents regarding their ability to go back to work. So I understand that the minister wants to keep the negotiations as private as possible, and I'm interested in respecting the ability to get a deal done, but I have to also represent the interests of my constituents as I'm sure that the minister would understand.

Second question: when might I expect the information that was promised to be provided from the last time that we met for estimates?

Hon. Mr. Boyd: — Mr. Chair, I think that the information is being worked on, as I understand it. We'll provide that information as soon as we possibly can. With respect to the forest management agreement, indeed the resource is a very important resource — that being the forestry resource — the forest of Saskatchewan is an important resource for the people of Saskatchewan. This is an area that employs a number of people, certainly generates a lot of activity in terms of jobs, in terms of investment for the province of Saskatchewan. The protection or the careful management of that resource is paramount to us as a province and we certainly take that responsibility very seriously.

With respect to the forest management agreement that involves the Domtar facility both being managed by Domtar and as well with Weyerhaeuser, I think the key point here is that we have felt as a government that as long as there is productive discussions going on, that there is not much reason to be hasty about making any changes in that process just at this particular time. I think there will be a point — I hope we don't reach that point — but I think there will be a point somewhere down the road that we may have to make a decision with respect to that. I hope we see resolution to this whole thing in the near future here.

So this is, as I say, this is an important area. I certainly understand the concerns of your constituents with respect to job opportunities. It's my understanding that some 95 per cent of the union members have found other employment. That's a number that we have heard coming out of the Prince Albert region. So I think that people have found other opportunities.

However, that being said, that does not diminish our desire to see that mill open in the future. And we're certainly working as diligently as we possibly can. These are complex discussions that involve a number of pieces to the puzzle that have to be put back together.

I also note, Mr. Member, recent comments that you have made with respect to this, that you have felt that the province of Saskatchewan shouldn't be putting taxpayers' money into this type of venture. I think that's, Mr. Chair, I think that's a significant departure from where the previous administration was.

I understand, I recognize that you are a new member. I don't know whether you were speaking out of turn, or whether you were putting forward the current position of the New

Democratic Party here in Saskatchewan, or whether that's just your own private musings. But if it is a change in direction, I think it's a welcome change, Mr. Chair. I think it's a change that the people of Saskatchewan would both understand and respect.

I think they have made it clear through the election process, and now that this isn't the direction that government should be going, trying to buy jobs or trying to encourage development by putting taxpayers' money at risk. I think the people of Saskatchewan last November spoke with regard to that. And in terms of that type of discussion, I mean there was a lot of discussion about this type of development in the future.

Frankly governments of all political stripes have had horrendous records when it comes to making investments on behalf of the taxpayers. And I think that one other thing that we should keep in mind, Mr. Chair, Mr. Member, the taxpayers, generally speaking, I think, when they see a check-off from their paycheque, or when they buy a good, go into a store and pay provincial sales tax, or whether they pay fees in other areas, or income tax, I think they're probably considered a very reluctant investor.

I don't think they are looking at it and saying, I want a government to go out there and make an investment on my behalf. I think when they pay taxes to the province of Saskatchewan, I think that they are looking at it in terms of providing services back to them — whether it's education or whether it's health care or whether it's highways or those kinds of services. I don't think that they looked at the income tax cheque that many people are cutting these very days would be the type of looking at opportunities for a government to invest on behalf of them.

The other thing that I think we, in terms of the whole philosophical discussion is, are we as legislators equipped to make decisions about hundreds of millions of dollars worth of investments in this nature? I'm not a forestry expert. I don't think the member is either. So in terms of making those kinds of decisions — and ultimately the decision would be made by a cabinet — and I think that they should be, I think philosophically they should be confining themselves to areas that they have some degree of expertise in. And that's in terms of public policy, not in terms of evaluating the risk or evaluating the potential return on an investment of this type.

And well I think the track record speaks for itself — horrendous investments by governments of all political stripes. And that's why we feel as a newly elected government here in Saskatchewan that this isn't the direction that we want to go.

And what we have seen as a result of that, Mr. Chair, has really been quite interesting. What we've seen is people, companies or individuals, now that the ground rules have been established that this is a government that is not interested in taking equity positions, now we see a different . . . oh I guess I would call it almost a different attitude coming forward, where companies are coming forward and they understand the game rules now. They understand the lay of the land and they seem to be more . . . I think they have taken a more business attitude approach to this whole thing. They recognize that this government isn't going to cut them a cheque for \$100 million in hopes, in the

dying days prior to an election that you might be able to salvage a couple of electoral seats.

And that is an unfortunate consequence of the deal that was struck prior to the election, whether it was struck in good faith or not. The people out there I think will look at these deals always, when they're in the dying days of a past administration, as an effort to try and somehow or another shore up their chances, somehow or another shore up the opportunity to retain government for another term, clinging to this hope and using taxpayers' money to advance that hope — \$100 million is a lot of money, a lot of money.

When you look at the kind of infrastructure needs that Saskatchewan has, and you go down the list and we can provide that, I'm sure. If you look at the kinds of disrepair that we see in the health care field for example: hospitals that have leaky roofs; hospitals that have operating theatres that are shut down because it's 100 degrees outside in the middle of summer and they can't provide an air-conditioned atmosphere for critical surgeries.

I dare say that the people of Saskatchewan would think that those should have higher priorities than the priorities of a government that wants to try and cling to their electoral future based on using other people's money to do it with — the taxpayers of Saskatchewan when I say other people's money; the taxpayers of this province's money to try and advance their cause in that area.

So long answer to a relatively short question, but I think it bears some discussion when we talk about where we see ourselves philosophically going as a government, where we see ourselves philosophically going as a province. Thank you, Mr. Chair.

Mr. Furber: — Mr. Chair, I think the member has spent too much time watching Kevin Yates in the Legislative Assembly. But I would at this time defer questions to Mr. Taylor.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. I appreciate it. Just thinking about the minister's answer. Obviously I think to the people of Saskatchewan who see this province having more resources, fiscal resources than ever before in our history available to them today, and the potential for fiscal resources to grow primarily from the resource sector, and the continued expansion and growth in the resource sector, I think — and I'm just making a comment here — the minister's argument would make a lot more sense if the province were seeing declining resources than if it's seeing massive additional resources.

I mean the minister was on his feet just last week talking about the record land sales and the new money that was coming into the province. Obviously that land sale alone would have covered the costs of the forestry sector and the hospitals that he is talking about. So while he makes a good argument about preserving the wealth of the province in using it for priority purposes, every single day the minister is seeing additional resource revenues coming into the province. And he's going to have some difficult decisions as a member of cabinet over the next year as to how to distribute those new resources in a way that benefits all Saskatchewan people.

So I just make that as a comment. I'm not really looking for an answer. But if the minister has some further comment, I'd be happy to hear from him before I actually get into asking my questions.

Hon. Mr. Boyd: — Thank you, Mr. Member. Mr. Chair, absolutely I'm happy to provide additional comment. Indeed the resources of Saskatchewan, the resource sector of our province right now is seeing unprecedented activity. Whether it's the oil and gas sales that we've seen, the land sales, whether it's potash royalties that are coming in in increasing amounts, whether it's the opportunities that we are seeing in other areas — uranium development, gold, perhaps diamonds in the future— the resource sector is booming. That's a given. There's no question in my mind about it.

Your statement that it would easily cover the \$100 million and we'd have money for other things, well I guess that's the philosophical discussion that we're happy to engage in. And the discussion is really quite simple. Is it the role of government in your mind to enter into the economy with taxpayers' money and make investments into that economy in equity investments? Or is it the role of government to provide what we consider or what I consider as sort of the basic government services that people come to expect?

Social Services — increased investments that we've made in that department in the recent budget. Whether it's in education in terms of infrastructure needs that are there and in a growing economy that the needs that are going to be prevalent on a government in terms of providing a good quality, trained workforce. Whether it's in terms of health care facilities, and we've had some discussion about that. And also whether it's highways where we see crumbling highways all over our province that have been in huge neglect for approaching two decades, or whether we should take those resources as you would suggest and put them in to a venture like this one.

Well I guess maybe we should examine your track record with respect to investments. Have there been some good investments? Scant few. Very, very few good investments by your administration over the past 16 years. I know that we are working up some numbers with respect to that and we'll be sharing them with you, you can be certain.

With respect to the investments that you have made as a government over the last number of years, whether it's in spectacular failures like SPUDCO [Saskatchewan Potato Utility Development Company] and then the ongoing . . . [inaudible interjection] . . . Yes indeed, the members . . . I said governments of all political stripes have had some very, very spectacular failures.

Yes, GigaText, and I think the number was approximately \$5 million. I think in SPUDCO your government blew in excess of seven times that. Seven times that. The fact of the matter is is that, the fact of the matter is is that your government lost \$36 million in that. And then it was only kicking and screaming that people brought you, the opposition brought you to the legislature to be held accountable for that. And there was a massive cover-up by the former administration in an effort to somehow or another not let the people of Saskatchewan know the level of expenditure that was made there, and the incredible

lack of accountability with respect to that expenditure.

And the list goes on and on and on and on. Is it a good investment to buy a telco company in Argentina or some other place that you have wasted the money of Saskatchewan people over the years? I think the people of Saskatchewan look at it and say, no. And I think the people of Saskatchewan looked at the track record, your track record, yours as a minister, a former minister and as a member of Executive Council and a member of the previous administration. I think they'd look at that and say, well I'm sorry, we don't agree with you, sir. We don't think that those kind of expenditures . . .

And then a government having the incredible audacity to try and cover them up so the taxpayers wouldn't be aware of them at the end of the day. How much of a spectacular failure it was, I think it speaks to the kind of failure of philosophy that I think you represent.

Perhaps the newly elected member from P.A. [Prince Albert] has taken a different turn. And I hope that's the case. I hope some of the young members in your party have looked at your philosophy and said that maybe it's wanting, it's grossly lacking on behalf of the taxpayers of this province. Because as I indicated earlier in my remarks, the very fact that he's moving away from that discussion, moving away from saying that that was a good investment and that the taxpayers shouldn't be putting money into these types of facilities, I hope that signals the change. Because it would be a healthy change not just for your party, but for all parties to look at in terms of these types of things in the future. And that's why we're just simply not going down that path.

I know that you as a member of executive government would've had occasion and opportunity to have lots of discussion about the Domtar file and make decisions about putting \$100 million in it. And I would ask you, what qualifies you on behalf of the taxpayers of Saskatchewan to know anything about that type of an investment, whether it is good, bad, or indifferent? And frankly, at the end of the day it likely would've resulted in the same kind of spectacular failure that your government has experienced in a number of other areas. Thank you.

Mr. Taylor: — Well, Mr. Chair, I'm more than happy on any occasion to engage in a debate about the equity investments on behalf of taxpayers by a government in the province. I didn't come here today to do that. I'm sorry that the minister has chosen to take us down this path. I have quite a number . . .

Hon. Mr. Boyd: — I think you asked for my comments, with respect.

Mr. Taylor: — I did. I apologize to the committee and the public watching for doing so. But I mean the member has obviously challenged me further. I feel that I should accept that challenge, but I'm going to not accept the challenge in the interests of the work that the committee needs to do.

And in simple fact I was a part of decisions that had us supporting jobs in industry in the forestry sector in the Prince Albert area. I continue to believe that the decisions that I was a part of were the correct decisions, and I believe that the jobs in

the forestry sector in the Prince Albert area would be better off today, had that deal gone forward, than it is currently. However I realize these matters are subject to debate and I realize that the minister wants to continue fighting an election campaign that he seems to forgotten he won, and he doesn't have to justify winning.

Hon. Mr. Boyd: — You've forgotten you lost.

Mr. Taylor: — He doesn't have to justify the fact that he won that election and now he can get on with doing the things that he said he was going to do. So while he does have the right to be critical of the past, he also has a responsibility to manage for the future, and part of the work of this committee is to establish the baseline for which we can, in four years time, judge the work that the minister and his government is undertaking based on the philosophy that you're bringing forward. So while I appreciate the opportunity to engage in debate about things that I may or may not have been a part of or that my government may or may not have done, I'm not the witness here today, Minister, you are.

The questions that I brought today, I wanted to cover some new areas that were not covered the last time we met. But I did want to get some clarification on two matters that were discussed previously. The first one is just some further clarification on royalty rates. The second clarification is on STEP [Saskatchewan Trade and Export Partnership], which has now moved over to Enterprise Saskatchewan, but which previously was part of Industry and Resources.

When we were in committee previously I had asked some questions about royalty rates. Again, I was not aware — I want the committee and the minister to know — I was not aware when I asked those questions that the minister had done a news conference earlier that day in which he had made some very specific, clear statements with regards to royalty rates. And so when I was asking my questions in committee I was not aware that the minister had clarified, outside of the Chamber, his comments on royalties.

However, the minister did say that when I said I had clippings, news clippings, he did say that he'd like me to share those committees with the committee because he was sure that the media had misrepresented him. My first question is just some clarifications on those media statements. The first one comes from . . . I had it right here in front of me a second ago and it seems to have . . .

Well I will quote first of all, from now the Premier who spoke on the John Gormley show on November 22. And John Gormley said to the Premier, "Have you got a position at this point regarding our royalty regime?" And the Premier, Brad Wall, said, "We simply need to be competitive in this country and we do not need to be going in the direction of increasing royalties." However he goes on to say:

I think we want some advice from that organization [meaning Enterprise Saskatchewan]. We want Enterprise Saskatchewan — and I think the minister, Bill Boyd, talked a bit about that yesterday — we want Enterprise Saskatchewan to make recommendations on this.

Then following that statement, in answering questions to James Wood on November 22, shortly thereafter, Mr. Wood was asking, will you be doing a review of royalty rates? And Mr. Boyd, Mr. Minister, you said, we think we're pretty competitive at this point, but we want Enterprise Saskatchewan to have a look at it. So I think it was pretty clear that the direction that you were sending back in the second last week of November, both yourself and the Premier was you wanted to refer royalty rates for whatever reason to Enterprise Saskatchewan.

I got the impression from your comments in our last committee meeting that you had not said you wanted a referral to Enterprise Saskatchewan and you have since clarified that there will be no referral to Enterprise Saskatchewan. So I want some clarification. Just it seems that you did say you wanted a referral. You now said you don't want a referral. What changed your mind in the meantime?

Hon. Mr. Boyd: — Thank you, Mr. Member, Mr. Chair. When we had discussion earlier, back in November, about looking at royalty rates, the context of the questions were in those terms: how do we become as competitive as we possibly can be? And in a few seconds, in a newspaper story, or even on an online show, it's difficult perhaps to explain thoroughly what you're talking about. What we were talking about is, is suggesting that Enterprise Saskatchewan might be a vehicle, could be used in the future as a vehicle to look at the whole context of the discussion.

We have said as a government — and I think we've said it on numerous occasions — that we're not interested in looking at changes higher, making the royalty structure more onerous, looking at increasing the take of royalties by the Government of Saskatchewan. What we have indicated is, is we want to make this as competitive as we possibly can be.

So is there an advisory capacity that we could use in a . . . being such as Enterprise Saskatchewan to look at how we can make the industry even more competitive? Is it possible that they could come back with recommendations? And that's what they would be is recommendations. I want to, I want the member to be clear on that. You understand that with Enterprise Saskatchewan there would be non-binding recommendations or acting in an advisory capacity that we would be asking for their thoughts in this area. I'll ask for your acknowledgement of that. You understand what I'm saying with respect to that?

Mr. Taylor: — Yes.

Hon. Mr. Boyd: — Thank you. That you clearly understand what I'm saying. What we are saying is, is there regulation, is there other competitive barriers, is there concerns about municipal actions, I will call them — you know, where one municipality has different regulations than others with respect to moving a drilling rig — and there are. There's numerous examples out there about that. Are those areas that impact upon growth? Are these areas that have a negative impact in terms of resource development in our province? Those would be the types of things that we would be referring to perhaps.

And again, I don't think there's been a decision made with respect to this, a decision about those kinds of advisory types of questions that we might ask Enterprise Saskatchewan to take a

look at. But that might be, you know, conceptually something that we would want to take a look at.

Industry has been pretty forthcoming with us, frankly. I just finished, along with a number of other members of executive government, sitting down with . . . Well I don't suppose it serves any purpose to name them, but a significant, a very, very significant, I think they'd be probably the third or fourth largest energy producing company in Saskatchewan, discussions with them this morning where they brought forward some of their concerns about, you know, the various areas about doing business in Saskatchewan, and how in an advisory capacity they might be able to offer some suggestions how we can streamline regulation to help and assist in terms of their business.

It doesn't mean we're going to accept them or anything else like that, but this is the to and fro that happens, and we're seeing this happen on a frequent basis where companies bring forward their ideas.

The Enterprise Saskatchewan model is going to be asking for industry participation, industry sector participation coming forward with those kinds of things as well.

We think that that's a healthy exchange. We think that's a good thing when you have industry coming forward who are active in the area, who are out there dealing with, looking at resource development in Saskatchewan, investing hundreds of millions, and in fact billions of dollars in our province. We think that they just might have some ideas about how we can make it even better for them to do business in Saskatchewan, whether it's in terms of environmental regulation that they all respect and understand, and clearly have a . . . not just an obligation but they have a desire to do these projects in an environmentally friendly fashion. Asking them to come forward with thoughts in those areas I think is a valuable thing. I think it's the type of thing that we feel as a government is the appropriate role that we should ask of them. Come forward with your ideas. How can we make it a better place to do business than it currently is here in Saskatchewan?

So those would be . . . I think that's the sort of general overall context that we were talking about in terms of the discussions that you point out. But in more specific terms we have said that the royalty structures that we have that surround oil and gas and the mining sector in Saskatchewan, we feel are about right. We feel that they are competitive. We feel that they are, I think, responsive both to the needs of the taxpayers of Saskatchewan and to the resource companies that are stepping up in an unprecedented fashion in terms of development in our province.

So we have signalled to them that we are not looking at making any of those monetary types of changes that other jurisdictions have made that have had a significant impact upon their sectors — the oil and gas sector and mining sectors in other jurisdictions. So that's the, I guess, the sort of the high level type of discussion that we think is the appropriate thing that we've had with the industry, and it's full stop, period at that point.

And I guess I'm not sure where you're going. Do you want a royalty review? Or don't you want a royalty review? Are you happy with where the resource royalties were under your

administration? Because in fact that's the regime that we're operating under is the previous administration's royalty regime.

So I presume — I don't know, but I presume — you are happy with it, supportive of it. We think that this is one area that you may have got it right. And, you know, should you ever have another good idea, we'd be happy to entertain that one as well.

Mr. Taylor: — Well I think the minister will know that over the course of the next three and a half years he'll probably hear lots of good ideas whether he's prepared to . . .

Hon. Mr. Boyd: — Well I haven't . . . [inaudible] . . . yet, but anyway we'll reserve that decision on that.

Mr. Taylor: — The reason I'm asking these questions is basically just for clarification. I like clarity. I like things to be fairly simple and straightforward, and when I hear contradictions I want to sort them out.

I'm definitely supportive of ongoing review of royalties on an informal basis. That's how we got to where we were at, that you're talking about we got it right. We worked with the industry. And as royalties needed to be dealt with, we worked with the industry to ensure that Saskatchewan was protected, but also the industry was able to do business in the province.

So my final question in this regard — or at least I think it's my final question in this regard — has to do with what happened on the day of the last meeting here in which the minister indicated that it was not his intention to see royalties reviewed for, the media reports, three to four terms or what could be 12 years.

In response the media put a microphone in front of the Premier and said, do you mean you're not going to review royalties for 12 years? And the Premier indicated something along the lines of, well my minister is just fooling; of course we will continue to look at this.

Number one, do you appreciate the Premier saying you're just fooling in your comments? And number two, do you actually believe that there will, there couldn't be a reference or a review for three or four terms? What is the actual position of this government, this ministry, with regards to how you're going to deal with the oil and gas sector as far as royalties are concerned during your term in office?

Hon. Mr. Boyd: — Well when faced with that kind of question, the hypothetical, and it's always difficult to answer those types of hypothetical questions, and the member would know that to be the case as being a member of executive government in the past. It's always a challenge as to how far you go out in terms of any kind of changes that you might be considering as a government.

The one thing that we have learned I think in the last number of months is, is that there is significant amount of investment that has the potential to come to Saskatchewan and we're already realizing that and seeing that. And I think the investor confidence that is needed to look at the types of massive investments — whether it's in potash or whether it's in oil and gas or whether it's in oil sands development — that we are going to, I think, witness here in Saskatchewan, there has to be

an investor confidence that they understand the rules. They understand that this royalty structure is going to be in place for some period of time.

Now I think when you're asked that type of question in an eight-second clip, you know, how far out do you want to go? Sometimes perhaps maybe the answer is a little more flippant than they maybe should. I think there's always the opportunity to look at stuff and give some thought to it. Does that mean that you're looking at changing it, or does that mean that you're looking at staying with it? It really means nothing. What it means is, is there's always the opportunity to look at making changes one way or the other. And I think governments always reserve those kinds of things.

But I think I would want you to, and ask you to, if you were a major oil company or a potash company or a resource company of some sort, just take any one of them for our purposes of this discussion, and you're looking at a 2 or \$3 billion investment in an expansion of a potash mine. And we've seen some of those announced here recently. That's a very, very significant investment. And when you talk to those resource companies, they're not talking about looking at the impact that it has on their investment for a year, or two or three or anything like that. They're looking . . . These are financed over long, long periods of time.

And so they want some certainty, or at least the level of certainty that we as governments can provide them in terms of where we want to take direction, where we want to move, what direction we want to go. So before we would ever want to engage in that kind of discussion, we would want to sit down with the resource companies, and frankly with the people of Saskatchewan I suppose, and ask some very basic questions. Are we moving in the right direction in our province in terms of the resource regime? I think many objective observers would say, yes.

I note for example that those questions were asked by reporters that wouldn't be considered business reporters here in Saskatchewan. And I also note that a columnist in the *Leader-Post* that would be considered a business writer and would understand the impact that these types of discussions have on potential investments in the future, chastised the reporters that asked those types of questions, because it creates investor uncertainty rather than certainty.

And as a result of that, I think frankly this type of discussion is a little bit unproductive in many ways because while you want to score a political point — and I understand that, you know, I know how this place works. I've been here a little while. I understand that that at times makes some sense. On the other hand I also understand, and we have come to learn this, that this is a critical type of discussion and shouldn't be just, did you or didn't you, or did you and the little nuances of what may or may not be said, and trying to read into it some sort of something that just clearly isn't there. You have to be, I think, Mr. Member, careful about those kinds of things.

It has an impact upon the opportunity in Saskatchewan. It has impact in terms of potential investment. It has impact in terms of jobs. It has impact in terms of the resource royalties that we as a province use and put forward in terms of priorities, like we

put forward in the budget in terms of infrastructure needs and those kinds of things.

I note earlier in the comments that the member from Prince Albert was talking about the concern that he has for the people in his constituency, and he is right about that. And so we have to, I think, be very, very, very careful that we don't engage in these types of discussions just to try and score political points. But what kind of impact do these potentially have? And I think the mistake that we as politicians all make from time to time is trying to do that, trying to score that little, little political point because you think that may somehow or other advance your cause. Well I suppose at times it does. But in terms of the broader discussion, I think we want to be quite careful about trying to, I don't know, ferret out somehow or another whether we, you know, whether there was that little misspeak, or any kind of way that you can interpret comments as other than what the direction of the government has been.

If we look back, if we look back at after the events of November 7, the Premier, and I as Minister of Energy and Resources after being assigned the portfolio, took the occasion to go out to Calgary and speak to many of the resource companies. And we went around to many that had significant operations in Saskatchewan. And we made it very, very clear to them, and I don't see any of them stepping up and saying, we're not sure where you're at on this. They understand. The resource companies that are stepping up and investing hundreds and millions and billions of dollars in Saskatchewan right now, they got it. They got the message clear — very, very clear. They, I think, they understood it.

The Premier spoke to them at a couple of different venues there. There was a reception that we held one evening where we invited some, I think it was in the neighbourhood of 200, 250 energy players, and the representatives that turned out for that event where the Premier spoke to them and told them that we weren't going to be changing anything in terms of resource royalties. Meeting with individual companies that already have significant investments in Saskatchewan — just again today, as I said, meeting with an energy company and telling them that we have no plans to change this.

I guess the challenge that we face is, is do you want to chase that away? And my way of looking at this is, is no, I don't think we do. We've just barely got it started, the kinds of developments that we think we're going to see in the future.

And yes, absolutely some of the credit goes to the previous administration in terms of getting this right. I mean there was certainly industry participation in those discussions and there was certainly opposition discussion in those types of decisions as well. I think this was an area that we got right and now we are seeing those kinds of things that we were all, I suspect, hopeful of. Part and parcel with 115 or \$20 a barrel of oil certainly helps. Potash prices that we've seen at unprecedented levels. Commodities that we see at very, very high prices, whether it's uranium or whether it's virtually almost all commodities, with the unfortunate, unfortunate circumstance of the forestry area not participating. But I think that we'll probably see a turnaround in that area as well.

So I just caution, Mr. Chair, through you to the member, that

let's not, let's not try and figure out how we can somehow or another upset the apple cart here. I think we should be as responsible members of the legislature trying to figure out how we can continue with the boom that we are seeing in the resource sector in Saskatchewan. And I honestly do not think it is productive to engage in this type of a discussion about the little nuances in what I said or what the Premier said or anyone else said. I think the resource companies have made it clear by the types of investments that we are seeing in Saskatchewan right now, that they got it. There's no, there's no misspeak with them or there's no misunderstanding or whether there was any little tweaking here or there or anything else like that.

And that's why I think we're seeing, I think it's a, if memory serves me . . . And please don't hold me to the exact figure because I know you like clarity, but sometimes these things are a little bit difficult to quantify. But I think we're in the neighbourhood of around six and a half billion dollars of investment that we are seeing in the potash sector alone, that's been announced in the last several months. I think we have seen — well I know we have seen — \$265 million of investment in land sales recently. I have asked CAPP [Canadian Association of Petroleum Producers] representatives if they could figure out what the multiplier effect of that would be. And they're working on that on our behalf, and certainly the ministry is working on that also.

That's just the start of it. These land sale numbers, I think you could probably times them by seven — the kind of multiplier effect that we might see — maybe even more than that in terms of the kind of investment that we would see. When resource companies go out and pay \$3,500 a hectare, they're not buying that opportunity to just sit and do nothing with it. They fully intend to move into that area, drill, and produce. And all of those things add an additional investment to our province. And the multiplier effect is probably, as I say, seven times, perhaps even higher than that in terms of these types of things.

So you know, I think we can . . . And I'm prepared if you like to engage in the, you know, the little to and fro about, you know, the nuances of what I said or what the Premier said, or whether somehow or another the Premier is, you know, maybe not all that supportive of my comment in that respect. I think as I say, though, I think that the critical point is, is that the resource companies got it. They got the message loud and clear. They're stepping up in an unprecedented fashion.

You can take some of the credit for that. I'd be happy to spread it around. The people of Saskatchewan, I think, are thankful of the fact that this was an area that was perhaps done properly. There's others that, you know, we debated here earlier today whether they were or weren't done properly. That's neither here nor there at this point I suppose. But I just say to you and I caution you, if we could return it to a level of discussion that will result in more opportunity for Saskatchewan people, I think that that would be a more helpful way of moving the discussion forward.

Mr. Taylor: — Thank you very much for those comments. I did indicate, as you've pointed out, I did indicate I like clarity. I, of course, and neither were the majority of Saskatchewan people in the room when you spoke to the energy sector about clarifying your comments. I know the industry watches the

activity that takes place within this room. This is the minister answering questions on the record. And therefore I am simply posing questions to get an answer on the record since there's no record of what was said in a room in Calgary.

So I can be criticized for doing my job, but I'm simply doing my job to ensure that this matter is as clear as it possibly can be. And I think that you helped to do that further today, and I do it . . . Anyway I had indicated I wanted to ask some questions with regards to STEP. I'm actually going to hold those either to the end of today or I'll ask them at the Enterprise and Innovation estimates, when they come forward, in the interests of time. I'm looking at the clock. I have another area of questions that I'd like to pursue . . .

Hon. Mr. Boyd: — Mr. Chair, Mr. Member, I frankly think, I believe STEP falls outside of my area of responsibility here, so I think your questions actually would be more appropriately put to the Minister of Enterprise and Innovation in that area.

Mr. Taylor: — My next series of questions have to do with duty to consult. The resource sector — oil and gas, uranium, diamonds, potash — does a lot of its exploration and development on land that is owned or under the authority of the province. The government, yourself as the minister and others such as the Premier and the Minister of First Nations, have talked a lot about the obligation of duty to consult. I'd like you to describe if you could what your understanding of that obligation of duty to consult is, and give us some examples of what might be considered as part of your duty to consult file.

Hon. Mr. Boyd: — Well, Mr. Chair, Mr. Member, this is going to be a very important area for the Government of Saskatchewan moving forward in terms of the potential for resource development, and again it's an area that is, I think, very, very sensitive in terms of the discussion. And we're going to put forward the best possible efforts we can as a government to bring both the First Nations and Métis people of Saskatchewan together with industry participants to look at how we can further the goal of more development in Saskatchewan, both in terms of an environmentally responsible fashion and, and respecting the rights of both stakeholders — and I'll call them stakeholders — industry participants and Métis and First Nations people. I think that's going to be a very critical thing.

We have an upcoming conference that I'm sure you're aware of with respect to this. The minister responsible has brought and invited people, stakeholders from both sides, from all walks of Saskatchewan to participate in this process. This is an area again that falls a little bit outside of our area of responsibility. It's more in the area of another department, another ministry.

But in terms of the broad discussion, we feel that this is, as I say, going to be a very important area. We've got to . . . I think resource companies are looking at significant development opportunities in Saskatchewan. First Nations and Métis people are looking at opportunities that may be presented to them in terms of job opportunities, in terms of training programs, in terms of business opportunities, entrepreneurial types of activities that we're hoping to encourage through this process.

In terms of the other side of it, there's been references to the Supreme Court with respect to what this all means in terms of

the duty to consult. I think there's probably varying opinions on that.

But I think we feel that this is historic in terms of, I understand at least, the first opportunity of discussions of this nature. At the end of the day I think we are all hoping that we see agreements, you know, the types of things that lead to positive developments in Saskatchewan, both for First Nations and Métis people and also resource developments in our province.

In terms of the more direct, in more direct context in answering your question, I perhaps would ask for some assistance from my deputy minister. Just last evening we had a discussion amongst a number of the ministers that have overlapping jurisdiction in terms of this area, whether it's the Department of Environment, whether it's the, obviously, the First Nations and Métis file, other areas in that area, had a discussion about, you know, trying to develop some thoughts and going forward with respect to this.

And the deputy made a presentation that I thought was absolutely excellent last night, and so I'd ask him if he can perhaps help fill the blanks in a little bit here for me.

Mr. Veikle: — Thanks, Minister. What I would say with respect to duty to consult is the Crown does clearly have a duty to consult, and it accepts that obligation. That duty is triggered when for example a resource company wants to gain access to a property and that property happens to be on a traditional territory, and so there could be some impact on a First Nation's treaty rights.

If that is going to happen then the Crown has an obligation to get out and inform that local First Nation about what kind of activity is about to occur and listen to that First Nation to discover whether or not there are any potential impacts on that First Nation's treaty rights. And if there are, there are obligations to try and figure out a way to do it in such a way that those impacts are at least minimized if not completely mitigated.

Mr. Taylor: — You mentioned traditional land. Does the government share the definition of traditional land with FSIN [Federation of Saskatchewan Indian Nations]? Would you have the same definition of traditional land that the First Nations people have?

Mr. Veikle: — I would say the definition of traditional land is often in flux. I don't think that we have at this stage established what all First Nations would regard as their traditional lands. The FSIN may have. I'm not aware of the specifics of their definition of traditional land. But I would say that from the government's perspective we do not have a thorough, comprehensive, something that we could call accurate description of traditional land.

Mr. Taylor: — After the FSIN assembly earlier this year, at which some First Nations and Triple Five — the Ghermezian brothers — signed an agreement with regards to development interest on First Nations traditional land, I understand the minister was at that assembly and had some discussions with the media afterwards. I'm wondering what the minister's understanding of the agreement with some of the First Nations

at FSIN and the Triple Five corporation with regards to development on traditional lands.

Hon. Mr. Boyd: — Thank you, Mr. Member, Mr. Chair. I was not at the signing ceremony. We met with representatives of Triple Five following the signing ceremony that they had with First Nations groups in Saskatoon. Minister Draude and I met with them. And there was no sharing of the specifics by Triple Five of what kind of an agreement that they have signed.

So we're not a party to those discussions, so I really can't be very helpful in that regard because it's not something that either the First Nations groups — and I think there was perhaps one Métis organization as well — that are working in this area and the Triple Five have signed. So I simply have no knowledge of that, other than to say that just like any other company that would be interested in doing business in Saskatchewan, we certainly welcomed them to do business in our province and, you know, I guess offered them best wishes in terms of whatever types of ventures or proposals they're going to be putting forward.

But in terms of specifics about knowing what they're looking at, I don't know anything more than what their press release suggested, that they were looking at perhaps some real estate developments, oil and gas potential developments, mining opportunities. And that's my recollection of their press release. There may have been some other areas that they were considering getting involved in as well. So in terms of specifics of what kind of an agreement was struck there, I'm simply not a party to it.

Mr. Taylor: — So how does the ministry intend to deal with anything that comes about, any development or investment that comes about as a result of the agreement signed between First Nations bands and oil or uranium or potash companies? Are there any discussions currently with any of the First Nations bands about revenue sharing on resources extracted from traditional lands?

Hon. Mr. Boyd: — Well I'll just back up for a moment. Are you asking in terms of the agreement that the First Nations groups signed with Triple Five, first of all?

Mr. Taylor: — That's one example. There are becoming more of these. For example, there's a company whose name escapes me at the moment that signed an agreement on potash, particularly on First Nations reserve land, but it may have the same implications as if it was on traditional land. There's still permitting required by the province. There are responsibilities of the province. And I'm just wondering if there are currently negotiations with FSIN or individual bands that would help to facilitate these investments or these developments at such time as they become more than simply MOUs [memorandum of understanding] or draft agreements.

Hon. Mr. Boyd: — Well in terms of any company or individual or entity that comes forward for looking at developments, they're all treated exactly the same. I mean they go through the same hoops that all other resource companies would be looking at — you know, making an application for permitting and all of those kinds of things.

There's no, there's no special arrangements being made for this company or any other companies. It would just be the standard process that they would go through in terms of these types of developments. And in terms of discussions with the FSIN, I'm not aware of any formal discussions, or informal for that matter, that are going on with the FSIN with regard to resource sharing.

I know that that's going to be — I shouldn't say I know; I suspect — that's going to be a discussion point that's likely raised at the duty-to-consult consultation process that's coming up here. And that will be, you know, I'm sure it'll be addressed by perhaps numerous speakers at that point. But I'm not, I'm not really aware of anything beyond that in terms of any kind of agreements that are being structured.

It's May 12 and 13, the discussions, so we'll have, you know, a pretty good understanding I suppose at that point in time what First Nations and Métis groups' thoughts in this area will be. But there's been, you know, there's been I guess, you know reports of, you know some First Nations groups looking in this direction. There's others that I think are probably more understanding of what this actually, the process actually will result in.

Mr. Taylor: — At the same time I understand that some within the First Nations communities have been critical of — maybe that's too strong a word, but that's the word that comes to mind — critical of the 1930s Natural Resources Transfer Agreement that puts all of the resources in the hands of the province and none in the hands of First Nations people. Have there been any, any representation on behalf of First Nations people, bands, or organizations like the FSIN with regards to the Natural Resources Transfer Agreement?

Hon. Mr. Boyd: — None to myself. And in terms of whether they're critical or not of the agreement struck back in the '30s, I'm simply not aware of that. I suspect there may be some that are supportive and some that are critical, just the same as we'd see in almost anything else.

But I think this whole, the exercise, the whole process that we're hoping to see come forward here is, you know, productive discussions about these types of things, both with the industry . . . when I say industry, oil and gas sector and mining sector putting forward their thoughts in these areas. The duty to consult is, you know, an obligation that is there and I think everybody understands that it's going to be a part of projects going forward or developments going forward. So you know, I'm sure there will be, you know, probably lengthy discussion about it.

Mr. Taylor: — Okay. At the same time while I mention First Nations and FSIN and First Nations bands questioning about this, have there been from the sectors themselves? Whether it's mining or oil and gas, have any of the organizations or industry reps themselves talked at all about the Natural Resources Transfer Agreement and their perspective on the province's responsibilities there?

Hon. Mr. Boyd: — With respect to the natural resource agreement, there's been nothing that has come forward in terms of representation that I'm aware of from resource companies.

I think what resource companies are looking at, are looking for, and I think what First Nations and Métis groups are looking for is clarity in terms of going forward. Where's the starting point, where's the stopping point and, you know, what kind of discussion is on the table and off the table in terms of developments in the future. I think that's probably the key point that everyone's looking at.

I don't know whether we're going to get there in terms of one conference or not. I'll be, I guess I'll be a little bit surprised. I'm hopeful, but I'll be a little bit surprised. I think we're probably looking at an ongoing process that is going to be going forward.

I think starting the dialogue though is important and making sure, you know, that there is productive discussions and, you know, people having the opportunity — whether they are representing industry or whether they're representing First Nations — to have the occasion, the opportunity to, you know, speak their mind in terms of what they feel is the appropriate consultation process and any accommodation that might be negotiated in the future.

Mr. Taylor: — And so this is all part of the agenda of the 13th and 14th. Is that what you indicated?

Hon. Mr. Boyd: — I believe it's the 12th and 13th . . .

Mr. Taylor: — 12th and 13th. So this is part of that agenda?

Hon. Mr. Boyd: — There's a broad agenda with respect to this that has been developed by another ministry with respect to that.

Mr. Taylor: — Okay. On another set of questions I just want to check with the Chair. Mr. Chair, does the committee have a specific time frame for managing these estimates and the Bills later?

The Chair: — Yes. We were scheduled to go to 4:30 on estimates, and we'll begin discussion on the Bills at 4:30.

Mr. Taylor: — Okay. Thank you.

The Chair: — Unless you're finished before that.

Mr. Taylor: — Thank you very much. Well I have a couple of questions. I guess it just depends on how much time is spent asking and answering them. I'll try and be as brief as possible.

Interesting stuff in the media today as well. An individual from the province of Alberta concerning nuclear power generation has indicated that they might want to look at the province of Saskatchewan as opposed to Alberta for a project to generate nuclear power. I'm sure the minister has heard those comments in the media, and I have a number of questions, but I'd just like to know if the minister has any specific thoughts on what he may have heard in regards to this matter today.

Hon. Mr. Boyd: — Well with respect to this specific story that you were referring to, I haven't seen it myself. I'm aware of some discussion with respect to this. I think Bruce Power has indicated that they are — which is the company that is looking

at a potential development in Alberta — has also said that Saskatchewan, you know, may be a potential site as well and even that Saskatchewan may be a better site than an Alberta site.

In terms of a general discussion about this, you know, I think the Premier has indicated on a number of occasions that we as a government feel that we are interested in the value chain in terms of uranium development, whether it's enrichment or refining or moving up and potentially even looking at nuclear generation. We feel that this is going to be a very, very important discussion that we have with the people of Saskatchewan, a dialogue in terms of looking at potential developments in the future. It's clear to us looking at the demand curve that there's going to be in terms of the amount of electrical generation that's going to be needed, it's going to be very significant moving forward.

I think the whole discussion is just barely beginning in terms of potential discussions about moving forward here. But in a general way this is a government that is supportive of moving forward in those areas. I guess I'm interested in your thoughts in that area. Is this something that you would be supportive of?

The very fact that, I think, this discussion is taking place, I think, is important to us as a province. We have approximately — it's not exact but — anywhere from 25 to 30-some per cent of the known uranium reserves, the known uranium reserves for the entire world. What we have done in the past is mine those reserves, mine the uranium, ship it out of province, and have it value-added all over the world, and simply the jobs and investment that we could have had here in the province have just not materialized.

And that's, you know, that's a discussion that has been out there for some period of time. Previous administrations made the decision not to go forward for whatever reasons. Some of them were obviously, what they felt were, I suppose, economics. Some of them were philosophical. Some of them flat out political.

But we feel that this is an area that we will as a government explore. I think that there is potential. I think that there is . . . Certainly the demand is, it looks like it's going to be at some point needed.

These projects aren't something that start and get up and running in a short period of time. These are long, long periods of time that are necessary to establish the proper protocols and everything else — environmental hearings, all of the steps that'd be necessary. Any type of development in this area would receive very, very careful scrutiny. That would be important.

But in terms of that larger discussion, I think I want to make this point that we as a government feel that, rather than just mining and shipping it out of province and essentially saying goodbye to the value-added opportunities and all of the jobs and all of the benefits that go along with that, we think that it's a more responsible position to look at the opportunities that it presents to the people of Saskatchewan — increased activities.

Safety is a primary concern, and we all understand that. But we see these types of developments all over the world. Yes, there's

been some problems. But I think the . . . I'm comfortable with the science. I think largely, and I think that it's supported by opinion polls, people in Saskatchewan are becoming increasingly comfortable with the science of these types of developments. And I think it's, I think it's going to be one of those things that we look back on in generations down the road and we ask ourselves the question — and I think people are already asking the question — why haven't we seen these things here in the past?

The demand is ramping up quickly. There was opportunity in the past to export power. Why wasn't the grid, for example, strengthened between the Prairie provinces to look at these kinds of opportunities in the past? I have suspicions. I have, you know, certainly concerns about why those kinds of things weren't done in the past. The fact of the matter, they weren't.

Now we're faced with the discussion about a rapidly increasing demand for generation here in Saskatchewan, some hundreds of megawatts of power that are going to be needed going out into the future, not that far, and essentially in some ways as a government now scrambling to make up for past decisions that weren't taken, in my mind, proper decisions that weren't taken to move forward in terms of the generation opportunities that nuclear presents.

Mr. Taylor: — The reason I was asking my question is because it became fairly clear in listening to the comments from Alberta is that, as the business plan developed for power generation in the province of Alberta, location became very important. The decision to look at Saskatchewan seems to be based on the fact that the location chosen in Alberta is not ideal to their business plan; therefore location in Saskatchewan for consideration would be high on the agenda of Bruce Power and their investment.

Is the province of Saskatchewan — because I believe there's only two or three appropriate sites for power generation in Saskatchewan — is the government prepared to discuss location in early discussions with potential investors in regards to nuclear power generation in Saskatchewan?

Hon. Mr. Boyd: — Well I think that at this point in time site discussions are quite premature. I think that there is proximity to market, certainly geography, geology, I mean, a stable formation — all of those kinds of things fit into it.

I think that there's the feeling that there will be significant demand both in Saskatchewan and in Alberta going forward into the future. So I think that, I mean, even though there's maybe in general terms some thoughts about sites, I think we're way, way too early to be looking at any specific recommendations or discussions or thoughts about, you know, particular sites out there yet. I think that there is going to be, you know, that discussion is going to start coming into place, but it hasn't at this point.

Mr. Taylor: — The only reason I raise it is because it appears to be the only reason that the potential investors are looking at moving from the province of Alberta. The site chosen was not appropriate for their business plan, therefore they'll be looking for a site that is more appropriate to their business plan. And if they're looking to Saskatchewan, they will be looking at

location. They will be looking at site first. That's the only reason.

And I wanted to know if you were prepared to discuss site and location early in any of these discussions, given the support that you have for that type of investment in our province.

Hon. Mr. Boyd: — Well we certainly are always prepared to entertain discussions with resource-related companies about activities that they have or are entertaining or considering here in the province of Saskatchewan. That's a given. There's certainly no preconceived notions about site location or anything like that, that I'm aware of. I think this is a very, very preliminary and very, very early time frames that we are looking at here.

But I think it is helpful and useful that Bruce Power and perhaps others are looking at Saskatchewan from a favourable standpoint, as a great investment opportunity for generation capacity here in our province. It's going to be needed in the future. That is going to be needed in terms of the, you know, the potential for exporting power as well.

So you know, we as a government are supportive of this, of the go forward, of the start to look at some of these types of things. I'm interested to know whether you, as an MLA [Member of the Legislative Assembly] in an area that might be a potential site, would be supportive.

Mr. Taylor: — I can indicate from the work of the previous government that there was a lot of work done over about a four-year period of time with regards to the second stage of the uranium cycle, which is refining — processing and refining. The previous minister and the previous premier had made excursions into France where the primary investors would be for the development of the second stage of the uranium cycle. And so of course I have been very supportive of the development of the refining sector within Saskatchewan.

It seemed to be a reasonable expansion of the industry, because of course there were investors looking at the province. And you know, the old, the old story of walk before you run. We're currently mining. We're not refining, we're not generating power, and we're not looking at storage. Those are the four cycles, four parts of the uranium cycle.

My question, I'm just again looking at the clock here to try and get my questions all in. My question is, there had been a fair bit of effort made in regards to seeking investors for refining in the province. Are those efforts being continued? And if so what are the prospects of attracting investment for the refining of uranium inside Saskatchewan?

Hon. Mr. Boyd: — Well as I indicated earlier, Mr. Chair, Mr. Member, we're always interested in entertaining discussions. There's been no specific discussions about investor opportunities here in the province that I'm aware of. I haven't been engaged in any of them with respect to this.

I don't know to, you know . . . In broad terms you indicate, you know, walking before we run. I would, I think I would characterize it more as we've been crawling for some . . . When did uranium development in this province, mining development

start and take place, first of all? I think we're into the '40s, was some of the early developments in Saskatchewan. I dare say that the people of Saskatchewan would say we've been walking a long, long time, to use your characterization of the industry here in Saskatchewan.

You look at developments in other places and you have to ask yourself the question, what were the barriers, what were the reasons why we didn't see the development take place in Saskatchewan, and in a number of areas? And this is a good example of it. I'm not sure it was economic. I'm not sure it was that the technology wasn't there. I'm not sure that it was because there wasn't a will on behalf of companies that are active in this area to look at these kinds of things. I think it came down to flat out politics. I think it was previous NDP administrations that for whatever reasons — philosophical or just simply because they're anti-development in many fashions — chose not to move forward in these areas.

I would be interested in having that debate at some point in time. I'm not sure whether this occasion affords that or not. But I think many people look at these kinds of things and ask the question: why have we not progressed in some of these fashions? Why have we let opportunities slip away from our province? I think it's a good question.

Mr. Taylor: — I agree. Perhaps we should set some time aside, some time for a good debate on this issue because certainly the . . .

Hon. Mr. Boyd: — We'd be happy to.

Mr. Taylor: — The mining sector, not only the uranium but throughout the province, has expanded tremendously over the last 20 years and the new sites have all been done with co-operation between New Democratic Party governments and the industry. Investments have seldom been an impediment to the industry when they were prepared to invest, needed to invest, and began to move forward. But again in the interests of time, again I look at the clock, there's only a couple of minutes left.

I attended a discussion that you had with representatives from the municipal sector at the SUMA [Saskatchewan Urban Municipalities Association] convention. One of the questions that came forward from the municipal sector at the time had to do with your support for nuclear power generation in the province. And in answer to one of the questions about the steps that need to be taken before we even begin serious discussion, one of the things that you said to the municipal leaders was we needed to enter in negotiations with the federal government on a national grid for transmission.

I'm just wondering if in the time that's passed since that meeting in February, if you've had any discussions with Ottawa with regards to a national power grid, or if the government has done anything along those lines.

Hon. Mr. Boyd: — The answer to your question is . . . will be brief — yes. I have had discussions with Minister Lunn with respect to this in terms of the national grid. I know that the Premier has had discussions with the Prime Minister with respect to this. This is another area that has the same kinds of

questions, in terms of the whole uranium cycle — 70 years of no action whatsoever followed by no action in the past in terms of a national grid.

Yes, in five short months or five and a half short months, we've entered those types of conceptual discussions with the federal government, absolutely. We're going to move forward. We're not going to let 70 years slip by again.

A Member: — And at the same time . . .

The Chair: — Thank you, thank you, Mr. Minister and Mr. Taylor. Our time has elapsed and we'd kind of like to keep on schedule because we have two Bills up for debate. So, Mr. Minister, if you have to change any of your officials or release some of your officials, you may do so now or if you want to keep everybody there, that's fine also.

Hon. Mr. Boyd: — Yes, Mr. Chair, thank you. Some of the people will be staying. The deputy minister, Mr. Veikle, will be staying. I think that is probably all that will be necessary here this afternoon. I would want to thank committee members for their questions and we look forward to some of those discussions about uranium development in the future.

Bill No. 3 — The Potash Development Repeal Act

Clause 1

The Chair: — Thank you, Mr. Minister. Well the next order or next item of business before the committee is consideration of Bill No. 3, An Act to repeal The Potash Development Act. And, Mr. Minister, you've already introduced your deputy once so we don't have to do that again. If you have any opening remarks with respect to the Bill, I'd be pleased to entertain those now.

Hon. Mr. Boyd: — Thank you, Mr. Chair. I think this is a Bill that's very important to add to the debate in Saskatchewan that we're having today about resource development and where we are going as a government.

I think this Bill more than anything in terms that I can think of — at least in recent memory with the possible exception of the *Regina Manifesto* — but this Bill I think represents possibly what I would characterize as some of the darkest days in terms of development in Saskatchewan. This Bill, the repealing of this Bill that was brought forward in the mid-'70s. And let's go back and look at that time frame for a moment because I think it's quite important that we understand the historical context of this.

At that particular time there was a government in place, a New Democratic government under Premier Allan Blakeney, that for whatever reasons decided that they wanted to be in the potash business. And they at that point took taxpayers' dollars, hundreds of millions of taxpayers' dollars, and invested into it. And they used, essentially used this piece of legislation . . . It was never actively used but they essentially used this piece of legislation as the hammer in terms of that.

They said to the resource companies, either you will sell or we will take it from you. And what we saw after that . . . And

indeed, you know, the legislation passed, and the government of the day got their way, and they merrily went about it. And they went out there and they bought up potash companies and put at risk hundreds of millions of taxpayers' dollars.

And as a part of that they . . . And I'm not sure they understood what the consequence of that was going to be. But the consequence of it was really quite something. What happened was is companies that looked at investment opportunities in Saskatchewan absolutely recoiled at it. They said, how can we ever trust a government that will use the legislative arm of government to expropriate wherever they see the need to?

We have been talking earlier today about investor confidence. I cannot think of any other thing you could do as a government to extinguish investor confidence than to do something of that nature. And that's exactly what we saw. People left our province in droves after that. Absolutely left our province in droves.

And I can remember as a young man growing up during this time frame watching person after person that I had gone to school with absolutely abandoning this province for opportunity elsewhere. And you just look at the exodus of people that there was to Alberta at that time and other provinces. Calgary is, you know, a great city out there. It's a city that's been characterized by many people as a city that's been built by the people of Saskatchewan.

And we lost opportunity. We lost jobs. We lost investment. We lost, we lost in many ways what I would consider the heart and soul of this province — the investment community, the entrepreneurial class of people that in a progressive, forward-looking society that look at these kinds of things as a clear signal as to whether they want to stay or leave. And they left. In droves they left. And we're still feeling the effects of that to this day, I would say.

In discussions that we've had with respect to this repealing of this piece of legislation, potash companies have told us that when they're looking at expansion opportunities, when they're looking at investing more money into a jurisdiction — doesn't matter where it is and they're invested in many of them in locales all over the world — they look at a number of factors. They look at location. They look at the reserve. They look at the royalty structures that are there. They look at infrastructure, and they also look at political climate. They look at that and they assess risk associated with it.

And when you start assessing risk for Saskatchewan in terms of these kinds of things, we failed the mark badly because we were lumped into, I suspect we were lumped into jurisdictions like Cuba and North Korea and the former Soviet Union and places like that where they have a history of doing some of the same sort of things. And that's the difficulty with it, and that's why I would, as I said, characterize it as one of the darkest days in the history of this province in terms of arresting the development.

And I think, you know, it's been debated for a very, very long time. And I know I've listened to some of the discussion in the legislature about the difference in philosophies with respect to this and members of the current opposition talking about their philosophy about government ownership and all of those kinds

of things. Well I think the proof is in the pudding. Companies left this province in droves. People left this province in droves. Investment left this province in droves, and we've been hamstrung by that kind of approach to government for some 35 years, in that neighbourhood — 30 years at least.

And it is those kinds of signals that business say to us that are important to them about understanding the investor climate, the certainty. When you take and invest hundreds of millions or billions of dollars into a project, you fully do that with the expectation that at some point in time you might recover that investment and maybe make some rate of return on that investment. They don't do it for many other reasons than that.

Certainly there's the jobs and the social responsibility that I think that companies feel is part of their responsibility in a progressive society as well. They do it for those reasons also, but they also look at it as an investment opportunity. And I think the last thing that they ever thought would happen in a free and democratic country such as Canada was that they would see a government come forward and use a piece of legislation like this as that hammer to hold over them, to essentially say to them, sell or else. And that's exactly what this piece of legislation was used as. Never used. Certainly used for a purpose though.

And I will be and I think the people of Saskatchewan will be watching with great interest, Mr. Chair, how the opposition, the official opposition will be reacting to this and voting because we're going to make sure that people are on the record on this one. This is one where we're going to ask every member of the legislature to stand in their place and say, do they want to return to that dark day of the '70s, or do they want to join the enlightened world that has moved away from these types of things in the past, where we've seen the collapse — the absolute collapse — of that type of philosophy on a worldwide basis.

And, Mr. Chair, with those brief comments, I'd be happy to entertain questions.

The Chair: — Thank you, Mr. Minister. Are there any questions? Mr. Taylor.

Mr. Taylor: — Thank you very much. If I didn't know better — and I do — but if I didn't know better I'd say the minister has been out of the province all his entire life, has been reading some books, and has just returned to the province.

It was just three days ago that Saskatchewan Potash Corporation was the single highest share-based company in Canada on the Toronto Stock Exchange. It didn't come out of nowhere. It wasn't fear. It was orderly development of the industry in the province of Saskatchewan that built that company to where it is today. The last three years have seen unprecedented expansion in the potash industry in the province of Saskatchewan.

The only thing that allows me to, without crying in despair when I listen to the minister's remarks, the only thing that prevents me from doing that is knowing that the industry is watching and the industry knows absolutely better than, different than, the history lesson that the minister has given us.

There's no doubt that potash in Saskatchewan is like oil in Alberta. And it has developed in an orderly, managed fashion since the first mine started in the 1950s. And while the minister may have all kinds of anecdotal arguments to make, the proof is in the pudding. The industry is in tremendous shape. It's expanding. It's contributing a great deal to the Saskatchewan economy today. And while there were some stress points that the minister will argue, for political purposes, drove people out of this province, while there were some stress points, through orderly discussion and development we've overcome all of those things to the point where now the proof is in the pudding. Saskatchewan potash is on the top of the heap.

I don't have too many questions. The minister says he's going to demand a standing vote on this issue. He may be wasting his time. I don't see any reason for the opposition to oppose the legislation. It was put in for a specific purpose. It basically achieved its purpose without ever having needed to have been used.

The industry is now a very mature industry operating in Saskatchewan and delivering benefits to Saskatchewan people, which is not what it was doing back when the Act was first brought in. Most of the companies were foreign. They were mostly American. They had head offices in other jurisdictions. And the province had to make a statement about respecting and guarding resources available for the Saskatchewan people.

The Act had a role to play. That role has passed. It's not necessary any more. Repealing the legislation is not a problem. I'm happy to stand with the minister on whatever day this comes and vote for the repeal of this legislation.

But my only question is, will the minister admit that bringing this piece of legislation forward in the manner in which they have, which is a . . . what do we call these six Bills?

A Member: — Specified Bills.

Mr. Taylor: — Specified Bills. The only reason is for political purposes. That's my only question.

Hon. Mr. Boyd: — Well my answer to that would be it's far more than politics that has brought this piece of legislation forward. It's to provide a signal to industry that Saskatchewan is now once again, as I said earlier, going to join the enlightened world in terms of development.

And the member says that I must have been out of the province for the last number of years. Well I was out of the province for some period of time, just like many, many other people were out of the province of Saskatchewan. And the reason I was out of the province of Saskatchewan is really quite simple, because as a young man growing up in this province, I saw that type of thing that was presented by the government of the day, and the signal was really quite clear. And not just anecdotal evidence was there; clear evidence was there. There was no future. There was no opportunity for a job in Saskatchewan at that particular time.

And the member says that there were certain stress points. Well you're darn right; there was stress points. The stress point was I've got to make a living. That's what people across this

province said.

And while you may have been . . . [inaudible] . . . in some government-paid job somewhere . . . I don't know about that, but I'll check. You may have been in some position of that type; I don't know. The fact of the matter is that the people that were out there that pull on their boots and put on their jeans every day and go to work had to make a living. And as a result of that, they left this province in droves, and you would know that.

And to somehow or another characterize it as that may have been a bit of a stress point is unfathomable in terms of insensitivity to the needs that people have as families and productive people in our society. It is unconscionable that you would suggest that somehow or another because people were in the province that they didn't understand what was going on in the province. They left because of precisely what was going on in this province — precisely the kind of socialist mentality that says, we know what's best for everybody, when clearly you don't know what's best.

You represent a failed philosophy by a failed government by a failed premier. And it is clear to the people of Saskatchewan that that is indeed the case. And industry, while you say it's just anecdotal about what they have said, they have made it very, very clear to us, sir, I would say, this was indeed a point of contention with them. This was the reason why we're starting to see development that we haven't seen in an unprecedented fashion. Orderly development — words escape me in terms of that at the moment.

The fact of the matter is is the reason why we see PCS [Potash Corporation of Saskatchewan Inc.] the way it is today — that's the largest company in Canada — is precisely the reasons why your philosophy is wrong. We see them flourishing because they understand the free enterprise system. They understand capitalism. They understand the marketplace. They understand entrepreneurial risk and reward. They understand all of those kinds of things, and they are in the private sector. It is not the public sector that has made this industry flourish. In fact it is the opposite of that. And it just escapes me how you cannot understand that or are completely unwilling to entertain all of the evidence that points exactly to that point.

People in Saskatchewan, the entrepreneurial class of this province was damaged almost beyond repair by the actions of people like that. And it's taken some 35 years to repair some of that damage. And I dare say that I hope you cling to that philosophy, sir. I hope you cling to that for a long, long period of time because it will be that exact thing that will be the undoing of the New Democratic Party for decades.

Mr. Taylor: — One last comment and I'll let it go. If I'm not mistaken the single, largest loss year over year of population in this province occurred in 1991. Enough said. Thank you.

Hon. Mr. Boyd: — Well yes, that may well be the case. What did we see happen from 1970, all through the '70s, all through many of the years in the '80s? What have we seen in terms of population over the history of this province? What have we seen? We've fluctuated up and down a little, wee bit. What have we seen in other provinces that are blessed with the same

kind of riches that Saskatchewan is? Unprecedented growth, unbelievable growth.

And again as I say, cling to that. The *Regina Manifesto* and legislation that's used to express those kinds of things, expropriation, cling to those. I hope you do.

The Chair: — No more questions?

Mr. Taylor: — No.

The Chair: — Bill No. 3, clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to repeal The Potash Development Act. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. May I now have a member move that we report the Bill without amendment.

Ms. Ross: — I so move.

The Chair: — Moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I thank the minister and officials and that concludes Bill 3.

Hon. Mr. Boyd: — Thank you, Mr. Chair, members. And I appreciate the lively discussion that we've had here this afternoon with respect to these types of things. It's been, I think, productive, and it's certainly enlightening. And I think it will be something that we look forward to sharing with many people. Thank you.

And also I would ask . . . and thank my official who, incidentally, I want to point out to committee members is doing an excellent job on behalf of the taxpayers of this province with regard to the file, the energy and resources portfolio that he is charged with responsibility of acting upon.

The Chair: — Thank you, Mr. Minister. You stay here a minute in place while new officials come in for the next Bill, please.

Bill No. 19 — The Social Workers Amendment Act, 2008

Clause 1

The Chair: — Okay committee, we should get started. The next item before the committee is Bill No. 19, An Act to Amend the Social Workers Act. And I would ask the minister if she would please introduce her officials to the committee and if

there's any opening remarks she may have.

Hon. Ms. Harpauer: — Thank you, Mr. Chair. With me this afternoon is my deputy minister, Duncan Fisher, and Karen Bright, executive director of human resources.

The Chair: — Any opening remarks to the Bill?

Hon. Ms. Harpauer: — No, I do not.

The Chair: — Questions? Mr. Forbes.

Mr. Forbes: — Thank you very much, and I appreciate the opportunity. I think it's a relatively straightforward amendment to The Social Workers Act. I just have one or two quick questions.

One is of course, part of it is expanding the public representation from one member to two members, and the question I have is the process and selecting them . . . And somewhere in there I thought I saw the word consumer. I'm not sure whether it's actually in the Act or the explanation notes but these are representing the public. The question I have is, how will these people be selected? I think the idea of overlapping is quite good, and I understand that was a concern that you had — you had one person from one year, the continuity is an issue. But if you could talk a little bit about that, the selection of who those people will be.

Hon. Ms. Harpauer: — Thank you for that and I'm going to ask Karen to address that question because she's quite familiar with how it's been done.

Ms. Bright: — The ministry works with the Saskatchewan Association of Social Workers to identify candidates who have an interest in being a public representative. Once we have a selection of candidates, we present that to the minister's office, and the public rep is appointed through order in council.

Mr. Forbes: — Okay. And I understand there is one right now.

Ms. Bright: — Yes.

Mr. Forbes: — How will . . . and it's put on the website and he's identified as the public representative, but there's no sort of background as who he is or how . . . And maybe the right way you get a hold of him through the association. That would make sense. There's no personal contact information.

But I think that, you know, as we go into consultations and that kind of thing, if there is a way, are these positions . . . You may have already answered this, but forgive me, how, if somebody was interested in getting on this council, how might they do that?

Ms. Bright: — If someone . . . May I?

Hon. Ms. Harpauer: — Yes.

Ms. Bright: — If someone was interested in getting on the council, they would contact the Association of Social Workers directly, and the contact information will be on their website certainly. Yes.

Mr. Forbes: — Then they would, and from my experience it has been . . . so these people are not representing specific groups though, right? I know it's some advisory groups. Some represent, for example, the chamber of commerce. Some represent different groups, and you have to take that person's name. The minister will have a list and will choose from that group.

Hon. Ms. Harpauer: — No they don't represent a specific group.

Mr. Forbes: — Good. Okay. Other than that, I think this is an important one, and it's a piece of work in progress. The minister and I were just talking about how important this is actually as we attract professionals to the province and particularly in terms of immigration, that type of thing, as people come from around the world with training in this area. So I don't know if the minister wants to make a comment, or officials, in that area.

Hon. Ms. Harpauer: — I think this particular change that we're making to this Bill fits in very well with our government's agenda of growth. And as you just mentioned, it allows for the recognition of social workers from other provinces too, to come to our province and be able to practice. So I feel that is very important.

It's definitely something the association's asked for, and it fits the agenda of growth and, you know, definitely looking at legislation as ongoing. And the association would like to see other changes in the future, and we'll be looking at those. But this is what we feel comfortable with right now.

Mr. Forbes: — Good. With that I am satisfied, Mr. Chair, and ready to proceed.

The Chair: — Okay. Seeing no further questions, Bill 19, An Act to amend The Social Workers Act, short title, clause 1. Is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Social Workers Act. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. May I have a member move that we report the Bill without amendment?

Ms. Wilson: — I so move.

The Chair: — Thank you. That concludes Bill 19. And as the time is approaching 5 o'clock, I'd like to thank the minister and officials for being here this evening. And this committee will recess until 6 o'clock sharp.

[The committee recessed for a period of time.]

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

Subvote (EI01)

The Chair: — Well welcome, everyone. This evening the item on the agenda is once again consideration of estimates for vote 43 and 144, Enterprise and Innovation.

And I'd like to say right at the start that if it's warm in here, you may take your jackets off. It was pretty stifling in here earlier on so please feel free to take your jackets off if you wish.

And I'd invite the minister to introduce his officials with him this evening. And I know he's provided opening remarks before but if he has any further remarks he may do so afterwards.

Hon. Mr. Stewart: — Thank you very much, Mr. Chair. I'll introduce my officials. To my left, is deputy minister, Mr. Dale Botting; and to my right, associate deputy, Denise Haas. Behind Mr. Botting is Bryon Burnett, senior consultant with the deputy minister; and to his right, Dion McGrath, executive director of policy and planning; and to Dion's right, Andrea Terry Monroe.

And I think we have Laverne Moskal back there at the far left side in the back row; and to his right Jacki Litke, director of marketing. Roger Israelis next in line; and on the far right side of the back row, Marilyn Day, director investment programs.

The members will be relieved to hear that I do not have any additional opening remarks and would welcome questions.

The Chair: — Questions? Mr. Quennell.

Mr. Quennell: — Not even brief ones? I'll try to keep my jacket on as long as the minister does.

The other day — I don't know if it was yesterday; it might have been as early as this morning; you know how long these days are — I heard a story on biofuels. And it was more a story on the global situation and the diversion of foodstuff to fuel which the minister and I briefly discussed in committee last time we were in estimates. But the introduction, the tag line introduction, was I guess a little bit misleading because it didn't have much to do with the story which was a global story but it was a local introduction. And I take these things with a grain of salt, but I thought I would just return to this in case I'd misunderstood the discussion we'd had before.

The fellow on the radio said that Saskatchewan is prepared to launch big time — I'm not quoting exactly — into production of ethanol and biofuels. And that wasn't my impression from the discussion that we'd had before. I guess prepared in some kind of existential sense but that doesn't seem to be anything immediately on the horizons. And maybe if the minister could comment on that.

Hon. Mr. Stewart: — Yes, I think the member has a pretty good handle on that. We're not looking at any huge increases in biofuels production at this time, mostly because the projects are having problems raising capital. And I guess particularly farmer, potential farmer investors are not as interested in buying

themselves a market now that the market is good, and so they're not lining up to invest like it was anticipated that they would when these projects were, you know, on the drawing board stage or beginning that stage.

And I suspect that we're going to see two additional plants come on stream: a large one at Belle Plaine which has actually gone so far as to run some test runs and a small one at Unity. I think just a \$25 million facility there, and I believe that's all that we're expecting to come on stream in the near future or in the foreseeable future.

Mr. Quennell: — I believe we discussed the Unity project last time. I don't know if we discussed the Belle Plaine project, maybe perhaps because it doesn't fall within the loan program. So what can the minister advise about the Belle Plaine project?

Hon. Mr. Stewart: — It's a large project — 130 million litres, I believe. Right now it's . . . [inaudible interjection] . . . 150 million litres. Correct that. It's right now stocked up with grain. I think the storage bins are full, and I think there's close to 1 million bushels on the ground awaiting start-up.

But last fall some test runs were made there, and they determined that they had some issues. And they've been working on that over the winter. And I'm not certain when they're now scheduled to start full production, but earlier on, at least in the wintertime they were predicting Juneish, sometime this spring.

Mr. Quennell: — Is that Saskatchewan grain?

Hon. Mr. Stewart: — Yes . . .

Mr. Quennell: — As far as we know.

Hon. Mr. Stewart: — I believe it all is.

Mr. Quennell: — Okay. No American corn in there.

Hon. Mr. Stewart: — No, there's no corn at all.

Mr. Quennell: — There was a time when a lot of Saskatchewan people knew about the technology of making ethanol, but I guess that knowledge has been lost over the years since the end of prohibition.

Hon. Mr. Stewart: — The knowledge seems to be concentrated in a few hands now.

Mr. Quennell: — But those are the kind of technical problems that they're having, a large-scale ethanol production.

Hon. Mr. Stewart: — Yes. It's new plant start-up problems. I understand it's nothing particularly serious but something that took a few months to iron out.

Mr. Quennell: — Does the department have some kind of idea from the owners as to when it's going to be online and producing ethanol?

Hon. Mr. Stewart: — Well I'm informed that they're still targeting June. June was the last time that I heard, but it's been

a couple of months since I heard that. But I'm informed that that is still the target.

Mr. Quennell: — And the Unity plant?

Hon. Mr. Stewart: — Unity — this fall, perhaps October, that's projected.

Mr. Quennell: — And that's all we know about.

Hon. Mr. Stewart: — Yes. There are others . . .

Mr. Quennell: — Or is foreseeable now.

Hon. Mr. Stewart: — I should say there are others on the drawing board that don't appear to be in a position to go ahead at this time.

Mr. Quennell: — And would all those be eligible for the loan program under the new parameters we discussed?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — And they would all be smaller scale plants.

Hon. Mr. Stewart: — Not necessarily. There are a couple of 100 or in excess of 100 million litre facilities that are not going ahead.

Mr. Quennell: — So we're talking about things that are on the drawing board. What is the timeline from the drawing board to production? For example, when was Belle Plaine last on the drawing board and starting to pour foundations?

Hon. Mr. Stewart: — I'd say construction would be 18 months, and there's certainly . . . from the time that a project is on the drawing board, that can vary. A lot of that time is spent raising capital and so on. I think the Shaunavon project has been on the drawing board for nearly 10 years, and so that's quite variable. But I think construction — correct me if I'm wrong — 18 months or so . . . Right. Yes, without any major hitches in fundraising, I'm informed that probably 24 to 30 months from conception to production.

Mr. Quennell: — So if any of the drawing board projects started moving ahead, then we'd be waiting two or three years probably before they were in production.

Hon. Mr. Stewart: — Most likely.

Mr. Quennell: — Okay. Thank you. Now if I could return briefly to the enterprise regions. I started from scratch last time, and so I'd just like to come back to it briefly and make sure I understand where the government wants to end up and how it plans on getting there.

So instead of starting at the beginning, which I guess is today or this year, and looking at where the money's being spent, if the minister could outline what the enterprise regions would look like if the vision was realized, how they would be governed and maybe contrasting that to the current landscape, and how long it will take in the views of the minister and his ministry to get there.

Hon. Mr. Stewart: — We're looking at considerably less region, a smaller number of regions, but larger REDAs [regional economic development authority] with more capacity, more consultation with post-secondary institutions, community colleges, universities, technical schools and so on, more involvement of First Nations. And certainly there will be some additional funds to help the REDAs build this capacity.

Mr. Quennell: — How many REDAs are there now?

Hon. Mr. Stewart: — 27.

Mr. Quennell: — And what's going to . . . I'm not asking for an exact number on the enterprise regions, but there will be fewer than 27, and what's generally the target? I won't hold you to an exact number.

Hon. Mr. Stewart: — Yes, well I think roughly half that number.

Mr. Quennell: — And the timeline on getting there?

Hon. Mr. Stewart: — Probably be two years before we're really operational in those particular regions. Meanwhile we won't, I mean, operations won't cease; it'll be seamless — but before we're reconfigured into that model, roughly two years.

Mr. Quennell: — And there was some discussion about governance last time and the . . . I guess failings might be too strong a word. I wouldn't want to put that word in the minister's mouth, but inadequacies may also be too strong a word. Maybe the minister could pick his own word, but failings or inadequacies of the current governance and how limited that is largely to municipal leadership. And again, not to put any words in the minister's mouth, but that's what I understood him to be saying.

How would these, I'll say, 14, 15 enterprise regions be governed compared to how the REDAs are governed now?

Hon. Mr. Stewart: — It's not inadequate, really, the way it's operated. I wouldn't say that. The board members are not necessarily economic developers. They're dedicated municipal officials, and we'd like to see more people with that sort of an economic development background serving on those boards.

Terms of service, we'd look at limits on those and with the opportunity to bring in some fresh people from time to time. And well we just think that this is a healthier model and a model more focused on economic development rather than municipal infrastructure projects which the old REDAs tended to drift towards in some cases.

Mr. Quennell: — There was some discussion, I think, last time about Aboriginal leadership as well.

Hon. Mr. Stewart: — There will certainly be every effort made to include Aboriginal leaders on those boards. And certainly in most areas of the province I would expect to see that.

Mr. Quennell: — And in broad terms, from what group of people do you see the board members of the enterprise regions being drawn from? Where are you going to get the economic

developers from? I appreciate what you had to say about dedicated municipal officials, but from what other class of people will you be drawing from?

Hon. Mr. Stewart: — Well as you say, member, we will still have community leaders, some probably through the municipal process as is the case now with the majority of them, but also Aboriginal people, as we discussed. And probably what we aim to be one of the main changes would be more business leaders and people with economic development experience on these boards.

Mr. Quennell: — What kind of term limits are you thinking about?

Hon. Mr. Stewart: — One to two years, I think, is what we're looking at right now.

Mr. Quennell: — I may come to this question when we're looking at the Bill, but why so brief?

Hon. Mr. Stewart: — Well you know I think we want to keep freshening these things up. In the past I don't know if that's always been the case. And there are a large number of very capable people in this province, and I think we want to make use of more of these people. And I think many more people would be willing to serve if they had the opportunity.

Mr. Quennell: — Nothing there that you want to add?

Hon. Mr. Stewart: — No.

Mr. Quennell: — Okay. The appointments to the enterprise region boards, would those be made by Enterprise Saskatchewan?

Hon. Mr. Stewart: — Guidelines for the qualifications of the board members will come from Enterprise Saskatchewan. But we're hoping to define some sort of a process where the local regions can choose people who qualify under those guidelines, from their own region, to govern their REDA.

Mr. Quennell: — Yes, I just assumed that they would be people from within the regions, but I'm wondering about who appoints them because right now all these items come under the Ministry of Enterprise and Innovation. And a year from now, as I understand the discussion we had last time, there will be no such ministry; there'll just be this agency, Enterprise Saskatchewan. Will that agency be appointing the governance of these enterprise regions?

Hon. Mr. Stewart: — No that's not anticipated. This will be — once the parameters are set out and the qualifications that we expect for board members — it will be a grassroots process in the regions themselves, and the exact details of that are not established at this point. But those board members will be chosen from within their own local regions.

Mr. Quennell: — Right, but confirmed by an OC [order in council] appointment or in council appointment?

Hon. Mr. Stewart: — That may be the procedure, if that's necessary . . . No, I'm informed it's not necessary.

Mr. Quennell: — Okay so some governance and board selection process will be put in place for the REDAs.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Okay so they wouldn't be what we would call government appointments.

Hon. Mr. Stewart: — No.

Mr. Quennell: — Okay . . .

Mr. Botting: — Mr. Quennell, part of the governance guidelines we give in fact will be just that, how the board will replicate itself, how it will have a nomination committee. Those are all part and parcel of what good governance guidelines will be. So that indeed is part and parcel of how we want to enhance the governance quality of our regional enterprise groups.

Mr. Quennell: — Well for what it's worth — and I appreciate I'm an opposition member — I would have some concern about an organization where board members choose their successors and, as the deputy minister said, replicate themselves. So I hope that it's a little bit more broad-based than that.

Hon. Mr. Stewart: — I think the process will be more complex than that.

Mr. Quennell: — Okay. We had something of a short, high-level discussion about biofuels last time. And if the minister is amenable, I'd like to have another conversation at a higher level. Just to introduce the topic, I think everybody here can agree that at least for the present and for the near future — and we hope longer — Saskatchewan and Alberta seem to be insulated somewhat from a continental recession. And I think that word's actually been used by responsible people both in the United States and in Canada. And the reason for the insulation here is high commodity prices, oil and gas, other minerals, and even now high commodity prices in agriculture — which is a very cheering prospect.

All that said, it does, in a country like Canada, lead to something that is called, for some reason I don't know, Dutch disease where as I understand it — and I'm no economist — your commodity prices which may benefit one part of the country, drive up the value of your currency. And then your other industries, particularly your manufacturing industries perhaps centred in another part of the country, suffer from the high currency. And I know a lot of westerners appreciate the shoe being on the other foot.

But to take me to my line of questions, or the discussion I want to have with the minister is that, of course we're going to suffer a little bit of Dutch disease in Saskatchewan too. We are an exporting province, maybe the most significant exporting province in proportional terms to our economy. So there's a trade-off with the high dollar for us, and I would think they'll be particularly felt by the manufacturing sector.

Now I don't know a better minister to have this conversation with. What are the Government of Saskatchewan's thoughts about how we benefit to the degree we're going to from high energy prices in particular and other high commodity prices,

while having a manufacturing sector left even, after the economics of energy change or we don't have as much accessible non-renewable resource as we currently have?

Hon. Mr. Stewart: — I appreciate the member's question, and I think I'm in general agreement with the concept that we're into or near a North American recession. Certainly the United States, I believe, has slipped into a recession in the official meaning of that word. And I'm not so sure that other regions of Canada are quite there yet, but certainly not doing as well as we are. And I also recall when the shoe was on the other foot and it wasn't so nice. And I have sympathy for the rest of the country and the rest of North America, certainly.

And it's true that our commodities are high priced at this time and valued by the world. We are, more than in any other time in our history, I think, producing exactly what the world is looking for and is willing to pay for.

When it gets down to specifically our manufacturing industry, we don't see it suffering as of yet, certainly not to the extent that the automotive industry in Ontario is. We happen to be producing mostly oil field equipment and farm equipment, and both are in huge demand around the world. And our manufacturers are behind with their production, if anything. Generally speaking they're doing quite well.

The dollar is a bit of an issue, but they have many markets other than the United States now too. So we don't see the same problem with our manufacturers that the automotive industry is experiencing in Ontario, certainly. And it's nice to see the rest of our economy doing very well.

And I recall borrowing a large sum of money in the early 1980s to expand my farming operation, and the interest rates ran up to eighteen and three-quarters percent because the Ontario economy was superheated. And we were actually in a world of hurt out here, especially in the farming community. And it was tough luck for us, but I don't feel that way about the rest of the country. But I certainly, I don't like to see it go either way, but I like it this way a lot better than I did the other way.

Mr. Quennell: — I'm not going to disagree with a lot of what the minister just said either. But my question, I don't think is fully answered. And I think the minister's assessment of the Saskatchewan economy is right. It's oil and agriculture and machinery that you need for oil and agriculture, but the two go in tandem.

And when . . . and I guess things happen; what goes up sometimes comes down. And it is a finite resource, and actually I was surprised to learn how finite our oil resource might be. We all may live to see a time when we're not exporters of oil, and we have industries that are also dependent upon those commodity prices and manufacturing. Does the government see opportunities in other areas? And I don't know. I don't want to make suggestions. But you know, production of renewable energy, technology or whatever — we're a province that receives a lot of sunlight. Some of it's when it's pretty cold, but still a lot of sunlight. We're a province that has a lot of wind and is using wind. And a lot of that technology we import from Europe and we need to use it here anyways. Could we be making it here? That's just an example, but I mean are there

opportunities that the government sees in diversification beyond supplying our commodity industries?

Hon. Mr. Stewart: — I appreciate that question. And certainly that is on our mind, and we recognize that we have an opportunity now while our economy is doing well due to the commodity boom to attract other businesses and industries to the province that will broaden the base of the economy as the members suggests. And certainly that's a priority of our government and particularly of Enterprise and Innovation. And when we get the Innovation side of this thing going hard in a few months, that will be an area of focus, is to bring in more innovation, innovative-type companies, cutting-edge innovative businesses, and to help them become commercialized in the province. And certainly that is a priority.

Mr. Quennell: — That answer caused me to jump out a little bit ahead in my plan of my questions.

The Saskatchewan Party, which the minister represents in the legislature, promised to create Innovation Saskatchewan during the campaign. And is this still the plan? Is this a separate agency? How will this body co-ordinate with Enterprise Saskatchewan?

Hon. Mr. Stewart: — This will be part of the Enterprise and Innovation agency that will be the economic development driver for the government.

Mr. Quennell: — So not a separate enterprise, not a separate Innovation Saskatchewan, but part of Enterprise Saskatchewan.

Hon. Mr. Stewart: — It will be to some extent separate, but it will be under the same minister, and certainly Enterprise and Innovation will work together.

Mr. Quennell: — It would be the same one-line item in the estimates?

Hon. Mr. Stewart: — I'm afraid so. I hate to disappoint the member, but we won't be able to do this again.

Mr. Quennell: — Well we'll see. Maybe we'll have different jobs too. So there wouldn't be an Innovation Saskatchewan . . . like a vote for Enterprise Saskatchewan and a vote for Innovation Saskatchewan.

Hon. Mr. Stewart: — That has not been decided whether that will be one vote or whether will be separated in that respect. But certainly it will, for the foreseeable future, we expect it will continue under one minister and work together very closely.

Mr. Quennell: — So potentially two agencies but not necessarily two agencies.

Hon. Mr. Stewart: — Exactly.

Mr. Quennell: — Well whether it's a separate agency or not, we talked quite a bit about what Enterprise Saskatchewan is doing this year and some of what it will be doing going into the future. In what respect is Innovation Saskatchewan different or complementary or supplementary to any of that?

Hon. Mr. Stewart: — Innovation will be responsible for the more cutting-edge — not the industries that we see in Saskatchewan so much right now — but cutting-edge, research-based, IT [information technology]-based in some cases, businesses and industries, new thought certainly linked with the universities. And part of the, as I said in my previous answer, a substantial part of the issue for this agency will be to help those research projects become commercial reality within the boundaries of this province.

Mr. Quennell: — Well that's sort of the description of the mandate of Saskatchewan Research Council, which we're going to come to in a little while. As a matter of fact, I think that's almost a quoted part of it. So how is this different?

Hon. Mr. Stewart: — Well it's on a provincial scale. SRC [Saskatchewan Research Council], which is in my view a great agency — works on specific projects. Innovation Saskatchewan will be doing similar-type work but on a provincial scale and with certainly much more capacity to attract investment into those businesses and industries and to help them become commercial.

Mr. Quennell: — Enterprise Saskatchewan has a board. Will Innovation Saskatchewan have its own board, be governed by the same board as Enterprise Saskatchewan, or you don't know yet?

Hon. Mr. Stewart: — We start with the sector teams and strategic issues councils operating under the Enterprise Saskatchewan board, at least for beginning. And as this thing grows over the next year roughly and maybe takes on a bit of a life of its own, the decision will be made whether or not it's best to operate it under the Enterprise Saskatchewan board or under a separate board.

Mr. Quennell: — So I think we've been over this a couple times — last time we talked and I think the minister just alluded to this now in vote 43 — there's about two dozen line items, over two dozen line items. And I've had the opportunity to go through each one and where there's changes, ask about the changes and if there's new items, ask about the new items. And I don't think we're getting a big market share on TV tonight, but it's not just been edifying for me but anybody that's interested in following how public money is spent.

As I understand, the minister just said we won't be doing this again. And the comparison last time to the model for Enterprise Saskatchewan was Saskatchewan Research Council which has one line item. How does that correspond with Saskatchewan Party government's commitment to accountability?

Hon. Mr. Stewart: — Well I think it's pretty hard to find or to envisage an organization that's really more accountable than Enterprise Saskatchewan. I mean, the board members are chosen on their merits from the members of the public who are nominated — over 300 of them — to fill positions on the Enterprise board. The board itself gets to report to the public from time to time on the progress that government is making with its recommendations.

The whole thing is pretty much above board and visible and open and accountable, certainly will be subject to provincial

audits annually and an annual report as a Crown corporation does. And so I think that we've gone above and beyond in creating an agency that is open and accountable.

Mr. Quennell: — The budget for Enterprise and Innovation for 2008-2009 is approximately \$60 million. That would become the budget for Enterprise Saskatchewan. When Innovation Saskatchewan's folded in, does that increase the budget, or does that just divide the money up differently?

Hon. Mr. Stewart: — No, I don't anticipate that that will increase the budget. This is the budget for this fiscal year.

Mr. Quennell: — Yes, I appreciate that. But going forward, you're going to have an entity which may be separately governed, or may not be, doing something markedly different as the minister described. Going forward, does that agency have to carve out something out of, you know, the \$6 million for that 10 per cent increase, or is the government going to have to find new money for something that currently doesn't exist, Innovation Saskatchewan?

Hon. Mr. Stewart: — No. No I don't anticipate the need for much more money anyway at least not for administration. Now depending on the scope of the work that government expects Enterprise and Innovation to do in the future, that may influence the bottom line in the estimates more, but administration — I think we're about there. We were granted a sum of money to get this thing up and running, and I think probably we're close to where we need to be to operate on an ongoing basis.

Mr. Quennell: — Along with the sector teams that we discussed last time, the minister has also indicated that there will be strategic issues councils. I think at one point either the minister or the deputy minister said that they were, the strategic issues councils were mentioned in the legislation. But I think that's an error. I don't believe they actually are mentioned in the Bill. So what are the strategic issue councils?

Hon. Mr. Stewart: — Well at this point, there is one. It's the Labour Market Commission and it existed before Enterprise, and it's the first . . . We think it's a priority. It's the first one that we wanted to get up and running, so it's been remodelled a bit and rolled into Enterprise Saskatchewan as a strategic issues council.

Mr. Quennell: — I believe the deputy minister told the Saskatchewan Association of Rural Municipalities that not only did it exist before Enterprise Saskatchewan; it existed before this new government, that this was a council that existed under the former NDP government. Is that correct?

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — And so can you describe generally the work of that council and how that's a model for others?

Hon. Mr. Stewart: — Yes. This council will be identifying issues in the labour force — and in this market, those issues will largely be shortages — also identifying ways to address those issues. And those recommendations will go to the board of Enterprise Saskatchewan, and if they're ratified there will go to cabinet for a final decision.

Mr. Quennell: — Okay. And the membership of the council — and there's only the one so far — is chosen how?

Hon. Mr. Stewart: — This first one's a bit different because it existed, as the member said, but generally the way we see going ahead is to choose people for these strategic issues councils that will be identified to us by business, labour, First Nations, and post-secondary institutions as potential members.

Mr. Quennell: — Would you be modelling that selection process on the process for the board?

Hon. Mr. Stewart: — It's somewhat similar but a very much more streamlined and simple process than the fairly complex and time-consuming nomination process that we went through for the board.

Mr. Quennell: — Would the ministry be going back to the list of, you might call them — having served on boards myself I'm not sure I want to call them the unsuccessful candidates but — the unsuccessful candidates for the board of Enterprise Saskatchewan and drawing from them?

Hon. Mr. Stewart: — Certainly for the sector teams I see that more than the strategic issues councils. Certainly we will. We already have those people. They've gone through the scoring mechanism that we set up, and we know quite a lot about them, and we know that we have a large number of very competent people there. I don't like to think of them as being unsuccessful because they didn't get on Enterprise Saskatchewan. But they didn't, and a large number of people that we want to use on that list.

Mr. Quennell: — You say that for the sector teams, now some of the sector teams, as the minister pointed out, would be existing associations. Like we used, the minister used the example of the sector team on mining being the Saskatchewan Mining Association, so why go back and sort of reinvent something that's already in place? So in the case of those sector teams, you wouldn't be looking at the candidates obviously.

Hon. Mr. Stewart: — I wouldn't think so. Unless perhaps the case of oil and gas, we have two major organizations that represent the oil and gas industry, the Canadian Association of Petroleum Producers and the Small Explorers and Producers Association, and no decision has been made. But for instance, we might go to that list to pick a Chair for that sector team to coordinate the two agencies and keep them working together.

Mr. Quennell: — But you wouldn't go to that list for the strategic issue councils. I'm not sure I understand why.

Hon. Mr. Stewart: — Well we just think that the strategic issues councils might be better chosen on recommendations from First Nations, post-secondary, business, labour, and so on.

Mr. Quennell: — So we have one in existence and its been in existence for a while — labour market. What are the other councils that . . . I know the deputy minister gave a list again at SARM [Saskatchewan Association of Rural Municipalities] where I was in attendance but . . .

Hon. Mr. Stewart: — That list I'm sure was sector names.

There are no specified strategic issues councils. They will come and go at the whim of the board. There are identified as some potentials, but they may or may not ever come into existence, and that will be decided by the board. Labour force development of course is one, and also enhancing Saskatchewan's immigrant nominee program could be another one, or it could be included in that same labour force development. I can see that possibly promoting entrepreneurship could potentially be another, facilitating and streamlining the process of registering businesses, and so on or any other activity or program that the board of Enterprise Saskatchewan deems needs some special study.

Mr. Quennell: — So these strategic issues councils, study groups may not be permanent in some cases?

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — And your government . . . well I guess you said there'd be a selection process similar to the Enterprise board selection process.

Hon. Mr. Stewart: — Probably not for the strategic issues councils. We're going to accept . . . well I suppose you could say it's similar but certainly not as complex and much more streamlined. As I said we're going to accept recommendations from First Nations, business, labour, and post-secondary institutions.

Mr. Quennell: — How intensive does the ministry foresee the commitment of members of strategic issues councils being? It sounds to me like it could be quite the job.

Hon. Mr. Stewart: — It could be time consuming, you know, at least from time to time. We can't expect these people to give up their livelihoods to sit on these strategic issues councils and so on, but there may be times that there will be a fairly high intensity of meetings while a strategic issues council is grappling with a specific issue. We hope this to be not too onerous on people who have to make a living outside of their \$155-a-day stipend for sitting on these boards, but certainly there is potential for some significant number of meetings, yes.

Mr. Quennell: — Now the deputy minister did give a list of strategic issue councils to SARM. I take it from the minister's comments that those are all possibilities. The only firm decision's been made on the labour market, existing labour market council.

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — And all the others remain as possibilities.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Who will decide what strategic issues need to be examined?

Hon. Mr. Stewart: — The Enterprise Saskatchewan board.

Mr. Quennell: — And will they be making the appointments to the council?

Hon. Mr. Stewart: — No, I suspect the CEO [chief executive officer] will actually make the appointments, but on the recommendation of the institutions that I had listed earlier.

Mr. Quennell: — Now the minister referred to recommendations coming from the strategic issues councils, if approved by the board, being sent off to cabinet. Does cabinet retain the sole responsibility for decisions to be made by the Enterprise board?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — So every decision of the Enterprise Saskatchewan board will in effect be a recommendation.

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — Will all recommendations become public, or only those that are accepted by a cabinet become public?

Hon. Mr. Stewart: — The Deputy Chair of the board will have the option to make those recommendations — whether accepted or not — public when he does his reporting semi-annually, I think. I think that's what we'll likely settle on is semi-annually.

Mr. Quennell: — Okay, the option but not the requirement?

Hon. Mr. Stewart: — I think it's up to the board to decide that. And certainly, I would certainly, though, encourage the Vice-Chair to be inclusive and not leave anything out when he does his report. We're very comfortable with the public knowing exactly what recommendations have been made and which ones have been approved and which ones have been rejected.

Mr. Quennell: — If that's the minister's view, then why leave it as an option?

Hon. Mr. Stewart: — Well I don't think we've even covered this. But it may not be an option. I'm, as I say, I'm perfectly comfortable with having that prescribed.

Mr. Quennell: — Okay. Now that prescription is not in the legislation. I don't think it's that detailed. Is that a place for regulation by the government, that all recommendations, whether accepted or not, be public?

Hon. Mr. Stewart: — I think that's an issue for the board to consider certainly and make a recommendation on.

Mr. Quennell: — But it's the minister's view that that should be the case?

Hon. Mr. Stewart: — It's my view that yes, frankly, I'd be more comfortable with everything being reported.

Mr. Quennell: — Well so would I.

Hon. Mr. Stewart: — Good. We agree.

Mr. Quennell: — So I hope you carry the day in cabinet on that, Minister. Now what about reports of the subcommittees, the sector teams, and the issues councils that go to the

Enterprise Saskatchewan board?

Hon. Mr. Stewart: — If they go to cabinet, they would certainly be subject to the Vice-Chair's reporting. I think that decisions that are not approved by the board would not necessarily be reported. It's government we're trying to hold accountable here, not necessarily the board of Enterprise Saskatchewan.

Mr. Quennell: — Well, Minister, I guess it's a matter of debate to what extent Enterprise Saskatchewan is not the Government of Saskatchewan. But we won't get into that debate; this is estimates. And secondly, as I pointed out, we're going from over two dozen line items to one line item. So the minister has to weigh against that other ways in which this is more accountable than how we're currently doing it. So he should be, in my respectful opinion, looking for ways to make sure that it's more accountable giving, considering what's been given up.

But the minister's view is that the recommendations to Enterprise Saskatchewan, that are not accepted by Enterprise Saskatchewan, shouldn't necessarily be made public.

Hon. Mr. Stewart: — The recommendations made by Enterprise Saskatchewan . . .

Mr. Quennell: — No, I think the recommendations made by Enterprise Saskatchewan, whether accepted or not, the minister and I are in agreement . . .

Hon. Mr. Stewart: — Right.

Mr. Quennell: — About our preference. It's the recommendations to the board, whether accepted or not, that is under discussion.

Hon. Mr. Stewart: — I see that a little differently, to be honest. I think this board has to have the freedom to operate and make decisions without being put under public scrutiny. It's cabinet and the Government of Saskatchewan that we're trying to put under scrutiny, in that the recommendations that are made to cabinet will be reported upon, but I'm not of the view that recommendations made by strategic issues councils or sector teams to Enterprise Saskatchewan, and rejected, would necessarily be reportable.

Mr. Quennell: — Well the minister says public scrutiny like it's a bad thing. But I'll move on.

Hon. Mr. Stewart: — Let me respond to that. I don't think public scrutiny is a bad thing at all, and that's why we set this board up with the opportunity to report to the public, and report to the public without any interference from the minister or cabinet.

Mr. Quennell: — Where will the Enterprise Saskatchewan offices be located?

Hon. Mr. Stewart: — There will be Enterprise Saskatchewan offices in both Regina and Saskatoon. We do that to minimize the disruption to our employees. We hope that no one will have to move from Regina to Saskatoon or Saskatoon to Regina to accomplish this feat. At one time, frankly, we had considered

having the office in one city or the other, but it seemed that the disruption would be a little . . . I should also mention the six regional offices will be continued and so there'll be no disruption of people in those areas either.

Mr. Quennell: — Where are those six offices?

Hon. Mr. Stewart: — The list is Moose Jaw, Swift Current, Yorkton, Estevan, Prince Albert, North Battleford.

Mr. Quennell: — Now there's employees in all those locations now — Regina, Saskatoon, all the regional offices.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — So, it's anticipated that the same employees, more or less, would continue on in the same offices after the legal structure changes from ministry to agency?

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — Okay. Mr. Chair, I have a few more questions than will be accommodated in five minutes, so if we want to do the changeover to SRC, then I can come back to these questions on another day.

The Chair: — Yes, that's fine if you're not wrapping up tonight.

Mr. Quennell: — Yes, I won't wrap up tonight anyway.

The Chair: — Okay, that's fine. If you want to cease right now and we'll move on.

Mr. Quennell: — Okay, that's acceptable?

Hon. Mr. Stewart: — Okay.

The Chair: — Okay thank you, Mr. Minister, and officials, and I believe you'll need some different other people in for the Research Council. So I'd ask if you get your other officials and for members of the committee if you'd like to take a stretch in place, and we'll resume as soon as the minister is back with his officials.

Hon. Mr. Stewart: — Thank you, Mr. Chair, I appreciate that very much. And I thank the members of the committee and certainly my officials.

[The committee recessed for a period of time.]

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

Subvote (SR01)

The Chair: — Okay I would like to call the committee back to order, please. The next item for consideration is vote 35, Saskatchewan Research Council. I would ask the minister to introduce his officials and any opening remarks.

Hon. Mr. Stewart: — Thank you, Mr. Chair. I would like to

introduce the two officials that are here with me: to my left, Mr. Laurier Schramm, chief executive officer of SRC; and to my right, Ms. Crystal Smudy, chief financial officer of Saskatchewan Research Council.

If I may begin with a few brief remarks, Mr. Chair, SRC is our province's leading provider of applied research, development, demonstration, and technology commercialization. While I have only been the minister for SRC for a short time, I'm impressed with the range of their work and accomplishments.

SRC's scientists, engineers, and other experts provide smart science solutions for challenges that their clients face in nearly every strategic sector in Saskatchewan and in fact many places around the world from diamonds to oil recovery to vaccine production. The work undertaken at SRC is a great example of the talent and energy that we have in our province. This breadth of experience is a significant asset for Saskatchewan as it helps to ensure our security and growth by supporting our industries and strengthening our economy.

Economic impact of SRC for '06-07 assessment shows that they contributed to the creation or maintenance of more than \$400 million in direct economic benefits to our province as well as the creation or maintenance of 3,000 jobs. In addition SRC's work contributed to the reduction or prevention of at least 24 000 tonnes of greenhouse gas emissions.

SRC is a leading organization in Saskatchewan, and it is also attracting a growing list of accomplishments. I'm not going to go into that list of accomplishments unless the member asks me to because I know that we only have half an hour for this item, and I want the member to have an opportunity to ask questions.

I'll just say before I cease my opening remarks that I've always been a fan of this organization, and my remarks in *Hansard* when I was in the seat that the member is tonight will reflect that, and I'm ready to take questions.

The Chair: — Mr. Quennell.

Mr. Quennell: — Yes. I don't have a lot of questions, so I think the minister can list some of the accomplishments if he would like.

Hon. Mr. Stewart: — Thank you, member; I appreciate that very much.

SRC's fermentation pilot plant is producing a vaccine for a Montreal-based company that controls post-weaning diarrhea in pigs. It's the only research organization in Canada with a veterinary biologics establishment licence, which enables them to commercially produce vaccines. This unique status will bring new business to our province and new healthcare products to livestock producers in Saskatchewan and throughout Canada.

The Research Council has been working with the Canadian oil sands industry for many years to provide technological solutions that enable the extraction and transportation of bitumen in economic and environmentally responsible ways. SRC is now working with companies interested in developing Saskatchewan's oil sands to help them assess, develop, and deploy technologies that could enable economic and

environmentally responsible development of our oil sands.

SRC is also leading the way in developing a new technology with the potential to extend the life of mature oil reservoirs. Solvent vapour extraction or SVX involves a number of less energy intensive oil-recovery processes and is being field tested by a consortium of oil producers and expert researchers under the joint implementation of vapour extraction or JIVE [joint implementation of vapour extraction] project.

The Pipe Flow Technology Centre is acknowledged as an international centre of excellence. I had a tour of this facility in Saskatoon and was very impressed. The pipe flow technology helps the resource sector conduct commercial-scale studies for safe, cost-effective extraction, transport processing, and waste disposal of mineral and oil resources. SRC's Pipe Flow Technology Centre has collaborated on a number of groundbreaking pipeline and fluid mechanics applications. A couple of examples include the hydro-transport of oil sand slurries to enable remote mining and horizontal well recovery and production of heavy oil.

SRC also is providing technical support for a biomass ethanol project to a Nipawin co-operative, a new gen co-operative. Unlike conventional grain-based ethanol production, the Nipawin plant will use forestry and agricultural biomass such as wood chips and flax straw. Saskatchewan has enough waste and biomass by-product to replace our entire petroleum use at current levels on a renewable and sustainable basis, without withdrawing any agricultural products from food or feed markets.

To meet growing industry demand for full-service laboratory services in Saskatchewan, SRC has expanded its diamond operations. Its new high-security facility has approximately doubled the previous lab's capacity, making it one of the largest of its kind in the world and Canada's leading independent diamond testing laboratory. The facility has developed a worldwide client base and is De Beers' external lab of choice.

SRC is undertaking site assessment and remediation work at 39 abandoned uranium mine and mill sites in northern Saskatchewan, mostly in the Uranium City area. We are funding this 17-year remediation program jointly with the federal government at an estimated cost of almost \$25 million.

As project leader, SRC's vast technical experience from working with the mining and mineral and environment and forestry sectors provides excellent breadth of knowledge and understanding. These are just a few of the highlights of the exciting work that SRC is undertaking at the present time. And as you can see, SRC's work continues to provide promising, innovative scientific developments that help strengthen Saskatchewan's economy while improving our environment.

And I thank the member for allowing me to complete those remarks about SRC.

Mr. Quennell: — No problem, you're welcome. I was at the announcement on the fermentation plant for the vaccine, and it was a very interesting announcement, as all announcements are at the Research Council — perhaps one of my few opportunities to see the minister in a lab coat as well.

On the cellulose work, the mandate of SRC is in part to bring or help bring to commercial development new technologies. And we've had a discussion in estimates under Enterprise and Innovation, as the minister no doubt will recall, on two days about the diversion of grain to fuel.

And I think the alternative in respect to cellulose, when you have a lot of the criticism that we've heard recently both about diversion of food to fuel, really cutting down forests to grow grain or sugar cane or whatever happens to be the local product of choice. Cellulose has, I think, a lot of benefits over ethanol production, grain ethanol production. What are the prospects and timelines in respect to the work that SRC is doing in cellulose biofuel production?

Hon. Mr. Stewart: — Well I'm a proponent of grain-based biofuels as well. I feel that — and I think I'm on the same track as the member is with his question — that cellulose-based biofuels are certainly the second wave and probably a major improvement for the environment and the food supply of the world and a step up — a dramatic step up — from the grain-based ethanol. I'm not going to attempt to answer technical questions. I'm going to hand off to Mr. Schramm as I'm not customarily seen wearing a lab coat.

Mr. Schramm: — Thank you, Minister. We are working in both areas, both the grain-based and the biomass-based because there's market demand for help with technical problems in both areas. In the biomass area the work we've been doing with the Nipawin New Gen Co-op is at the stage now where it's technically proven at the lab bench scale and is ready to go to a pilot-scale demonstration and further testing.

We are working with the community to try and find, put together the financing and other partners to be able to go ahead with the design and construction of a pilot plant. If successful, if that can come together fairly quickly, it's possible that plant could be up and operating within a year. And then depending on the results, it could be scaled up and potentially go commercial.

So that's a possible kind of time frame. And without seeing the additional results of the pilot testing work, it's hard to predict what might happen next. But if there were no major obstacles identified in the pilot testing work, then we could be a few years away from commercialization of that particular technology.

Mr. Quennell: — And what would the scale . . . or if you have any idea what the scale of such a plant would be when it goes commercial?

Hon. Mr. Stewart: — Member, our apologies. We don't have that number in our material here tonight, but I will undertake to provide you with that answer.

Mr. Quennell: — So you think it's available?

Hon. Mr. Stewart: — Yes certainly.

Mr. Schramm: — Yes, we just have to get it from our partner. But they do have an intended size, assuming things go well, so we can get it for you.

Mr. Quennell: — On the diamond issue, I've had a couple of

opportunities to review, to tour the SRC facilities in Saskatoon, and was particularly impressed by the security around diamond identification. I doubt if very many people in Saskatchewan are aware of it — and again under the illusion that us talking about it here is going to do much to change that. But maybe at least for my edification and a bit of a refresher course for me, as I understand it, at least in part — and perhaps you can correct me if there's a lot more to it than that — but there's issues that go right to organized crime around the identification of the source of diamonds. That's part of what's being done at SRCs, a kind of a fingerprinting or DNA [deoxyribonucleic acid] kind of analysis — as a metaphor — for the source of the diamond? And I guess that has, for anybody that was to see the recent film *Blood Diamond*, that also has moral and ethical issues as well as potential criminal issues.

And so if you could describe generally what that facility does; as the minister said, De Beers is the facility of choice.

Hon. Mr. Stewart: — First of all, member, I'm sure that thousands of people around the province are being informed by this discussion. Having said that, I'll hand off to Mr. Schramm for a more technical analysis.

Mr. Schramm: — Thank you, Minister. I think I heard two questions there. The high-security diamond facility to which the minister referred, the security for that operation is concerned primarily with client confidentiality and independence and quality of the results so that particular piece is more about being able to provide assurance to clients that their data is secure and the origins of the samples are secure and the transmission of the results will be secure — only back to them and not to other parties. So that's more about providing the necessary security for that particular kind of industry.

There is interest, as you said, in the possibility of being able to reliably identify and distinguish between, let us say, conflict diamonds versus perhaps Canadian diamonds. And that's become of interest in many countries, not just Canada.

And as you say, we have been working on a research project to try and see if we can come up with a better way that could potentially reliably be used for that. And that project is still under way. We're not at a conclusion yet. So I would say we are hopeful that new technologies can be found or developed, but we're not at a position — and we have some encouraging results but we're not at the point yet where we have anything that's commercial or ready for market.

Mr. Quennell: — The criminal issues they're referring to was things along the lines of the diamonds from the source in Saskatchewan, were they salted there? Is that also where that work is of assistance?

Mr. Schramm: — That's actually, that's possible. The approach we're taking, if it was able to distinguish, say, conflict from other regional diamonds, there's a good chance that it might be able to help with the issue of salting a mine. But it would remain to be seen how reliable that part would be. It might be possible conceptually to take diamonds from a nearby deposit rather than a far-flung deposit and do things like that, and there might be no way we or anybody else could tell by a chemical-based analytical method. But there might be some

hope to be able to at least help with such issues.

Mr. Quennell: — And that's work that's under way. And that's research work, as you describe it. So what is currently being done for, say, De Beers at that site?

Mr. Schramm: — I can't speak for De Beers. I'm not sure exactly what they're doing. I do know that some companies are applying specific brands and etching diamonds so that they have a certain signature that's applied during the processing. And that goes some way to help with some assurance, but there still remain the issues of where did the diamonds come from that such artificial applications were made to. I can't speak for what De Beers in particular does, I'm afraid.

Mr. Quennell: — I was just wondering what work is currently done, not research work but work actually being done for the industry at the SRC site.

Mr. Schramm: — Oh, yes. So there are three kinds now. At the early stage of the diamond exploration process, the geoscientists tend to be looking for what they refer to as indicator minerals that, if found, would show that they're, generally speaking, heading in the right direction in terms of looking for commercial-grade diamond deposits. And these kimberlite indicator minerals, as they're referred to, is one of the things we assay for. So one line of business is receiving these exploration samples and analyzing them for these indicator minerals to see to what extent they may be present and relaying that information back.

A second line is where companies are getting closer in their exploration efforts, to the point where they believe they're starting to find very small diamonds called micro diamonds. And we have a second line where we will run assays of samples to determine to what extent and grade micro diamonds are present in the samples. That tells industry, if they're successful, that they're getting even closer to potentially commercial grade diamonds.

And then the latest train of business that we've just started in the last year is to develop and put in place the capacity to be able to assay for macro diamonds, the ones that could be gem quality, commercial quality. And that could be used to delineate a potentially commercial ore body and help a company make a decision about whether to proceed with a mine project and once it's running to help them assess not yet mined-out areas for the quality of diamonds that are potentially to be had. So that's just started at SRC in the last year. And those are the three kinds, principally, of assay tests that we provide through this new high-security facility.

Mr. Quennell: — And the third one not so much because we don't have any mined-out diamond areas yet in Saskatchewan. The first two potentially have benefit to development of the industry in Saskatchewan.

Mr. Schramm: — Yes, and even the macro diamonds. Some of the companies that are, as you probably know, are close to being able to reach a decision about whether or not to go ahead with a commercial operation are absolutely finding commercial grade diamonds and needing to have those assayed. Some of that work comes to us. Some goes to other labs. And so we are

generally speaking getting some samples that are being assayed for large commercial grade diamonds from Saskatchewan.

Mr. Quennell: — Okay. Move on from . . . [inaudible] . . . and diamonds to uranium. What's entailed in the uranium remediation project? I didn't appreciate that we were doing this work through SRC.

Hon. Mr. Stewart: — Well I think there are some — what is it? — 14 uranium sites, mills and mines or former mines that are being remediated. All right . . . 39 abandoned uranium mine and mill sites. Most of them, though, are in the Uranium City area. But of these the old Gunnar mine is the largest and also most expensive, I guess, to remediate.

SRC's experience on the technical side working with mining and mineral sector and environment and forestry sectors provides a great breadth of knowledge and understanding of this initiative. And SRC's certainly qualified to hold the CNSC — which is the Canadian Nuclear Safety Commission — licence for the Gunnar site by virtue of its 26-year history dealing with CNSC in respect to licensing of SRC's very own SLOWPOKE [safe low-power critical experiment] nuclear reactor, which has existed for 26 years at the site in Saskatoon, and in the operation of radio-chemistry laboratories. SRC's experience with partners, ranging from private industry to Aboriginal groups to community groups, regulatory authorities, and all levels of government will play an important role in this project.

Mr. Quennell: — I hope the minister's not going to make me regret allowing him to extend his remarks. That was a long answer.

I'm not quite sure . . . I mean I do remember the provincial government committing money to this work and I'll come to what the feds are putting in. This \$25 million, is this this year or is this over the life of the project?

Hon. Mr. Stewart: — Over the length of the project which I think is a 17-year period. Is that correct? Right, thereabouts.

Mr. Quennell: — Okay, and what does the remediation involve? How we turn abandoned uranium site into . . .

Hon. Mr. Stewart: — There we're getting back to technicalities so I'm going to let Mr. Schramm handle it.

Mr. Quennell: — Yes.

Mr. Schramm: — So it's probably useful to think of it in kind of two categories.

The Gunnar former mine and mill site is quite large and has tailings piles, waste rock piles, and the remnants of not only a processing facility but also a small town. And so there are — whereas people would tend to think of radiation hazards and there are some for sure to be dealt with — a large part of the issue has to do with crumbling, aging facilities that are a hazard in terms of crumbling and falling down and things like that. And because of the nature of all of those facilities it's a fairly large-scale materials handling exercise to be able to deal with all of these materials.

And the goal, as with virtually any remediation project, is to try and take the affected site back as close as possible to what the original conditions before mining was started were. And this is the one that will be a very long-term process. It's going to take a while to get the necessary plans and regulatory approvals and then there'll be a fairly intensive exercise of dealing with all of these various areas from radiation all the way through to crumbling facilities, if I can put it that way.

The large number of other sites often referred to as satellite sites tend to be much smaller, generally speaking not having much in the way of facilities. There's very often a mine mouth entrance or two sometimes that has been plugged and the plug may now be failing after so many years. There may be some minor radiation areas but generally speaking the smaller sites are much easier to handle and have fewer complexities associated with them. So that in the sequence of this work we are hoping to start the cleanup of the first few small sites this summer, starting with the field season as soon as things thaw.

And some of these sites can probably be cleaned up and restored to more or less their original condition within a year — in other words, fairly quickly. The large site, the Gunnar site, is one that's going to take a much longer period of time.

And as you go from site to site, the issues may be different. As I say there may be a cap that was in place and is now crumbling and it simply has to be replaced. There may be a mine mouth opening that has a relatively inefficient means of keeping people and animals from falling into it, and things of that nature.

So there's kind of two quite different categories of sites to be cleaned up. And in each case, as I say, the goal is going to be to get back to the kinds of conditions that existed before mining commenced.

Mr. Quennell: — And none of these are open pit?

Mr. Schramm: — No, sorry, let me rephrase that. The Gunnar mine site in its early days of operation was an open-pit mine; and near the end of the life of the open pit, the company had commenced underground operations. And then when the pit was mined out, they continued for some years with a fairly deep underground mine operation. So it's a combination.

To the best of my knowledge, all of the other satellite sites were all underground and not open-pit mines.

Mr. Quennell: — And so what's going to happen with the pit at Gunnar?

Mr. Schramm: — In the smaller sites?

Mr. Quennell: — At Gunnar, what will happen with the pit?

Mr. Schramm: — That's one of the issues that we need to discuss with the regulators, both federal and provincial to see what their requirements are going to be to give approvals to go ahead with this site. So that's being worked on right now.

The pit as it stands at this moment is flooded. When the mine ceased operations and was closed or shortly before that, the

open pit at Gunnar was intentionally flooded by the operator of the time, drawing from the lake. And one of the issues is whether it is more hazardous to the environment to try and do something with that pit, or to leave it as it is.

And so that's one of the things we'll have to take up with communities and governments before finalizing a plan.

Mr. Quennell: — Yes, the dual regulation, federal-provincial, of uranium is a bit of a . . . well irritant is an understatement, but we're not going to do anything about that this evening here. What is the federal contribution if provincial is \$25 million?

Hon. Mr. Stewart: — That will be half of that 24.7 million.

Mr. Quennell: — Very briefly, I'm aware of both I think the hydrogen vehicle and the hydrogen hybrid vehicle produced by SRC. Is there any ongoing work being done? Or those are completed demonstration projects and that's not an area in which, that's not an area the minister mentioned on which there was ongoing work.

Hon. Mr. Stewart: — Well I'm not aware of any, but . . .

Mr. Schramm: — We have several programs under way in the area of alternative fuel vehicles generally, ranging from natural gas through ethanol, biodiesel, including hydrogen. Our development work, our research work is still continuing on the concept of being able to fuel vehicles using a hydrogen fuel.

We did some work that was publicized over the last few years in what is called dual fuel, where there's the blending of fuels. We have also worked in what is called bi-fuel, enabling vehicles to switch from, say, a base conventional fossil fuel to hydrogen under certain conditions, and back. So we're still I would say at the research stage in these, not yet at the point where there's something that could go to market.

One other aspect that we are working on in the hydrogen area is we're working with partners on seeing if we can bring along a hydrogen demonstration fuel station to Saskatchewan that would use industrial by-product hydrogen and make it available. And this could be the enabler to getting fleet trials with potentially interested fleet users. So that's something that is in an early stage of discussions and we hope to bring along. And we have been working on bringing, putting together some of the infrastructure that would be required to be able to put such a fuel station demonstration together.

Mr. Quennell: — And with my eye on the clock, how does SRC see this hydrogen in Saskatchewan fuel stations potentially being produced?

Mr. Schramm: — So there are . . . We tend to follow what the market demand is rather than try and control the market, which is not something we'd be able to do even if we wanted to. So in trying to follow client and potential client needs and problems is brought to light a fairly broad spectrum of ways and means by which hydrogen could potentially be brought in to the transportation system.

One of the easiest, of course, is to use electricity to produce hydrogen by electrolysis from water. There are issues there with

where did the power come from to run that process. So that's at the one extreme, if I can put it that way.

One of the easiest that's very environmentally friendly but is of limited capacity is the one I already mentioned where there's the potential to take by-product or waste hydrogen from existing industrial operations that would otherwise be emitted into the atmosphere and capture that and turn it into a value-added product by introducing the hydrogen as fuel into the fuel system. That is very friendly environmentally but there is a limited capacity. There's only so many industrial plants in Saskatchewan producing enough waste or by-product hydrogen. That could fuel a few thousand vehicles, for example, but wouldn't transform the entire transportation system.

And then in between there are a number of possibilities being worked on by others, but occasionally with our involvement at SRC, to do things like use solar power to produce the electricity that could run the electrolysis to produce the hydrogen. There are Saskatchewan companies trying to pursue that and we're talking to them.

There are options to take methane from landfill sites, such as the Regina landfill site, and potentially convert that to hydrogen and again try and turn a waste or nuisance product into something valuable that could be used in the system.

So that kind of paints the spectrum, if I can put it that way. There are a range of options and where there's a client need, we'll try and help them with the technology problems and then markets usually will decide ultimately what actually makes sense.

Mr. Quennell: — Then the only comment to make is if you're burning coal to make electricity to make hydrogen — it may sound clean but only if you don't go back to the source.

Mr. Schramm: — No question.

Mr. Quennell: — Those are all my questions.

The Chair: — Okay, thank you. Thank you, Minister, and officials. And our next item of business is consideration of Bill 2, so, Minister, I believe you need some shuffle of personnel.

Hon. Mr. Stewart: — Yes, thank you, Mr. Chair. Thank you, member, for your questions, and special thanks to my officials who came to help us out tonight and thank goodness they did because I'm quite out of my depth on the technical questions. So thank you very much.

Bill No. 2 — The Enterprise Saskatchewan Act

Clause 1

The Chair: — As mentioned, the next item of business this evening is consideration of Bill No. 2, An Act respecting Enterprise Saskatchewan. And I see the minister and the deputy minister, so we do not need any more introductions. But, Mr. Minister, if you have any opening remarks we would take your remarks now.

Hon. Mr. Stewart: — Thank you, Mr. Chair. And I introduce

my official, Mr. Botting, CEO of Enterprise Saskatchewan. And I don't want to take a lot of the committee's time with opening remarks only to say that we're very proud at Enterprise Saskatchewan of the board that we've put together and of the plans we have for the sector teams and strategic issues councils and, as it rolls out, Innovation Saskatchewan. And we firmly believe that these, this entity will help to further build the economy of the province, broaden the base of it for the future when commodities may not be in such demand around the world. And that's what we're trying to do here, and I'd turn it over to Mr. Quennell and welcome any questions.

The Chair: — Mr. Quennell.

Mr. Quennell: — Thank you. Well let's, I know, start with the Bill. And a few questions or a little bit of a discussion about the preamble. And do you know if you have the legal counsels with the department available?

Hon. Mr. Stewart: — Yes. I haven't had a great need for that and I hope that we won't. But certainly we have Ministry of Justice legal help at our disposal.

Mr. Quennell: — Okay. And I was really asking just so that I would know, you know, if we have an issue. I'll try to frame my questions in such a way that it won't be an issue, I hope.

I wanted to ask about the choice to have a preamble — unusual in Saskatchewan legislation — and I don't think the new government has, I stand to be corrected, a preamble for any of its other Bills that it's introduced, and we're now into the 30s.

Hon. Mr. Stewart: — Thank you for the question. The preamble can serve as a guide for the corporation and its directors as it carries out its functions and it can also serve as a basis for criticism of the board if it deviates from those stated objectives, so it's more to set out the boundaries and responsibilities of the board and sector teams and strategic issues councils; I think it's helpful in that manner.

Mr. Quennell: — Okay. The minister will agree that it's of no legal force and effect, the preamble.

Hon. Mr. Stewart: — Yes. Yes, from my perspective it has legal effect and it can serve as an aid to interpretation of the Act, but as far as on its own having the legal effect, perhaps not. But insofar as it aids with the interpretation of the Act, I think it's useful.

Mr. Quennell: — It was certainly the view of the Department of Justice fairly recently — perhaps the view has changed — that preambles are often more a problem with interpretation of the Act for the court than an aid. I don't know if you have a view of that.

Hon. Mr. Stewart: — Well I am not a lawyer but I know that the Ministry of Justice officials and lawyers that work there were certainly involved in drafting of the actual wording of this legislation so I assume that they're accepting of that.

Mr. Quennell: — Well I can think of one piece of legislation that was passed under the previous administration, the former NDP government, that had a preamble. Politicians always win

these and the officials always accept them. So I take it it was important to the government, the elected government, to have this preamble in place.

Hon. Mr. Stewart: — To my knowledge there was no dispute about the preamble or argument about it at all.

Mr. Quennell: — The first part of the preamble — I suppose subsection (a) of the preamble if we can treat the preamble as a section — states that the policies of the Government of Saskatchewan are to be continued and assisted and ensure that three things take place: taxes are competitive, barriers to economic growth are reduced and removed, and labour laws are balanced and fair to both employers and unions. So it is an aid to the board of Enterprise Saskatchewan that they be directed — guided — to be commenting on taxation policy.

Hon. Mr. Stewart: — To the extent that the government expects our taxation policy to be competitive with other jurisdictions, yes.

Mr. Quennell: — Well three areas are mentioned specifically and as areas in which I guess I would think advice is being requested of Enterprise Saskatchewan by the government to ensure that the development of Saskatchewan's economy by private enterprise be continued and assisted. And so specifically three are chosen. A number might have been chosen. Labour market, for example, we've discussed in estimates as a strategic issues council but not specifically picked out here. And I don't pretend this is an exclusive list. But the list that was chosen I assume is an important list to the government. So is it intended that some part of Enterprise Saskatchewan's priorities and time will be spent on tax policy?

Hon. Mr. Stewart: — Certainly tax policy is an important issue for any business that may be considering investing in the province. It's an important issue for employees that may be considering moving to the province or ones that are here and may not be happy with the tax policy and are considering moving away. It's certainly, it's extremely important for the board to spend some of its time dealing with tax policy.

Mr. Quennell: — It doesn't say business taxes or corporate taxes or individual income taxes or property taxes or sales taxes or anything else, so there's really no limit on what tax policies Enterprise Saskatchewan's going to be making recommendations about.

Hon. Mr. Stewart: — That's correct.

Mr. Quennell: — Okay. A question occurs to me, coming out of the discussion we had in estimates, that the recommendations, whether accepted or not, would be made public to confirm Enterprise Saskatchewan board to the cabinet. And I have a question now about the timing of making those recommendations public, particularly in respect to tax policy and issues around budget development and budget secrecy.

Hon. Mr. Stewart: — We anticipate that as far as the timing goes, these matters will be made public by the Deputy Chair of the Enterprise Saskatchewan board approximately every six months.

Mr. Quennell: — Okay. So if it's a tax question and Enterprise Saskatchewan recommends a change in a tax, that will be made public. Cabinet's view of that may not be made public until we see the next budget. Would that be right?

Hon. Mr. Stewart: — The next budget or . . . yes. Yes, that's probably right. I think you're correct. That's right. The board will report on their recommendations and the government will be in that manner held accountable by the public to follow through.

Mr. Quennell: — Okay. Is there any concern that if it's the intent, as I understand it to be, of the Government of Saskatchewan to take recommendations from the board fairly seriously — not necessarily accept all of them — and if that turns out to be the history after some period of time, is there some concern that people might start handicapping tax changes in upcoming budgets based upon recommendations made by the board that have been made public?

Hon. Mr. Stewart: — Well I don't, you know, I don't think so. It's a fool's game if they do. Because a recommendation is made does not necessarily mean that cabinet will follow through. The board will have the opportunity to make their recommendations public, and in that fashion the government is held somewhat accountable to the public, but there's no guarantee that any recommendation will ever be followed through on.

Mr. Quennell: — Okay. The second explicit and express area that the Enterprise Saskatchewan agency is directed by the preamble, or guided by the preamble, to look at is barriers to economic growth.

And I think this is probably my best chance, compared to debate or questions in question period, to get some kind of reasoned discussion about what the government views as barriers to growth.

Hon. Mr. Stewart: — Well barriers of growth can come from many directions. Certainly taxes can be a barrier to growth, red tape can be a barrier to growth, unresponsive ministries can be a barrier to growth . . .

Mr. Quennell: — Okay, ministries. You didn't say ministers, sorry . . .

Hon. Mr. Stewart: — Ministers, ministers too. There are a number . . . Mr. Botting gives me a couple of others. Procurement and infrastructure can be a barrier to growth. There are many, they are many and varied, and certainly this board has the authority to discuss and make recommendations on all of them.

Mr. Quennell: — By Saskatchewan policies, is that what you mean by procurement?

Hon. Mr. Stewart: — That's part of procurement but certainly not all of it. For instance in the North at this time, companies that are engaged in uranium and oil sands exploration have some issues with procurement. Nothing sinister there, just they have issues in getting things in the province. So just the availability of goods can be a procurement issue in remote

areas. So those are the kinds of things that can be barriers to growth.

Mr. Quennell: — Okay, and in the case, for example, of the problem of uranium industries in . . . Uranium mining I guess is the only industry now in the uranium business. In the case of uranium mining in northern Saskatchewan having difficulty with procurement, what's the barrier though? I appreciate the problem, there's an issue, but what's the barrier that government could address?

Hon. Mr. Stewart: — Well the barrier is it makes it much more expensive to do business in northern Saskatchewan than it might be if goods and services were more readily available.

Mr. Quennell: — Well again I'm not sure what the barrier is. I mean I appreciate what the difficulty is — bureaucracy, the difficulty of starting a business, the number of steps you have to go through, the number of people you have to call. Okay, that's a barrier to growth, okay. I appreciate the argument. I don't accept the argument, but I understand it, that labour legislation can be a barrier to growth. I point out — when I say I don't accept that — of course, is that Saskatchewan is leading the country now and it's doing it under the labour regime we have. But I understand how, philosophically, the government might disagree and see that as a barrier to growth.

A barrier has to be something that's stopping somebody from getting somewhere, or accomplishing something that they would be able to do if they didn't have that barrier in place. And I'm not sure that the procurement problems that industries are . . . It's geography, and that's not a barrier that government can remove. Is it? As opposed to say, buy-Saskatchewan policies which may make products more expensive for either the taxpayer or private enterprise. We don't have any buy-Saskatchewan policies for private enterprise, do we?

Hon. Mr. Stewart: — Not specifically. But certainly government, I believe that government can play a role in eliminating the barrier of procurement difficulties caused by remoteness by enabling, for instance, First Nations and others in the North to be able to get into the business of providing goods and services. So you know, I do see it as a barrier and I think that there are solutions that can be arrived at.

Mr. Quennell: — Does the minister have any other examples before we leave barriers to growth?

Hon. Mr. Stewart: — I'm sure we could come up with some more examples. Do you have any on the top of your mind?

Mr. Botting: — Some is also infrastructure related. I was just saying to the minister, we have a very narrow bridge over the Clearwater River to move large-volume equipment, for example, potentially to the build-out of the Oilsands Quest activity. Because we can't get certain equipment over that very narrow bridge, there is literally a physical barrier, and consequently it creates a competitive advantage, possibly, to link from the other side using the winter road into Alberta rather than Saskatchewan-based manufacturers if transportation cost starts to get factored in. That's a very literal thing.

Supplier development is a huge opportunity, as well as the lack

of, becomes a barrier. It might be that we have people with some capacity for procurement, but they need to be given some education and information in terms of gearing up their supplier capabilities.

And that is probably the best thing we can do under the current Agreement on Internal Trade because we know we can't carve out protectionism under the Agreement on Internal Trade across provinces but we can certainly do a lot to enhance the kind of thing that the minister said, which is the capacity, for example, of Aboriginal businesses to be more engaged, for example, in northern supply.

Mr. Quennell: — The new bridge at Clearwater that we're talking about, that would be built by the Ministry of Highways?

Hon. Mr. Stewart: — Presumably.

Mr. Quennell: — Presumably. And so the Enterprise Saskatchewan board conceivably could be making recommendations to Highways about where we need the bridge, where we need a road widened?

Hon. Mr. Stewart: — Yes, I think it's realistic to assume that the Enterprise board, where it identifies a particular piece of infrastructure as a barrier, could make a recommendation to cabinet that that be a priority.

Mr. Quennell: — The third express area that is specifically set out in the preamble for the guidance of the Enterprise Saskatchewan board to look at is labour laws that are, to quote the Bill, "balanced and fair to both employers and unions."

Now I accept that this Bill, because it's Bill No. 2, was introduced before Bills Nos. 5 and 6, but it was introduced in the same fall sitting. They were all specified Bills and if I might say, the scheduling suggests to me that it's the government's priority to pass Bills 5 and 6 before — depending on how many questions I have — before we get around to passing Bill 2. So Bills 5 and 6 will come in to be passed and may very well be brought into effect before this Bill.

So although the direction to balance labour laws is in the preamble of this Bill, I think it's fair to say the government didn't wait to make significant changes in a number of different areas in respect to labour laws. And since this is in the preamble, first my general question is, why not?

Hon. Mr. Stewart: — Well, you know, it's the Minister of Labour's prerogative to introduce Bills to the legislature and that minister and the government felt that his Bills would contribute to achieving the goals that are laid out in this preamble. And so you know, I guess I'd say, why wait?

Mr. Quennell: — And I'd say, why bother putting in the preamble because yes, you may want to keep making adjustments but you only picked three areas: taxes; fairly vague barriers to growth, I think we all have to admit; and labour laws. Now is this to suggest that Bills 5 and 6 are kind of a first kick at the can and there's more to come after Enterprise Saskatchewan has a chance to look at the environment? Or why did you bother leaving this in?

Hon. Mr. Stewart: — No, I don't think it necessarily suggests that. But it sets out for the board that those are three priorities of this government and therefore hopefully they'll be things that the board will take into consideration.

Mr. Quennell: — Without using some of the language that I used in debate, which members of your party found inflammatory I think, the royalty review that was originally to be done by Enterprise Saskatchewan has now been taken off the table. That's not being done by Enterprise Saskatchewan. Labour legislation, I think your significant labour agenda, or at least some people hope it's a significant part of your labour agenda, has been introduced and is well towards being enacted.

A lot of the jobs, including one of them expressly set out in the preamble, that were to be led by Enterprise Saskatchewan according to what the Premier set out prior to the election aren't there any more in large part — review of oil royalties and adjustment of the labour environment in the province. And the board's already in place as an advisory council. You didn't need legislation to do that. You didn't need legislation to start getting advice from them. As far as I know, you already are.

So again, with the labour legislation, and with pre-empting the review of oil royalties that originally the Premier said they were going to do, what was the rush?

Hon. Mr. Stewart: — Well we want this board up and running and we want it contributing to the economy of the province. And to my knowledge there was never any intent for this board to deal with oil royalties in a fashion that would increase them. Removing barriers to growth would dictate that if this board is to review oil royalties ever in the future, it would be with a view to lowering them, not raising them. And certainly to my knowledge nobody has made a move to put oil royalties before the board at this point.

Mr. Quennell: — Well yes, no one has, the government hasn't. I know; I knew that. The government has said, although I think I can and maybe I will when we come back read you direct quotes from the Premier of Saskatchewan, before he was Premier certainly about — and maybe even after he was Premier — that suggested Enterprise Saskatchewan would have this role. But then he thought better of it. But I will move on for the time being.

Again, staying in the preamble, which I appreciate is of no legal force or effect, (b) states: "that the Government of Saskatchewan not invest in, take . . . equity stakes in, or make loans or grants to mature businesses."

I guess this takes us to the role that the Innovation Saskatchewan arm — I can call it an arm, I guess we don't know yet — might play in non-mature businesses.

Hon. Mr. Stewart: — Yes, there may be a role for some — I hope it won't be used liberally ever — but there may be a role for some start-up help for innovation companies who are cutting edge and who are not operating in an environment where there is any competition in this province or any existing players. There may be a need in some rare cases to help those companies get started for the good of the Saskatchewan economy. But certainly would never happen where there's competition or

existing players in the field.

Mr. Quennell: — Would that be the government's definition of mature business — a business in which there's, there are sort of current actors?

Hon. Mr. Stewart: — Yes, I'd say that would be a pretty good definition. Newer businesses that don't exist in a mature atmosphere would be more entrepreneurial, generally speaking, as my deputy reminds me, and certainly cutting edge.

Mr. Quennell: — We talked in estimates a little bit about what I might call import substitution.

So compared to the agricultural implements manufacturing business or businesses that manufacture for the oil and gas industry that we discussed in estimates, those we would consider to be mature businesses, but the Government of Saskatchewan would be willing to invest in, take equity stakes in, or make loans and grants to new solar power or wind power manufacturing businesses because they don't currently exist in the province. Is that the answer? Not liberally at all?

Hon. Mr. Stewart: — Maybe, maybe to a limited extent. Maybe not at all. If manufacturing windmills is just a new business in Saskatchewan and it's not considered innovative or cutting edge, I don't think it would qualify either. But if something is being done for the first time in Saskatchewan that needs a little help and shows potential of being a major contributor to our economy if it should be successful down the road, there may some limited amount of assistance for a few of those.

Mr. Quennell: — I think people involved in the industry prefer to call them wind turbines and they're pretty complicated pieces of technology.

Hon. Mr. Stewart: — Yes, of course they are . . .

Mr. Quennell: — And I think ours are from Denmark.

Hon. Mr. Stewart: — They are manufactured and I wouldn't call them exactly cutting edge but I may have an argument some time about that.

Mr. Quennell: — Yes. Well I'm not arguing for investment in that industry but I think they're pretty significantly complicated pieces of technology. And I don't think they're even produced in North America, so if you want to look at something cutting edge. But you know I assume that if the government was not going to invest in or take equity stakes in any kind of business whatsoever you wouldn't have put a qualifier and so that mature does give you an out.

Hon. Mr. Stewart: — Well I don't know if I look at it that way. But it certainly . . .

Mr. Quennell: — You don't have to accept that phrase but you know where I'm getting.

Hon. Mr. Stewart: — That's right. I think that's true. There may be instances where there are cutting-edge, innovation-type companies that need a little help to get started with something

that's really unique and those would be considered.

Mr. Quennell: — Okay. Then (c) takes us back to tax policy:

(c) that the Government . . . may provide for new tax incentives, specifically intended to encourage new economic growth, to businesses, industries or sectors of Saskatchewan's economy.

Now the way I read this, this is provided as sort of no, we won't do this. In (b) we won't make investments in mature businesses but we will — I'm sort of reading in the . . . [inaudible] . . . but that's the way it reads to me because the one follows the other — but we will provide for tax incentives to encourage new economic growth. Well that would be not necessarily mature businesses, but to businesses, industries, or sectors in Saskatchewan's economy. So they might be existing businesses in the case of tax incentives and distinguishing tax incentives from investments or loans. Is that right?

Hon. Mr. Stewart: — Possibly. The caution there is that we don't want to assist one competitor against another and thereby pick winners and losers. So we have to be careful with that. But, yes that's not as restrictive certainly. More mature type businesses and industries would be eligible for tax incentives.

Mr. Quennell: — That's seen as an advantage of, or sometimes seen as an advantage of a tax incentive over investment because an incentive applies to the entire industry and not just to the part of the industry that's getting the investment, right?

Hon. Mr. Stewart: — Generally.

Mr. Quennell: — Yes. So the government sees more room for tax incentives than it would for investments or loans, but again does this take Enterprise Saskatchewan into making recommendations about tax policy?

Hon. Mr. Stewart: — Well it certainly could. Certainly Enterprise Saskatchewan will, I expect, at some point make recommendations on tax policy.

Mr. Quennell: — Yes, well both . . . generally, on taxes generally in the area of competition with other jurisdictions, and that could be any kind of tax again as we discussed — I mean property tax, sales tax, or whatever, right?

Hon. Mr. Stewart: — Right.

Mr. Quennell: — And then specifically targeted taxes now, also they'd be making recommendations about. So again I raise the same concern, and maybe I have it even more in the case of a recommendation to provide a tax incentive to an industry that yes, without knowing for a certainty that the government's going to adopt it, we now know and the people in that industry now know that it's on the government's priority list as a recommendation of Enterprise Saskatchewan.

Hon. Mr. Stewart: — Well I think I see where you're going with this, but every, I think, business in this province knows that tax reform is on our agenda in any event, with or without Enterprise Saskatchewan. So once again I say, because Enterprise may make a recommendation to cabinet regarding a

tax change, it would be a fool's game to bet on it one way or the other. There are plenty of issues to consider by cabinet before those kinds of changes are made.

Mr. Quennell: — I'm not really going anywhere. It's our job to consider legislation and this is our opportunity to do that. And if the minister has answers for the questions, then that's all the better.

And then again in (d), Enterprise Saskatchewan's role in balancing the budget, I have to believe that that's really put there because the Government of Saskatchewan wanted to make a statement about the importance of balanced budgets, not really that . . . I mean, Enterprise Saskatchewan's not going to write the budget.

Hon. Mr. Stewart: — No. No, that's true. But I suppose it's possible at some point, supposing our government was bringing down budgets that weren't balanced, and I think it's possible that Enterprise Saskatchewan could recommend against that. I wouldn't expect that to happen and certainly our government plans to balance every budget.

Mr. Quennell: — Does the government plan to continue to legislate that, as a matter of fact?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — So you don't really need Enterprise Saskatchewan. You just need to follow the law.

Hon. Mr. Stewart: — Yes. That's true. Mind you, that Act hadn't certainly passed when this was written.

Mr. Quennell: — Again, it's part of the same package, Bills 1 to 6. They were presented as a group, correct?

Hon. Mr. Stewart: — Right.

Mr. Quennell: — As a matter of fact, we're talking about Bill 1, aren't we, in the case of balanced?

Hon. Mr. Stewart: — I think Bill 1 was . . . No, Bill 1 was set election dates.

Mr. Quennell: — Oh, yes. Okay, I stand corrected. So this was introduced prior to the balanced budget legislation. I stand corrected.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — In any case, it's just a matter of following the law.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — And again on the reduction of debt of the province of Saskatchewan, we don't foresee Enterprise Saskatchewan, again, writing the provincial budget, do we?

Hon. Mr. Stewart: — No.

Mr. Quennell: — And that's more an expression of

government intents and values, I take it.

Hon. Mr. Stewart: — I would say that's generally a correct statement, yes.

Mr. Quennell: — Yes. And (f), "that *The Crown Corporations Public Ownership Act* be respected;" which I think is that piece of legislation I was referring to that has a preamble. I will make the comment that if the government wanted to ensure that nothing in this Act did not respect The Crown Corporations Public Ownership Act, then say section 23 would contain the words, subject to The Crown Corporations Public Ownership Act, instead of the words "Notwithstanding any other Act . . ."

By putting this respect for The Crown Corporations Public Ownership Act, in my respectful view the government is paying lip service to respect for that Act. But when you look at the sections that actually have legal effect, they're notwithstanding that Act. And I think that's a political statement and not in the best sense of political statement.

Does the government have any view that a court reading, say in section 23, "Notwithstanding any other Act" and then reading in the preamble that The Crown Corporations Public Ownership Act be respected is actually going to say that the preamble trumps the actual sections of the Act?

Hon. Mr. Stewart: — It is our legal advice that the preamble does have legal effect and that it serves the need to interpretation of the Act and provides direction.

Mr. Quennell: — I don't want to sound petty, Minister, but Bill No. 1 is The Growth and Financial Security Act so it was actually introduced. I think it's Bill 4 that's the fixed election day Act.

Hon. Mr. Stewart: — My mistake. I didn't mean to mislead you.

Mr. Quennell: — No, I wasn't misled. But The Growth and Financial Security Act doesn't contain a preamble about the importance of balancing budgets or paying down debt, does it?

Hon. Mr. Stewart: — It may not.

Mr. Quennell: — It would be a bit more appropriate place for it, I would think.

Hon. Mr. Stewart: — I wouldn't necessarily say so. But I think, and certainly the Ministry of Justice lawyers thought, that this was the appropriate place for this particular preamble.

Mr. Quennell: — Well I don't think the minister is going to give us any legal opinions from Justice officials so I'd rather he not characterize what their opinion is unless he's willing to provide it. And I wouldn't be willing to provide it, so I wouldn't . . . I'd just rather stay away from that topic. I think these are ultimately decisions of the government, and I don't think the minister would have dispute with that.

Hon. Mr. Stewart: — These, as the member knows full well, Bills that are being drafted are reviewed by Justice. And they don't get past Justice if Justice feels that there's a problem with

them. And Justice didn't feel that there's a problem with this one, so it was presented to the legislature.

Mr. Quennell: — The minister's not aware of any skepticism or concern or reluctance to include preambles in legislation.

Hon. Mr. Stewart: — No.

Mr. Quennell: — So why is this the only Bill that we've seen so far from this government that has one?

Hon. Mr. Stewart: — I can't answer that, member. This is the only Bill that I'm responsible for.

Mr. Quennell: — So the minister wanted the preamble?

Hon. Mr. Stewart: — I didn't necessarily ask for it, but we discussed it, and I approved this form. And it went off to Justice, and here it is.

Mr. Quennell: — Do you remember the argument that was made to you about why there should be a preamble?

Hon. Mr. Stewart: — No, actually I don't remember any specific argument about the preamble at all. We reviewed it; everybody seemed to be in agreement that it be included, and we moved on.

Mr. Quennell: — Now under the powers of agency, that's in section 5 . . . We're on the right page.

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Yes. Okay. Subsection (2) says:

Subject to subsection (4), the agency may:

- (a) acquire by purchase, lease or otherwise, any property that the agency considers necessary for its efficient operation; and
- (b) sell, lease or otherwise dispose of any of the agency's property in any manner that the agency considers appropriate.

I appreciate you don't have anybody involved with drafting here, but I think that's pretty standard. Is that the understanding?

Hon. Mr. Stewart: — That is my understanding, Mr. Quennell, that that's pretty standard in legislation — enacting, enabling legislation of this type.

Mr. Quennell: — Now subsection (4) that is referred to in subsection (2) states that

If the purchase price or sale price of real property included in one transaction entered into by the agency exceeds \$250,000, the agency shall obtain the approval of the Lieutenant Governor in Council before acquiring or disposing of the real property.

Would that be approval that would be demonstrated by an order in council?

Hon. Mr. Stewart: — I would think so.

Mr. Quennell: — There's been some discussion in the legislature recently about concerns on these thresholds and a commitment . . . And I know members of the government think it should be clear to the opposition, but I'm not sure it's entirely clear yet if the commitment is to restore the threshold on orders in council, or to restore all the thresholds changed by that Act.

But in light of that discussion and the government's recognition that \$350,000 is too high for orders in council — and maybe too high for acquiring property outside the province — if the Premier was saying today that he's willing to lower all the thresholds back to \$50,000 or back to where they were, does this \$250,000 threshold correspond to thresholds contained in other legislation around the acquisition of property by agencies?

Hon. Mr. Stewart: — We're not 100 per cent sure, but we're willing to check into that and get you the answer.

Mr. Quennell: — Okay. Well we'll be back here another day, so we can come back to that question.

In the same section, subsection (1)(d), there's a provision that has raised a lot of questions with people and that's that the agency may accept contributions or receive monies from any source for carrying out its purpose. And that doesn't strike us as usual, and I'd like an explanation of the thinking behind that.

Hon. Mr. Stewart: — I'm informed that similar provisions exist in the Tourism Saskatchewan Bill. It's envisaged to cover such things as conference fees and so on. That's our understanding of it.

Mr. Quennell: — Conference fees?

Hon. Mr. Stewart: — Items like that, yes.

Mr. Quennell: — So where the Enterprise Saskatchewan is conducting some type of economic summit, for example, they have this provision in effect so that participants can pay their \$150 or whatever it is to Enterprise Saskatchewan?

Hon. Mr. Stewart: — Correct.

Mr. Quennell: — And otherwise they wouldn't be able to accept that?

Hon. Mr. Stewart: — Right.

Mr. Quennell: — Is there any way of sort of narrowing this so that it's a little clearer about the kind of quantum we're talking about in money? Because that's pretty wide open. And this is an organization, as we've discussed, is pretty integral to government policy. And not just tax policy and labour policy and economic development policy but even apparently highways, potentially. And that's a lot of people interested in, you know, a lot of development projects. And the provision here, that they can accept contributions or receive monies from any source for carrying out purposes seems to give, I think, rise to a natural concern about conflict of interest.

Hon. Mr. Stewart: — Certainly everything that Enterprise

does will be audited by the Provincial Auditor and I don't, I certainly don't share your concern, Mr. Quennell, about that. I believe that is accountable.

Mr. Quennell: — And so the safeguard there is the auditor?

Hon. Mr. Stewart: — Yes.

Mr. Quennell: — Has the government thought about conflict of interest guidelines for board members, perhaps bringing them under the auspices of the Conflict of Interest Commissioner, given their role in making government policy and these economic development decisions?

If one of the government members of the committee was recommending that there be a certain project go . . . undergo somewhere in the province, I think the government would be interested and the legislature would be interested in knowing whether or not they were going to benefit personally. Now we're going to be giving this same type of influence to board members. And I'm not casting aspersions on any of the fine people that have been appointed to this board. But what did Madison say? If men were angels, we would have no need of government at all. And we're not.

So given the different role that Enterprise Saskatchewan plays, compared to the Tourism Authority, is there room for having in the legislation or somewhere else some security around conflict of interest?

Hon. Mr. Stewart: — Certainly the board has fairly stringent conflict of interest rules in place. Our CEO, Mr. Botting, spent a lot of time at our first board meeting talking to the board about that. And it follows a corporate model, I believe, and I think it's adequate and fair. And board members and the CEO will police themselves and each other.

Mr. Quennell: — So the response at least for the moment is that we can leave it to board policy?

Hon. Mr. Stewart: — That is my answer at this time. Yes.

Mr. Quennell: — Okay. My next set of questions come around the nomination process. But I guess before I get there, we've already had the nomination process. We discussed it in estimates and elsewhere. We have members appointed. They're acting as advisory council to the Government of Saskatchewan. They've received — I don't know what they were called — I'm going to use the word lectures, from the Premier, the Minister of Advanced Education, Employment and Labour, and maybe from people outside of government by now, I don't know — at one point in time only from government ministers.

And they're in a position where they might want to make recommendations. I mean, the only reason why they might not be able to make recommendations now is not any lack of legal authority to do so, but only because they haven't had time to arrive at considered recommendations.

I guess the overarching question that maybe I should have asked at the beginning, but I'll ask it now, is why we needed to have an advisory council entrenched in legislation.

Hon. Mr. Stewart: — I think it's a safeguard for the public. They can, anyone can see what the guidelines and parameters are on the rules that govern this board when it's entrenched in legislation. And I think it's the most open and accountable way that we can do it.

Mr. Quennell: — On advisory councils and just getting back to areas of growth and perhaps a slightly less serious question to break up the . . . change the tone, how many — and I didn't leave government knowing this question, so the minister may not know — how many advisory committees and advisory councils are there to government?

Hon. Mr. Stewart: — Well I'm sorry to say that I don't know the answer to that question either.

Mr. Quennell: — Since Enterprise Saskatchewan's mandate is so overarching, is the government reviewing these councils and committees with an idea that some of them might be part of sector teams or strategic issue councils, and some of them might no longer be necessary because of Enterprise Saskatchewan?

Hon. Mr. Stewart: — Yes. That is happening in each ministry. ACRE [action committee on the rural economy] is good example of . . .

Mr. Quennell: — That's what's happened to ACRE. It's been rolled into Enterprise Saskatchewan. Are there other examples?

Hon. Mr. Stewart: — Certainly the Labour Market Commission has been rolled in as a strategic issues council, and I expect that there will be other examples down the road as we go forward. I think that's the answer.

Mr. Quennell: — Okay. Mr. Chair, I have maybe an extensive set of questions about the government's choices on how to select the board, certainly more than could be covered in four minutes, so it might be a good time for us to break on this legislation.

The Chair: — Okay. We will adjourn debate on Bill 2 for this evening, and I'd like to thank the minister and deputy minister for providing answers to the questions.

Hon. Mr. Stewart: — Thank you, Mr. Chair, Mr. Quennell, and Mr. Botting.

The Chair: — Committee members, if you just want to take a stretch break, our next item of business will be consideration of Bill 21. Until we get the minister and officials in, just take an in-room break if you can.

Bill No. 21 — The Teachers Superannuation and Disability Benefits Amendment Act, 2008

Clause 1

The Chair: — If we could call the committee to order, please, we can get started. The next item of business, the next item of business before the committee is consideration of Bill No. 21, An Act to amend The Teachers Superannuation and Disability Benefits Act. I would now ask the minister if he would introduce his officials, and if he has any opening remarks, that

he may proceed with his remarks.

Hon. Mr. Krawetz: — Thank you, Mr. Chair. And good evening to all committee members. With me this evening, Mr. Chair, is the deputy minister of Education, Audrey Roadhouse. With me is also Shirley Robertson, who is the acting director with the superannuation plan. And behind me is Drew Johnston, as a director with the ministry as well.

The opening comments would be, Mr. Chair, that the collective bargaining agreement produced consensus and produced some items that need to be now incorporated into the Act. And these have been brought forward by the participants within the collective bargaining agreement that was reached last summer.

There's a new three-year agreement in place with the Saskatchewan Teachers' Federation and the Government of Saskatchewan and the boards of education, and these were agreed to through the bargaining process and now we require the legislative changes to implement those changes.

The Chair: — Thank you, Mr. Minister. And questions? Mr. Wotherspoon.

Mr. Wotherspoon: — We understand that this is a result of the collective bargaining process. We certainly respect that collective bargaining process. We value that it is important to our teachers of our province that it has support of the STF [Saskatchewan Teachers' Federation] and the SSBA [Saskatchewan School Boards Association] within the province.

But I do have just a couple questions. To the minister: does this wholly and completely reflect the terms agreed to within the collective bargaining process?

Hon. Mr. Krawetz: — Yes. The requested changes were negotiated and it is my understanding that the Act brings forward the required changes that were incorporated into the collective agreement.

Mr. Wotherspoon: — Just wondering if the minister can elaborate on any costs that have been borne to date and what costs will be borne into the future as a result of this legislation. Through the ministry.

Hon. Mr. Krawetz: — The changes, Mr. Chair, will enable a number of individuals . . . It is estimated that about 500 superannuated teachers and those teachers who still may want to take advantage of the provisions that have been negotiated to buy additional pensionable service, it is estimated that about 500 individuals may take advantage of this. And the estimated cost is jointly shared by both the General Revenue Fund and the participants who purchase those services.

The estimated cost is about five and a half million for those who may take advantage of that. And that's over the entire life of the plan. And the matching contribution of course will be five and a half million from the General Revenue Fund of government.

Mr. Wotherspoon: — Has the ministry received any negative feedback or any concerns in regards to this legislation?

Hon. Mr. Krawetz: — Mr. Wotherspoon, the only concern that has been raised is the definition of compassionate leave. There are some that would like that defined within the Act rather than within the current situation in policy.

Mr. Wotherspoon: — Who or what stakeholder would be looking for compassionate leave to be defined within the Act?

Hon. Mr. Krawetz: — Those would be teachers that would be eligible for this.

Mr. Wotherspoon: — Is that the STF's position?

Hon. Mr. Krawetz: — No, the STF has negotiated this as part of the collective agreement, and I think you can see that in the provisions of the Act there is reference to what the compassionate leave, how it's defined.

Mr. Wotherspoon: — You just alluded to the life of the plan. Just for verification, how long is the life of the plan?

Hon. Mr. Krawetz: — Well thank you for that question, Mr. Wotherspoon. Because the teachers' superannuation plan closed in 1979 — so the last eligible person to enter into the plan would be prior to 1980 — there's a projection by an actuary that would indicate that by about 2056, 2056, that the last person would still be collecting pension because they would be still alive.

So that's a long time away from today, you know. With the projections for the plan, of course, it's going to continue to decrease in numbers as the bulk of the retirements will occur in the span of years roughly 2014 to about 2018. That's when we should see the majority of the teachers that are in the field right now that will retire from the plan.

There will be people who have taken, maybe worked at another job or maybe were involved in caring for families who have then come back into the teaching profession and who may not retire for a number of years. But the bulk of the retirements will occur by about 2018, and then after that as deaths occur and the superannuates that are within the plan, by about 2056 we should see the end of the plan.

Mr. Wotherspoon: — Thank you, Minister. That's kind of a harsh reality. I think my father fits within this category of superannuates. I am glad to see this legislation come forward. I know that the STF was eagerly anticipating this as it does reflect the hard work and their efforts to make sure that the teachers are committed to as they go through their career and beyond. So we support this legislation, and I don't have any other questions here tonight.

The Chair: — No further questions? Okay, Bill 21, An Act to amend The Teachers Superannuation and Disability Benefits Act. Short title, clause 1, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 8 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Teachers Superannuation and Disability Benefits Act. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — May I have a member move that we report the Bill without amendment.

Mr. Michelson: — Mr. Chair, I'll so move.

The Chair: — So moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I'd like to thank the minister and officials for being here this evening and thanks for your answers.

Hon. Mr. Krawetz: — If I might, Mr. Chair, I'd like to thank the opposition members for questions and the discussion on the Bill. As we've indicated and Mr. Wotherspoon has indicated, it's part of the collective bargaining agreement and I believe that all participants will be pleased that this Act is now in place. So thank you for all the questions and comments.

The Chair: — And committee members, if you can just take a short break until the minister and officials come in for Bill No. 22.

[The committee recessed for a period of time.]

Bill No. 22 — The Irrigation Amendment Act, 2008

Clause 1

The Chair: — I'd like to call the committee to order. The next item before the committee this evening is Bill No. 22, An Act to amend The Irrigation Act, 1996. And I'd invite the minister to introduce his officials, and if he has any opening remarks to give us his remarks.

Hon. Mr. Bjornerud: — Thank you, Mr. Chair. And to my left is John Babcock — he's the director of irrigation development branch; and to my right is Alanna Koch, the deputy minister of Agriculture. Just a short opening statement to explain what we're doing here. It's a minor change to the Bill.

It's an amendment to clause 3(1)(b) of the Act that is required to clarify that the Minister of Agriculture has the authority to enter into agreements respecting the operation and maintenance of irrigation water control and water supply works for purposes other than irrigation.

This would allow water conveyed through Saskatchewan Agriculture owned facilities to be used for purposes other than agriculture irrigation — some water is used for domestic, municipal; recreational, such things as golf courses; industrial, in that case potash mines; and wildlife such as Ducks Unlimited uses.

The Ministry of Justice has recommended that changes be made to The Irrigation Act to clarify the authority. So that's really

what the amendment is. It's not a major amendment, but it was recommended we make this change.

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

Ms. Atkinson: — Thank you. Minister, can you advise me who you've consulted with on this Bill?

Hon. Mr. Bjornerud: — The irrigators, in the Outlook area, we've talked to them. Well we talked to them a while ago and talked to them just lately about the changes we're doing here, and it clarifies the minister's authority. Actually some of the things, the agreements that were being made before by the minister, the recommendations from Justice was that we didn't really, those agreements really didn't have the authority. And what we're trying to do now — because they were being made, those agreements were being made before without the authority — just putting in place so that we actually have that authority.

So really I don't think we're going to change anything that I do as minister. The previous minister was doing the same thing except it more or less clarifies the authority that we have to become involved in these agreements.

Ms. Atkinson: — So you spoke with the association out around Outlook. Did you speak to any other stakeholders?

Hon. Mr. Bjornerud: — Well we've talked to the irrigators, I think the different groups out there that are involved in what these changes would be. We've talked to them on a number of occasions. And from our contact with them, we found that there was no problem with this amendment at all. So I think they understood why we're making this small amendment.

Ms. Atkinson: — And can you indicate to me what agreements had been entered into with other organizations whereby we didn't have the legal authority to do that?

Mr. Babcock: — The actual agreements that we acquired when the assets for irrigation were transferred from the SaskWater Corporation to us, so those agreements came over to our department, kind of thing. And the issue to some extent is the water supply agreements that we provide water to SaskWater Corporation. The Saskatoon south east water supply agreement is one of the major agreements that we need to finalize with them.

Ms. Atkinson: — So just so I'm clear, I understand that the infrastructure was transferred from SaskWater over to the department.

Mr. Babcock: — That's correct.

Ms. Atkinson: — I understand that. And I'm just unclear as to what agreements that the Minister of Agriculture or the ministry has to enter into at the moment that would be in contravention of existing legislation.

Mr. Babcock: — The main agreement is with the Saskatchewan Water Corporation. And it is a water supply agreement whereby water goes into our main canal system into the Broderick reservoir, and then it goes down the Saskatoon south east water supply system. And SaskWater actually uses

that water for recreation and for industrial use and for Blackstrap Lake and that kind of thing — so all those reservoirs down that system. So that's the major agreement.

We're also working on an agreement with the Sask Watershed Authority on the Broderick reservoir itself.

Ms. Atkinson: — Okay. Thank you. So in fact fundamentally what we have here is a situation where SaskWater's assets were transferred to the Ministry of Agriculture. SaskWater had an agreement with the southeast water corporation, or however you want to describe that, and you're now entering into a new agreement perhaps around Broderick, and you need the legal authority to do that.

Mr. Babcock: — Yes. We need that clarified, yes. That's correct.

Ms. Atkinson: — Okay. And just can you remind me when we transferred the assets?

Mr. Babcock: — They were effectively transferred April 1, 2006.

Ms. Atkinson: — So a year ago okay, or two years ago, sorry. Yes two years ago. Okay.

Mr. Babcock: — Yes, yes.

Ms. Atkinson: — Yes, two years ago. Okay. So when it says that we're prepared to enter into agreements with any person or body, can you just describe to me . . . That could be an individual. It could be an association. It could be a municipality. It could be a golf course. Is that what we're talking about?

Mr. Babcock: — Yes. It's sort of any third party that requires water for other than irrigation purposes or for irrigation purposes.

Ms. Atkinson: — And the people that are the users of the system in the Outlook area or the present users of the system, they have absolutely no concerns about this . . . [inaudible interjection] . . . That we're going to go perhaps beyond what is presently in place . . . [inaudible interjection] . . . Okay. Thank you very much.

The Chair: — No further questions?

Ms. Atkinson: — No further questions.

The Chair: — Okay. Bill 22, An Act to amend The Irrigation Act, 1996, clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 4 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Irrigation Act, 1996. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — May I have a member move that we report the Bill without amendment?

Ms. Ross: — I so move.

The Chair: — Moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I'd like to thank the minister and officials for being here this evening and thanks for answering the questions.

Hon. Mr. Bjornerud: — Thank you, Mr. Chair, and thanks to the members for their questions and thanks to my officials tonight for helping me out.

Bill No. 8 — The Natural Resources Amendment Act, 2008

Clause 1

The Chair: — I'd like to call the committee to order. The next item before the committee is Bill No. 8, An Act to amend The Natural Resources Act. And I would like the minister to introduce her officials and if she has any opening remarks.

Hon. Ms. Heppner: — Thank you, Mr. Chair, and thank you to the committee members for having us here this evening. With me is Liz Quarshie, deputy minister, Environment; Donna Johnson with finance department; and Rob Spelliscy who is the director of financial management.

I'll just say a few words about the Bill that is before us today as a backgrounder. In 2006-2007 the Ministry of Environment undertook an operational review of the Resource Protection and Development Revolving Fund to determine if its activities needed to continue within a revolving fund structure. The review indicated that there was a significant administrative effort involved with maintaining a revolving fund structure including the need to prepare separate audited financial statements; maintain separate financial records and general ledgers; the need for budgeting, forecasting, and reporting separate from the ministry's operations.

It was decided through Treasury Board and through cabinet to end the revolving fund on May 1, 2007, and roll all of its operations into the Ministry of Environment. The legislation before us today just legislates the decision that was made last year.

The Chair: — And questions. Ms. Morin.

Ms. Morin: — Thank you. Thank you, Ms. Minister, and the officials for appearing before us this evening. This is most helpful of course.

Am I correct in understanding that this has to do with the full elimination of the Resource Protection and Development Revolving Fund, a fund that allowed for cost allocation for capital and operating expenses in a variety of areas including radio communications in the North, government equipment

owned and needed by Saskatchewan Environment but also rented out to other governments and private individuals, staff housing, and northern air operation support? Is that correct?

Hon. Ms. Heppner: — Yes, that's true. Like I said, the decision was made a year ago, and so this is just the legislative change for that. And it's important to note that all of those things that you cited, which used to be part of the revolving fund, currently are now housed within the Ministry of Environment. So all of those things still are maintained but just as an efficiency within the ministry.

Ms. Morin: — Okay. So all the activities of the fund and the staff who fell under it were transferred to the Ministry of the Environment. Is that correct?

Hon. Ms. Heppner: — Yes, that's correct, the staff included.

Ms. Morin: — Okay. And what was the exact date of that transfer to the Ministry of Environment? Do we have that?

Hon. Ms. Heppner: — It was effective April 1, 2007.

Ms. Morin: — Okay. Thank you. And is the government going to ensure that there's resources in the General Revenue Fund to meet the needs that were previously met by the revolving fund?

Hon. Ms. Heppner: — Yes. There would have been in the previous administration's budget for '07-08 as this happened within that fiscal year. And because all of those activities are currently taking place in the Ministry of Environment, they would have been included in the '08-09 budget that we have in front of the legislature currently.

Ms. Morin: — Okay. Well I guess then I just wanted to, you know, make a few points that, clearly in this day and age of climate change and global warming, awareness of environmental issues and protection of the environment must be of utmost importance. My understanding is the fund was initially set up to help support the goals of the then department, which is now the Ministry of Environment, in terms of maintaining clear and healthy ecosystems and protecting people, resources, and property from wildfires and the opportunity for sustainable use and enjoyment of renewable resources.

While the government management practices and process evolve and change over time, we must never lose sight of course of the essential aim of government which is to meet the needs of Saskatchewan people.

While this fund has been deemed to have outlived its usefulness obviously, it's essential that the General Revenue Fund contain the resources which we've just confirmed to continue to meet the needs once addressed through the Resource Protection and Development Revolving Fund; especially when it's related to housing, maintenance of the air fleet, and communications to the North.

Is the minister going to assure that those needs are going to be met on an ongoing basis through the process that has now been put into place?

Hon. Ms. Heppner: — Yes. And as I said, this has been already in place for a year, and the people in operations and undertakings that they were involved in are all still within the ministry. They were in '07-08, and they maintain at the same level in the '08-09 budget. So the tasks that they are in charge of are obviously important, including the communications portion of this, and all of those are being maintained.

Ms. Morin: — Excellent. Well thank you very much. That concludes my questions on the Bill. Thank you for your co-operation, and thank you for the co-operation of your officials this evening. And perhaps one of my colleagues has a question . . . [inaudible interjection] . . . Okay. Thank you very much.

The Chair: — No further questions? Bill No. 8, clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Natural Resources Act. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — May I have a member move that we report the Bill without amendment.

Mr. Harrison: — I'll move.

The Chair: — Mr. Harrison. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I'd like to thank the minister and officials for being here and answering questions this evening, and I'd like to thank the committee members for their long stay here today. And at this time I would ask for a motion of adjournment.

Mr. Michelson: — I so move.

The Chair: — Mr. Michelson. We are officially adjourned.

[The committee adjourned at 20:58.]