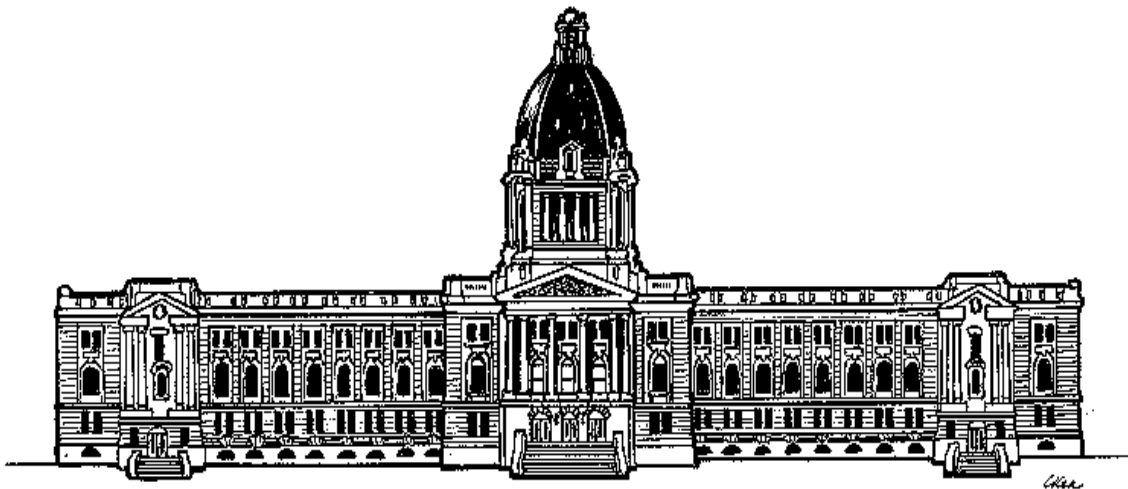




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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Regina Northeast

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Prince Albert Northcote

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Mr. Warren Michelson
Moose Jaw North

Ms. Laura Ross
Regina Qu'Appelle Valley

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 15:00.]

The Chair: — Good afternoon. I'd like to call the Economy Committee to order at this time. The first order of business, I would like to table a document that was a response from Minister Boyd with relations to questions that were asked last spring. So I'd like to table that at this time.

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

Subvote (ER01)

The Chair: — The business at hand this afternoon for two hours is consideration of estimates for vote 23, Energy and Resources, central management and services (ER01), forest development (ER18), revenue and program services (ER04), petroleum and natural gas (ER05), exploration and geological services (ER16), resource and energy policy (ER06).

At this time I would like to welcome the minister and officials, and ask the minister if he'd introduce his officials and if he has any opening remarks.

Hon. Mr. Boyd: — Thank you, Mr. Chairman. Committee members, good afternoon, I'm pleased to be here before the Standing Committee on the Economy to consider the estimates for the Ministry of Energy and Resources.

And I'm pleased also to introduce the members of the department, the ministry, that are here with me this afternoon. Sitting to my left is Kent Campbell, the deputy minister of Energy and Resources. To my right is Bob Ruggles, associate deputy minister of forestry development. Behind us are Hal Sanders — sitting in the middle — assistant deputy minister of corporate and financial services and also acting assistant deputy minister, resource and energy policy. On the right is Ed Dancsok, acting assistant deputy minister of petroleum and natural gas. And on the left is George Patterson, executive director, exploration and geological services.

Mr. Chairman, the '09-10 budget has been billed as helping keeping Saskatchewan's economy strong and steady in the midst of current global economic uncertainties. And the budget certainly provides the Ministry of Energy and Resources with the tools to help our economy stay that strong and steady course. It allows us to deliver on our mission of helping achieve sustainable development in Saskatchewan's diverse energy, mineral, and forestry resources.

In speaking about our budget for the year ahead, I'd like to take a moment and put our budget and our programs planned in the context of the year just past. Last year Saskatchewan led the economy in a rate of economic growth, and we are expected to do the same again this year. We've also been at or near the top among all provinces in key indicators like retail sales, wholesale trade, value of building permits, and sale of new motor vehicles. People are looking at Saskatchewan as a place to come rather than to be from. Fifteen thousand more people made our province their home in 2008.

A lot of our economic and social success is the direct result of the incredible resource riches we have — resources and commodities that the world needs. By any measure, 2008 was an exceptional year for our oil and gas and mining industries. We have had record oil production last year of 161 million barrels and a record 1.12 billion in revenue from the sale of Crown petroleum and natural gas rights.

We have also had the second best year ever for drilling of oil and gas wells. Our mining statistics were equally impressive. Natural Resources Canada estimates our value of mineral sales at 9.7 billion in 2008; that shatters the old record in 2004 of 4.6 billion. Our estimated mineral exploration expenditures were more than 430 million last year — also a record. And Natural Resources Canada now ranks us as the country's top mineral producer in terms of output.

Now admittedly 2009 will not be as strong a year as 2008. That shouldn't be of any surprise, I think, to anyone. Saskatchewan is not immune to the worldwide economic crisis. We've seen a slowdown in oil and gas well drilling during the first three months of this year, and revenues from our first land sale were lower than the sales we have seen in recent years.

Our junior mineral exploration companies are now reporting that they are having more challenges raising investment capital for their projects, but I submit that we are still well positioned for growth as our companies look to maximize on their land acquisition and exploration investments of recent years. Our industry and investors will continue to respond favourably to a business climate that's conducive to growth, and a tax and regulatory structure that provides them with stability and certainty.

In the coming year, we will continue to deliver the core programs of the ministry — the programs that enhance the ability of our oil and gas and our mining industries to prosper and become more competitive. A major initiative for us, one of which we are receiving \$11.6 million in capital funding, is the complete redevelopment of our oil and gas business process and computer systems. We are replacing our existing well information, production, and disposition systems with one integrated system. This initiative, which will be complete in '11-12, will use recent technological advances to transform how the industry files and obtains data, and will make information more readily accessible to our industry for future economic development plans.

Forestry is very much an industry in transition. And forest companies and communities are looking at new approaches and new markets to best capitalize on our massive forest resource. We have allocated 3.1 million in this budget in the flow-through federal community development trust monies, and we will be delivering the value-added industry research component of this program.

Indeed research is key to advancing our resource industries, and in this budget we have 4.3 million for ongoing third party grant funding commitments. These include support for carbon dioxide enhanced oil recovery and storage initiatives, upstream oil and gas greenhouse gas emission reduction projects, and research and development related to climate change. This

funding also includes ongoing enhanced support to our Petroleum Technology Research Centre whose research efforts in support of enhanced oil recovery and carbon capture continue to garner international acclaim.

Through these measures, our ministry's budget, and through those in the provincial budget overall, we are ensuring that Saskatchewan's economy remains strong and steady. And we are ensuring that the prudent and sustainable development of our resources will position us for even more growth in the months and years ahead.

Thank you, Mr. Chairman. I now look forward to a productive and interesting discussion on the estimates of the ministry.

The Chair: — Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. Mr. Chair, I want to welcome the minister and his officials here this afternoon. I think we're looking forward to having a good exchange of questions and answers, and for that purpose, Mr. Chair, I will turn the mike over to our critic, Mr. Vermette.

Mr. Vermette: — Thank you, Mr. Chair, to the minister and his officials for being here. I appreciate the time and hopefully the answers we can get from you, and an understanding of the budget and the dollars. And I'm going to go into the area of forestry.

But I want to start out, if I could, we well know that the forestry sector is in dire straits and needs a review, some type of process that has to be in place. And I've heard you as a minister refer to that, and I'll refer to this as well. You know the industry is in, whether we call it the slumps or we say it's in dire need of assistance . . . what type and where do we go from here? You know, that question's been put there. And we'll get into that a little further on, I think, where we can go and maybe ideas and stuff.

But we know that there's quite a few communities that relied on the forestry industry and sector to assist the community in things that they did, you know, meaningful jobs. And there's quite a few communities that are impacted, you know. And I think of a few of them. Hudson Bay, you know, La Ronge, Meadow Lake, Prince Albert, and the list goes on. You can go on with the list of different communities that have been impacted all over in the forestry sector. We know we've lost a lot of jobs, a lot of communities, and people have gone on.

And I guess, you know, as we go through each question and we talk about the budget and where do we go from here, I think some people are working on where do they go from here and have hung on. So I just want to open up with those comments that way. I just want to start out with my first question, if I could and I made open comments that way. If you want to respond to them after, that's fine. I'm not sure if you wanted to. Mr. Chair, did he want to respond to them?

The Chair: — What was the question there?

Mr. Vermette: — Well I'm not sure. I did opening comments, if he wanted to respond to it. If not, I will do my questions, is what I'm asking, Mr. Chair.

The Chair: — Okay. Go ahead with the question, and I'm sure the minister will respond in the course, fullness of time.

Mr. Vermette: — Okay good enough. Thank you. I guess under the current P.A. [Prince Albert] FMA [forest management agreement] that Domtar, I believe and my understanding, you can correct me, is working with or holds it, can you . . .

Hon. Mr. Boyd: — I'm sorry. I didn't hear that.

Mr. Vermette: — The P.A. FMA.

Hon. Mr. Boyd: — Yes.

Mr. Vermette: — The FMA that's there, currently is it Domtar that has access to that or is currently negotiating on that?

Hon. Mr. Boyd: — Yes. Mr. Chair, member, just to respond a little bit to your opening comments. There's no question about the fact that this is an industry that is experiencing very, very difficult times. I think everyone would understand that in Saskatchewan. We've seen commodity prices for that sector absolutely collapse. We've seen the largest market for lumber supplies that are produced in Saskatchewan, which traditionally in large measure go to the US [United States] market, housing starts in the US market, typically in the neighbourhood of 3 million housing starts per year, down to under 500,000. And projections are that we may even see it much lower than that in the future — not much in terms of a turnaround that appears to be, you know, taking place in the US housing market yet.

I guess we're like everyone else, and I'm sure the forestry companies would agree. We're optimistic and hopeful that we will see some kind of turnaround. But in the meantime, we have to be realistic with respect to this. I guess there certainly are different philosophical approaches that governments could take with respect to the industry.

Our approach is that we are going to work with the industry to identify value-added opportunities, look towards cogen, all of those kinds of things as perhaps adding value and additional revenue streams, those kinds of things, to help the industry through these very, very challenging times.

But I don't know whether . . . I think it certainly is our view at least that to put directly into the industry taxpayers' dollars, I guess it becomes a very philosophical question. Is that the right approach? Had we carried through on the MOU [memorandum of understanding] that the previous government had committed — \$100 million — the question becomes, where would we be today had we carried forward on that?

The prices have continued to decline. We're into what would appear to be a very lengthy slump in prices. I think most people, most industry analysts, most people looking at this situation would say that that 100 million would likely be gone by now. We'd likely be faced with a situation where the company would be back looking for another 100, perhaps more. And it's sort of like, I guess, in a poker game. At that point you're kind of pot committed. Once you've put 100 million on the table, you really don't have much choice but to continue and hope that you can see your way clear and eventually come out a winner on it.

Our approach is different. Our approach is that, should we be trying to pick those winners and losers out in terms of the companies themselves and make decisions using taxpayers' money? And I think that that's the key that we have to recognize is, it's not my money and it's not your money and it's not the committee's money. It's the taxpayers' of Saskatchewan. Whether you are a tradesperson in Regina here or whether you are a homemaker in Kindersley, Saskatchewan, or a nurse in Saskatoon or where else, we're looking at trying to maximize, for the people of Saskatchewan, the best use of their taxes.

And it would be my view that putting money at risk in those types of ventures probably would result in further losses. I think there's been ample evidence over the years that indicates that these situations do not help. They probably just exacerbate the problem or at least they put it off. They put off the problem for a short period of time, and then it's just back and back and back to the same situation.

We're not going to go that way. We've made the decision right up front. We've spoke with Domtar about that. Within days of being sworn in as ministry — I think it was the same day perhaps; my memory fails me here a little bit, but it was certainly within days — spoke to the folks at Domtar about that, informed them of our decision. And since then we've been working with them, trying to figure out how we can best utilize that facility or repurpose it or do something with it without having that kind of resources on the table.

So with respect to your direct question about Domtar and the FMA, we continue to work with them. We are working with a number of forestry companies, virtually all of them — I understand all of them — independent forestry producers, both small and large. We're working with First Nations and Métis groups to talk to them about how we can better utilize this resource, how we can better make it available for the benefit of everyone, including the possibility, should there happen to be the possibility, of the P.A. mill restarting at some point in time.

[15:15]

I think those discussions have been productive. We put out a press release with respect to that last week. I note that forestry companies were very supportive of that. I would ask the member to join with us in, I think, the relatively small success in that area but nevertheless, I think a step in the right direction, positioning our companies for the future and positioning for when we all expect and hope we'll see a turnaround in the prices for those commodities.

Mr. Vermette: — Okay. I guess then, you refer to the money that the previous government would have allocated to the Weyerhaeuser or to the P.A. pulp mill, you know. And your opinion, you guys as a government and as, I guess, your ministry has decided that that wouldn't happen. And that's fine. You made your decision that way, not to go through with that deal because, in other words, I think playing poker and, you know, what a waste of money. And that's fine. And I can, you know, understand that's the government's prerogative to do that, and you guys have done that.

But I want to take that a little further on that money. Okay,

that's fine. That's taxpayers' dollars and you mentioned that. It's not our money. We're supposed to do what's best as a province to help the people in this province, you know, with the dollars.

And, you know, let's be honest. We have large dollars in our coffers, and we're there. There was an opportunity to help the forestry industry. You know and I've said this before in questions and different times, let's make sure that we're going out to the communities that are impacted. And industry, make sure we have a good understanding of what the needs, what's the best way we can utilize any dollars that we're going to put out there to assist you. And I think that is so important.

And to play poker with it sometimes . . . I understand what you're saying; you know, maybe not all people have a good understanding of the forestry sector and what their needs are. But going back to the industry, the people that are there, the communities that were impacted, I think would have been an important exercise to go through and do, whether you want to call it consult the industry, consult the community impacted, the business sector. Why was that not done? And why couldn't we do that with these dollars that you have here?

Hon. Mr. Boyd: — Mr. Chairman, Mr. Member, I think it was, I would respectfully say, in the most public way that there possibly could be.

When the MOU was signed initially, I think the official opposition of the day, now the government of the day, made it very clear at that time that we did not support the MOU. All through the election campaign, I think there was ample discussion about it where we said that, should we form government, we would not carry out on this. I think that's the most public forum that I'm aware of, an election campaign.

We took that message to not just the communities that are affected, which are extremely important in this discussion — no question about it — but we took it to the people of Saskatchewan as a whole. And the people of Saskatchewan said, I think in part at least, we've passed judgment on this question and the answer is no, we don't support it. And I think that's the reason why, in part at least, that there was a decision made on November 7, 2007, that they wanted someone else, a fresh set of eyes to take a look at this and see whether or not there was any value in that or whether it was the correct decision. And I think we could probably get into probably a lengthy debate about that.

We could also get into the debate about, you know, signing these kinds of things sort of at the 11th hour, just prior to an election campaign and whether that makes any sense or not. Is that good public policy? I guess I would argue I don't think it is very good public policy in the dying days before an election is announced to come forward with this, hoping, I'm assuming at least, hoping that it might further the NDP's [New Democratic Party] chances in the election campaign.

I think there's been other examples of that — the Weyburn by-election, down there in the dying days, several million dollars being committed to a hospital right in the campaign, right in, right in the middle of an election campaign. Throw some money at it and hope the people will respond. Well I

guess they do.

The people see through these sort of cynical ploys and say I don't think this is the right direction. I don't think this is good public policy. I don't think this is the good and wise use of taxpayers' dollars. And I think, I think you're going to have to, at some point, recognize that, that there has been a judgment passed on that by the people of Saskatchewan in the most public way there possibly could be.

And even some of your own members are recognizing that. I note that the member for P.A. Northcote, when this whole discussion was heating up, asked by the members of the media does he think that the government should be committing taxpayers' dollars to it, his response was no. And I can provide the quote for you if you like, happy to do that.

So I think perhaps you might want to go back and discuss it further with your colleagues, whether this is the direction that you want to go as a political party. Some of you do. Some of you don't. You know, let's get it out on the table. What's the direction that you want to go here? Do you want to . . . I guess I would respond by saying, in a question to your question, do you want to commit taxpayers' dollars to these types of things when the majority of Saskatchewan people — in the most public way and public forum possible — have said no?

Mr. Vermette: — Well thank you for walking through elections' platforms and different things and process and campaigns and different things. Like, it's amazing, you know; you refer to certain ones. And that's good, and thank you for that information.

And I guess also the people will decide, in the Prince Albert area, when people were campaigning on a vote for me will be a vote for, you know, the P.A. pulp mill opening. So those statements were out in people's campaign as well. And at the end of the day, we'll see what people have to say on that one as well.

So I guess that goes two ways. People make different promises. I understand that. And sometimes, I guess, they don't follow through on those and it doesn't happen. So it's a good learning process.

Going back to forestry workers, as far as the plan, okay, that 100,000 that could have been used today with your dollars that you have here, how are forestry workers . . . I guess whether it's retraining, communities that were impacted that have lost a lot of revenue, how do you see that with forestry workers and the communities that were impacted? What's the help for them?

Hon. Mr. Boyd: — Well I guess I would say, in response to your earlier comment, I think our member from Prince Albert knew full well what he was saying when he raised . . . in the election campaign. I think he demonstrated a level of optimism that is pervasive in our party. We are optimistic. We're optimists by nature. I think he was simply reflecting that, in saying that he was hopeful, that we would be able to, even after taking \$100 million off the table of taxpayers' money, be able to negotiate something for that facility for the future. We're still, you know, in negotiations with respect to that. Nobody's walked away from the table. The Government of Saskatchewan

hasn't walked away. Domtar hasn't walked away from it.

The challenge of course is, is that it puts a new administration in a very, very difficult position. When you start the bargaining process up here, and we have to bring it down to a level that the taxpayers of Saskatchewan are prepared to accept, there's a big bump in there. A hundred million reasons why the company is slightly reluctant to want to proceed. But to their credit, I think that they have been willing to look at this. I still think that there is opportunity there. We haven't walked away, nor have they. And we will continue to move forward with negotiations in hope. And really that's, you know, I think that that's the optimistic view that this government would take, that we are optimistic, that we can see something put together there.

Now when it comes to, you know, jobs and that, I would want to say to the people that are affected, absolutely we understand the challenge that this presents to families and to individuals and to businesses associated with that. Yes. This decision wasn't taken lightly. The decision is that, is this the best use of taxpayers' dollars? And the decision is no, we don't think it is.

How do we move forward then? We start looking towards other opportunities. We start looking towards value-added for the industry. We talk about those kinds of things. We start looking at cogen potential, all of those things to address some of the revenue stream questions that are out there. And the industry, you know, to their credit, has been very supportive of that.

Is there more work to be done? Absolutely. But I don't think we can chase down these things by just writing a cheque on the taxpayers' tab all of the time and hoping that the problems will go away. They're usually, the results of those kinds of things . . . And I think there's ample evidence of the investments that the previous administration made — like, ample evidence, situation after situation that we can point to — that shows that it resulted in just massive losses of taxpayers' dollars that were not, was that not a very poor choice, investment choice on behalf of the taxpayers of Saskatchewan.

When it comes to programs, we are looking at all opportunities for the industry. We would welcome any suggestions that you may have with respect to this. But in terms of trying to pinpoint and say that company is the right one to foster growth alone and we're going to throw a bunch of taxpayers' money at it, I guess our response would be, it hasn't worked in the past; why do you think it's going to work now? I'm sorry, but we're not going to go there.

Mr. Vermette: — Then I guess, and I mean, like anything else we all have ridings and, you know, as a government and whether it's opposition, the forestry sector that has been affected. Communities. And at the end of the day, you know, we can sit there and say we won't waste people's dollars and we won't waste taxpayers' dollars. And I understand that. But sometimes a plan has to come together that's going to help. Help the forestry sector. Whether it's a plan, you know . . . Hope. You talk about hope. I've said it very clearly. There has been hope. People were hoping that a process would come through, you know. Whether it's a report, review, whatever — what's the plan? How can we assist? Whether it's going out and talking with people . . . So when we go through that process, I wonder. You know, you can sit here, back and forth, and we

can blame one and say the way one did it and didn't do it. And I understand that. And I understand your comments. You're responding.

But I also have to say that, at the end of the day, I don't always think that a plan . . . whether it would have been 40,000; 50,000; 500 million; 100 million; whether it would have been 10 million — what would have been helping those communities that were impacted and those families and workers that were impacted? The plan to help them, where was that plan? And at the end of the day, I guess those workers and those industry people that will play a part, whether one plan was good enough . . . And we keep talking about the P.A. pulp mill that, that was the only option that was out there — 100 million for the P.A. pulp mill. Everything else, it's almost like it didn't matter. Well I am sorry; I disagree with that one.

Hon. Mr. Boyd: — Well respectfully, Mr. Member, you can disagree, but I think the evidence is pretty clear. The forestry sector has seen an absolutely collapse in prices. There is some 207 mills in Canada that have closed in the last number of months. All evidence suggests that, regardless of the actions of any government, the market forces still are such that these mills are not viable under the current circumstances. And so I guess that's the challenge. What do we do?

I mean in the past, governments of the other political stripes have poured hundreds of millions of taxpayers' dollars . . . In Meadow Lake it's something like \$800 million, you know. And so you make choices as government. Is it a wiser use of taxpayers' dollars to look at broad-based tax reform and relief? I would argue yes. Our government would argue yes. Is it better to put the taxpayers' money into things like infrastructure and things of that nature that will help sustain an economy going forward? Or is it better to just try and pick out one and say, here's where we're going to put all of our eggs, because it's a limited amount of money that's available to do these kinds of things, and so you have to make those choices. Your government made the choices. We've made different choices.

[15:30]

This sector is not going to see a recovery for some period of time it would appear, and I think industry analysts are pretty much all on the same page as that. I don't see, you know, we just simply don't see the forestry companies all coming forward and clamouring for direct assistance to them. I haven't seen that. I think they recognize that they're in a commodity-based industry that's very, very cyclical, and there is a huge downturn that has been even further exacerbated by the global sort of meltdown in terms of economy in the US and around the world.

So our challenge of course is, is how do we best utilize the taxpayers' dollars to move forward in a number of directions? So we're doing that with respect to talking to the industry about how can we better utilize the forests for when the industry does turn around, for when prices do recover and we see, you know, these operations able to start up again and move forward.

What takes place with the people right now that are associated with them? As I understand it, they have — in Prince Albert in large measure — have moved on to other opportunities and jobs, and a vast majority of the people that were formerly

employed at the P.A. pulp mill have moved on to other jobs. Is that the best thing that could happen? Absolutely not. I would love to see the forestry sector — I'm sure as you would as well — working full out and everything like that. But under the current economic conditions it's largely unviable at the kind of prices that are out there available for their commodities.

So I guess I would just say that, you know, the families affected with it, we think about them all of the time, about how we can better provide for opportunities. But when you look at sort of the macro, when you look at what's happening in Saskatchewan, we see larger numbers of jobs available in our province than we've ever seen.

So I think the challenge for you, Mr. Member, is should we just try and pinpoint taxpayers' dollars or should we try and as an overall . . . Because as a minister of the Crown and as a member of government, I just don't have the responsibility of looking at your constituency any longer or my constituency any longer and being solely a spokesperson for those constituencies. You have to look at what is best for the people of Saskatchewan as a whole.

The government's made some choices with respect to that. I think they've been the right choices. I think that's the reason why that there is the widespread support for what's happening in Saskatchewan these days. There will always be those kinds of challenges out there when we live in a commodity-based environment like we do here in Saskatchewan.

Mr. Vermette: — No, and it's a good point. And I'll go back to this. You're saying choices, and you know, as a government and as a minister, you've made choices. And I guess those are your choices to make. People will have, I guess, ideas and plans and suggestions to you as a minister and your department, and you as a government. And I guess you make the choices on which ones you will support or don't support. And I understand that. At the end of the day, we all have to make those choices and decisions. And for that, I understand you'll make your choices. And at the end of the day, we'll see where we're at with that one.

Now going on to a plan. So you're making choices. So right now, where are you guys as far as a choice with a process of, here's the plan, here's what we've talked to people? I know you have the forestry sector innovations. Do they play any role with recommendations to you?

Hon. Mr. Boyd: — Well, Mr. Member, we take advice from companies, from individuals, from representatives of the forestry sector that we meet on a regular basis, both myself and people from the department, on a regular basis to talk about how we can sustain some degree of optimism and build towards a future.

I think part of that discussion is, the initial stages, I think, was the whole discussion about the forest management agreement. We've seen a resource that's obviously underutilized, largely as a result of prices, no question about it. So you know, we've engaged the companies. We're talking to them about how we can better utilize that going forward, with the full understanding though — everyone, I think, around that table — with the full understanding that until we see price recovery, we are unlikely

to see much happen at all because it just isn't economic. Companies, individuals, will not put at risk their own dollars unless they think that there's going to be a return on that investment some time in the future. And they all make decisions with respect to that.

Some of them are . . . I note that Tolko has gone to increased numbers for increased shifting. They've made a decision going forward. They think that they have an economic case. They've identified some markets that they think that they can capture, and so they've made a decision. Other people are going perhaps the other direction right now. But I think that the important point is, is that until things recover in terms of prices, there isn't really a lot that governments can do to try and influence that. We just simply are not, in terms of the marketplace, a big enough player as the Government of Saskatchewan to try and influence that in any way possible that's available to us.

Mr. Vermette: — Okay. I go back to the dollars that was, the federal funded Community Development Trust Fund dollars that were put in there. I think this year you guys were allotting about 12.8, \$12.6 million. What process and what involvement as forestry, because that was a forestry sector, was your involvement in there and what input did you have?

Hon. Mr. Boyd: — Our involvement, Mr. Member, through this ministry, would be \$3.1 million for value-added opportunities. Some of the, you know, the discussions that we've had with the companies are around those areas, Enterprise additionally has resources, but I'm sure they'd be happy to provide you with information about the resources available through them.

You know I think when we're talking to the companies, I think there's a recognition that one of the key components that they are looking at is trying to service some of those smaller niche-type markets, value-added opportunities, that can help them sustain or provide for additional revenue streams to their companies.

Mr. Vermette: — Okay. Thank you. Goods and services, you talk about that and here it's identified in your budget 3.758 million. What exactly does that take in and what are those dollars going to be utilized for?

Hon. Mr. Boyd: — I may have mistakenly said \$3.1 million. It should have been 3.7 — and I should say — million value-added dollars that is being committed in our ministry towards value-added opportunities, not 3.1. I want to make that correction.

Mr. Vermette: — Okay. Then there would be a remainder of 258,000. What would that be used for?

Hon. Mr. Boyd: — There is no remainder, 3.758.

Mr. Vermette: — Is that what the total amount is?

Hon. Mr. Boyd: — Yes.

Mr. Vermette: — Okay. Thank you. Salaries, you've got 392 for salaries. What area and who is that to fund?

Hon. Mr. Boyd: — That would be for a total of five staff within forestry services, to fund those folks.

Mr. Vermette: — Thank you. And this will be my last question to you. And I mean not that anybody has a crystal ball and can tell, but from all indication that you guys are getting and your department and your ministry, where do you see the market going? And is there an opportunity here that we're going to see any type of partnerships coming into the province, any talks, anything where it might look like things are moving forward?

And I know you mentioned some of those. Do you guys see any, you know, I guess light at the end of the tunnel, that where industry and communities impacted, that there is some hope for them? Do you see any of that as you guys go around and your officials dealing with some of the, I guess, different sectors and areas that you're responsible for?

Hon. Mr. Boyd: — Well I would certainly thank you for that question because I think it's a very important one. Yes, I think that there is some light at the end of the tunnel. The tunnel might be fairly long though, unfortunately. I think that we are in discussions with a number of players that are looking at opportunities here in Saskatchewan. You know, I'm not at liberty to provide you with much more detail than that. The companies themselves will make announcements that we may or may not participate in depending on the level of involvement of the government in these areas.

But I think the crystal ball is always a little bit murky when it comes to trying to guess commodity prices. The best estimates out there are that we're going to be probably into 2010, perhaps the later part of '10, before we're going to see much of a turnaround in the US housing market. And I guess, rather than just simply producing and stockpiling and losing money day after day after day, the companies make their decision based on what's economic for themselves, and they make the decisions based on those kinds of things.

So I think we were optimistic that we will see some degree of turnaround, probably later than we would prefer — much later than we would prefer — but there is some opportunity there. We are discussing some opportunities that companies are looking at, trying to provide as much assistance as we possibly can for those companies. I'm optimistic that we will see some of that happening before too long.

But it's very, very difficult to tip your hand too much on those kinds of things. The companies are looking at it and saying, they're all trying to guess, you know, where the bottom is. Where do we start seeing the industry climbing out of this? They will make their decisions based on what their estimate is going forward as to what prices are going to do and what kind of sales are going to be available to their companies.

I remain optimistic. I think we will see some good things happening, but it's probably going to take a longer time than any of us would care to hope for.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. And since this is the first opportunity I had to speak during this session, let

me also welcome the minister and the officials. It's my intention to ask a number of questions in a number of subject areas, but while we're on the subject of forestry, let me just stay there for a few minutes.

In the action plan that accompanies the budget documents, under the section key 2009-10 actions, as far as "Support the restructuring of the province's forest industry" is concerned, the very first action plan item is as follows, and I quote, "Complete a provincial forest development strategy to aid in the successful transition of Saskatchewan's forest industry to new value-added products and identify new market opportunities." Can the minister explain what's behind that action plan, please?

Hon. Mr. Boyd: — Thank you, Mr. Member. I think that's exactly the discussion we've been engaged with, with the forestry member. We are talking, as I said, with all of the forestry companies to look at how we can better position companies in Saskatchewan, how we can better utilize the forests of our province going forward, looking at value-added opportunities. The companies themselves have identified to us some opportunities that exist out there in terms of a different product mix that they in some cases have come up with, in other cases are developing. So I think that that's part of value-added discussion.

[15:45]

We're also talking about green energy and cogen opportunities. SaskPower has an RFP [request for proposal] out there right now with respect to green energy, and it's my understanding that there are some companies that are looking at some of those things. You know, those will be awarded in due time I'm sure.

But I think the key in all of this is I think the companies themselves are looking at how do we add value to the products that we produce so that they aren't as dependent upon, you know, bulk lumber exports to a market that's just literally evaporated.

Mr. Taylor: — Thank you, Minister. The third bullet under the '09-10 action plan reads, "Develop plans for resolving recommendations from the forest sector team to improve industry competitiveness." Number one, what does that mean? Number two, what do the words "resolving recommendations" mean? And number three, do we have recommendations from the forest sector team.

Hon. Mr. Boyd: — Again those would be things that we continue to work with the industry with respect to. I'm talking about how we can make our industry more competitive.

Of course the member would know, Mr. Chairman, that there are some issues surrounding anything that we do as a government when it comes to industry competitiveness. Some of those are with respect to the softwood lumber agreements. If we start trying to — what the Americans at least would call, you know — make the competitive field unlevel in any way, then we're immediately faced with the situation where we're into, you know, the potential at least for softwood lumber challenges. So we have to be quite careful as a government in terms of what we do.

So you can look at . . . I think what makes sense in that context then is how can we provide a better competitive environment — but not just specific to the forestry sector — so that we don't find ourselves in a softwood lumber challenge. How can we look at ways to address in a broad base and make that industry and perhaps other industries more competitive as well?

I think some of the initiatives that the government has taken with respect to property taxes would be good examples of that. That could never be challenged under those kinds of circumstances but yet provides some degree of tax competitiveness that wasn't available previous to that. So there's that.

I mean there's been issues like the fuel taxes and things of that nature that went on out there for some period of time, you know. And of course the problem . . . or I shouldn't say problem, but the challenge that becomes with those things is if you just simply try and drill down and put resources just specifically into the forestry sector, you might find yourself in that position. And I'm pretty sure — given at least the member's comments last evening, one of the other member's comments that they wouldn't want to find themselves or they supported our position with respect to that — not getting ourselves into that kind of a situation would be not very wise.

So how do we continue to look at broad-based tax reform? Those things are quite expensive as you would know. We've put forward our priorities with respect to that in the last budget. I think this reflects some of those discussions.

Mr. Taylor: — Thank you. Just continuing along a little bit on this, the language is interesting in the action plan because, to the average person out there, when the first bullet indicates complete provincial forest development strategy, one assumes that means if we're completing it we actually don't actually have a strategy in place yet. And the other piece, the third bullet, the language is "develop plans," would seem to indicate that there's not actually a plan. We are completing a strategy and developing a plan. I'm just trying to get clarification as to what the status of the forestry directorate is at the moment in terms of vision for the forestry sector for the province of Saskatchewan.

Hon. Mr. Boyd: — Well I guess we could probably get into a process type of debate about these kinds of things. But as a new administration right from the very outset, we have undertaken with the industry to look at ways that we can make the industry more competitive. Those include things like value-added opportunities, cogen, and things of that nature. How can we provide tax strategies that help to make them more competitive? The property tax reforms I think are helpful in those areas. I think the communities that have received a significant revenue sharing, I think those things are supportive of our overall strategy in terms of not just the forestry sector but industry as a whole in Saskatchewan.

Yes, as a new administration I guess I would say that, was there a complete document we were going to plunk down in front of everybody and say, this is it; this is what the forestry sector needs? No, I don't think that there was. I think what I would say to people in Saskatchewan is that the first thing that we needed to do was consult with the industry about what they see as areas

that a government can help in, without expecting direct taxpayer investment. They've been very, very supportive and helpful with respect to some suggestions, some different things that we might be able to look at. That will all be sort of boiled down to a strategy that, you know, at some point within our mandate that we will be prepared to release.

Is it ready at this moment? No, otherwise we'd be making the announcement with respect to it. But I think we're chipping away at it. I think we're making progress with respect to this. The forest management, the re-tasking of the forest and the redevelopment in terms of the FMA, I think was the first start in that development. I think if you look at industry spokespeople and individual company spokespeople, they're saying that this is a step in the right direction. Will there be more? Yes, I'm hopeful that there will be more. We will continue to work away towards an overall strategy that helps the industry.

But given the current marketplace issues that are out there, there's a very limited amount that a government can do first of all, so we don't find ourselves in a softwood lumber challenge, but also helps the industry as a whole and industry all over the province as a whole.

Mr. Taylor: — Thank you, Minister. You indicated the challenges that you and the ministry face and the industry faces. You also have indicated previously, of course, Saskatchewan isn't the major player in Canada as far as forestry is concerned, but it is important to our province.

But you sit with other forestry ministers from other provinces. I'm just wondering, when you sit at the table and discuss the challenges that you have in common, are there recommendations coming from the federal-provincial table or the provincial-territorial table that are useful here in Saskatchewan? And by extension, is Saskatchewan taking any particular strategy to the FPT [federal-provincial-territorial] table for discussion to help resolve some of the problems in the forestry sector?

Hon. Mr. Boyd: — I think that, Mr. Member, all across Canada, the governments are all grappling with the same sort of issues, competitiveness-type issues. And they're all faced with the very similar challenge. And that's why we see, you know, some 200-plus facilities that have closed all across Canada.

I think governments are all looking at quite similar actions in terms of value-added. You know, how can we make their companies more competitive in terms of the go-forward? But I think there's also a recognition. I think this is probably why you haven't seen government's pouring massive amounts of money into their sectors elsewhere.

Mr. Taylor: — How often do the ministers responsible for forestry issues get together? When would the next meeting be? And is there a specific agenda item that's useful for Saskatchewan?

Hon. Mr. Boyd: — Our representative on that is Minister Heppner, and I'm not sure of the schedule with respect to that. I would perhaps refer you to her in her estimates.

Mr. Taylor: — No, I appreciate that so thank you. One other

matter with regards to the forestry sector, more importantly forestry plans and visions and work that has been done, and I don't mean to be confrontational in this regard, Minister, simply trying to see where we are at. Some members of the media have expressed some interest in this as well. Last year at this time in this committee when asked a question about the Kirsch report to the Saskatchewan Party on forestry, the minister said:

That isn't something that we've had any discussions with that member, the member for Batoche . . . I wasn't a member at that particular time. I'm not familiar with the report or even if there was a report generated. I suppose it's something that we could ask about in terms of consultation with the member, but I'm not familiar with any kind of recommendations.

To the media, just about two weeks ago, the minister said . . . When asked by the media, I was wondering about the Delbert Kirsch report. Did he do it? Did you get it? And the minister is quoted as saying, yes, yes, yes. And the reporter said, can we see the report? And the minister said, can you see it? Well I don't see any reason why not. Subsequently in the House, the minister has indicated that the report doesn't really seem to exist. The recommendations have been incorporated into the action plan of the government.

I'm just trying to rationalize these two quotations, Minister, in which you say you never saw it, and then you say you have and it should be available to the media, but it was never made available to them. So I'm asking the minister: was there actually a document prepared by the member from Batoche? Have you seen that document, and were there actual recommendations that are printable and available to be seen?

Hon. Mr. Boyd: — Well let's put this in a little bit of context. Yes, over a year ago we had this discussion. At that point I had not seen it. I wasn't a member of caucus at that point in time. I've had opportunity since then to acquaint myself with it — an internal caucus document that was developed by the member for discussions going forward into the election campaign.

I think the determination was, is that the proper course of action would be to point the people who are interested in this to what we incorporated into our election platform. I think that that's a reasonable thing. An internal caucus working document probably isn't the proper venue to put forward government policy. Government policy is generated through election campaigns with the material that you put out, and then following up in terms of actions by the governments after, should they be fortunate enough to be called by the people of Saskatchewan to form the government. So I think that that's, you know, the proper course of action with respect to this.

The recommendations that came forward I think were, you know, good recommendations. And that's why they were incorporated into the platform. I think it was, you know, broadly discussed through the election campaign in terms of what our priorities would be. And I think that that's the proper forum for it.

Mr. Taylor: — The member indicates that it was in the election platform that those recommendations would have influence.

Hon. Mr. Boyd: — As I said, they were incorporated into our election platform.

Mr. Taylor: — So here we are, second budget after the election. Have there been any line items in the minister's budget that would take into account any of the recommendations that may have come from the Kirsch report?

Hon. Mr. Boyd: — I think all of them are incorporated in general terms into the budget of our department. And the member's been around this game for some period of time. He knows how these things work in terms of caucus working documents and that there's no sort of hidden thing here or anything like that. Let's make that very clear to committee members here, that somehow or another raising the spectre that maybe something untoward is being done here is just simply not on. And I think you would fully know that as to how these caucus discussions take place and that recommendations come forward and then they're adopted into election campaigns. And then further from that, they're more fully developed into government policy at that point in time.

[16:00]

And I think that that's the process that our party goes through. I think it's the process that your party has gone through in the past, where it starts out perhaps as a party discussion. It may start out as a caucus discussion. There's reports generated from there that then come into the bigger election campaign for broader discussion, and then may or may not become government policy in the future.

So there is certainly nothing here that would indicate there's some kind of a smoking gun out there, that maybe some of the recommendations that came forward were adopted or that others weren't. It was an internal caucus working document that was generated by the member — very good work I think in terms of that — put forward to the election team for broader discussion, incorporated into the election platform that the people of Saskatchewan had fully opportunity to take a look at and base their judgment as to whether they were going to be supportive of our party or not in an election campaign, and then from there help form the basis for direction for us as a government, help form the basis of direction.

Are they fully incorporated into a platform document? In some cases, yes they are. And I think you would know that to be the case. In some cases, they may not be. But I would say, in large measure, it was very, very helpful to us during the election campaign to have that working internal caucus document that helped form the basis for our election platform in that area.

Mr. Taylor: — I thank the minister for that answer. I cannot dispute any of his comments about process. I understand and accept the process questions.

I think what the minister can understand is there are people in forestry communities that were consulted by the member from Batoche. He held fact-finding meetings in Big River and Prince Albert and Carrot River and Hudson Bay in July of the year in which the report was to be done. And those communities are under considerable stress, and they are kind of interested in knowing the direction that the government may ultimately go in

the way it affects those communities.

So the fact that the member from Batoche listened to their concerns, presented those concerns plus recommendations to the Saskatchewan Party, and now with the Sask Party in government, there's a sense that we should know what those recommendations were. We provided them to the member, and it may affect the future of our community.

So it's not just so much the, you know, we're looking for the fire under the smoke. It's a matter of responding to people in communities who were consulted, and now they want to know what their consultations have led to.

Hon. Mr. Boyd: — And I think that that's fair. Of course that would be exactly how these kinds of caucus documents or caucus discussions would be fleshed out. The member I think did the very responsible thing and had those types of discussions. From there, the discussions were then, as a political party, generated into our election platform, and from there they helped form the basis for the go-forward in terms of any kind of a provincial forestry development strategy.

Those are, you know, taking place. We are continuing with discussions with the forestry sector, the companies, communities to talk about how we can help the industry through this very, very difficult time, recognizing that there are limited tools that are at our disposal and that we've made the very conscious decision that we are not going to try and pick out individual companies and, you know, suggest that we think that this is the key, by pouring taxpayers' money into it.

That was a decision that we've taken early on. We still stand by that decision. But we will continue to work with the companies and communities as to how we can best utilize the forests of our province going forward, and get the industry restarted. But that restart will only happen when we see market prices, market signals indicate to the companies that there is opportunity for them to be able to capture more from the marketplace than there is currently available.

Mr. Taylor: — All right, thank you very much. Shifting gears now generally to Energy and Resources estimates, specifically to the rest of the departments and overall, on page 55 of the Estimates book, the first page of Energy and Resources, vote no. 23, there are two line items that I'd just like to ask a general question about.

The first line item is the first one, central management and services, estimated 2009-10 at — what is that? — \$21 million estimated — '08-09, \$9.6 million. Considerable difference in expenditure from last year to this year, can the minister explain what that increase entails?

Hon. Mr. Boyd: — Yes, Mr. Member. As I indicated in my opening comments, the ministry has taken on some additional . . . well, has decided to go forward with the oil and gas business and system renewal project, which forms a very significant portion of that \$11.6 million in capital and 1.5 in operating expenses and four full-time equivalents toward the estimated \$48.7 million cost of this over time. So it would be made up of additional resources for that area.

Mr. Taylor: — Okay thank you very much. And then later on the list we have, under appropriation capital asset acquisitions, we have a debit of 11.6 million. And what would that entail?

Hon. Mr. Boyd: — That would be the capital portion.

Mr. Taylor: — Okay thank you very much. Just an update on last year's committee meeting, in the opening statement last year the minister said a couple things, and I'm just looking for a little bit of an update on that. In his remarks the minister said — remembering this is last year on April 10 — and I quote, “Last Friday we witnessed a great vote of confidence in our province when the Mosaic Company announced a proposed \$3.1 billion expansion of potash operations here in our province.”

Just want to get an understanding from the minister as to what he knows of the status of the potash expansion is in our province.

Hon. Mr. Boyd: — Well it's my understanding, talking with the major players — PCS [Potash Corporation of Saskatchewan Inc.], Mosaic, Agrium — that they're moving forward with . . . There's been no change, as I understand it, with respect to their plans in terms of expansions here in Saskatchewan.

We've seen as a result of, you know, a marketplace that is such that there's slow sales at this particular juncture in the year. There's been some layoffs announced. I'm told by the industry that their warehouse facilities are filled to the maximum at the moment in time and so that there's been some layoffs associated with that. Some of the players have decided to shift people from production over to help with the construction, so I'm under the understanding that the expansions are proceeding as planned.

Mr. Taylor: — Well I think just to clarify, the expansions are still on the book. The expansions aren't actually proceeding yet. They're pending change in the market.

Hon. Mr. Boyd: — Well I think that there's lots of work being taken place right now, is my understanding both in terms of additional planning, in terms of engineering, in terms of procurement of equipment and supplies, things of that nature. There's ongoing work that's taking place.

Mr. Taylor: — Okay. Thank you very much. A lot of the revenues in this budget — roughly 20 per cent of the revenues of this budget — are anticipated to come from potash, the sales of potash. The industry is cautious about their ability to sell as expected and I can understand that. We're seeing out of New York a drop in forecast for prices. I think the budget calls for about \$500 a tonne, if I'm not mistaken. New York forecasters are saying the year could end at \$400 a tonne for potash. I understand the need to support the Minister of Finance in the budget, but I want to ask the minister directly, is he confident at this point that the forecasts on potash both for sales and price remain strong?

Hon. Mr. Boyd: — Well I would answer by saying yes. We are still in the position where we remain confident that these numbers are going to be realized. And I think I would point to some recent sales that are much higher than the estimate that you're using. I'm not quite sure where you got the estimate of

\$400. There has been and I refer . . . just today I notice that the publication *The Star Online* has in it, they have said that Canpotex of Canada . . . Canpotex of course as you would know is the marketing agent for the three potash companies. The latest sales to Indonesia and Malaysia of US price of \$735 per tonne, cost and freight, for April-May shipments. You know when you take into account the various freight and everything of that nature, it's approximately 100 to \$150 higher than our estimate. So I think that there is some good news here.

I am also told that there's discussions recently with Brazil, that there's been some sales in that same dollar range that are very good indicators of where the market is shaking down. I am also told that, through industry players, that the discussions with the large importers, China and India, are taking place in a normal way. Normal volumes are being discussed. Prices in this area, you know, of course, I'm not privy to the exact amounts or the exact prices. What the industry is telling me though is that these discussions are going along in a normal fashion. There's nothing that would indicate that there's going to be any problem here.

But we of course, like everyone else, we await the conclusion to those discussions which normally is in the month of April or into May, sometimes even extending a little bit beyond that time frame. But we are told that the industry players are optimistic that these prices are going to be achieved and perhaps even exceeded.

Mr. Taylor: — Okay. And again I thank the minister for the answer. We are only a few days into the budget year, but I hope the minister doesn't think it was too much of a softball question. But I wanted to know the minister's confidence, as we go into the year, on these prices.

This may be a little bit jumping back and forth because I'm just going off my notes from last year's session here that I wanted updated, so forgive me if we've touched on this next matter a little bit already. The next paragraph in his opening remarks talked about the oil and gas sector and the investment plans. The province had “no plans to increase taxes or royalties.” And then he says, and I quote, “In fact, we [being the government] are reviewing our policies and procedures to ensure that Saskatchewan is even more competitive in the future.”

I'm just wondering, over the course of the last year, what that review might have entailed. And perhaps the minister will tell me that's part of the action plan for this year, is the results of that review. But I'm just wondering what has happened since that statement was made.

Hon. Mr. Boyd: — Well we continue to be supportive of the information that's been provided in the budget documents with respect to the estimates. Actually I think our estimate has been, I believe it was \$48, or somewhere in that neighbourhood, the West Texas Intermediate price. We've seen prices a little bit higher than that in the first few days here of the new year, the new budget year. I think we're all optimistic that we will see that continue.

You would know, member, that we've seen significant cutbacks in Middle East oil, Venezuelan, other producing areas that have ratcheted back quite a bit their production. There's been some

pullback in terms of consumption, but that seems to be ramping up a little bit more here now. So I think industry players — and we are — have some degree of confidence that these numbers are going to be met going forward.

[16:15]

I think the important thing here is that, of course, these are forecasts. And we use a number of agencies to assist in making those forecasts about what prices will be like in the future.

In terms of competitiveness, that's always an issue, I think, for industry — and it should be and it is certainly with this government — how can we better make our industry competitive? And that sometimes means tweaking certain areas. Sometimes it means overall government policy. I would say that things that are important in terms of those things are like the property tax changes that we've made. Obviously there will be companies that pay a significant amount of property tax in Saskatchewan that'll be beneficiaries of a change in that tax policy.

And that's not just to help property tax payers, but it's also to help our province in terms of its competitiveness. We have come off of a number of years of high taxes in this province where we simply were not competitive in a number of areas. The oil and gas sector, to the previous administration's credit, has been recognized some of those challenges. Other areas have not so much.

But this is carrying forward on the policies of the past. I think that they were largely headed in the right direction, but we want to — and I think the Premier has said this on many, many occasions — we want this to be one of the most competitive jurisdictions that we can possibly be, because that helps create opportunity. It helps create wealth in the province. It helps create jobs in the province, and I think the evidence is mounting.

We see larger numbers of people being employed in Saskatchewan overall. There are areas — and we've talked about them earlier — that are challenged, but overall I think the direction is that we are moving in the right direction in Saskatchewan. People are looking at our province as a good place to set up operations, continue to invest, and we're continuing to see that. And I think that that's, when I say competitiveness, it's not just the specific basket associated with that area that you referred to — the oil and gas sector — but how can we be competitive in the macro?

How can we be competitive as a jurisdiction when it comes to attracting, keeping industry in our province, and making them prosper more than they currently are, even in the challenging environment that we're faced with?

Mr. Taylor: — The province of Alberta delivered their budget today, projecting considerable deficit going forward. A lot of it has to do with changes in revenues expected from the oil and gas sector. The Alberta media yesterday or the day before was reporting that wages in the oil patch in Alberta have dropped substantially.

What sort of comments would the minister have in regard to

similarities between what's taking place in Alberta, both in terms of the investments and the presence in the oil and gas area and the wages that are being paid to employees in the sector?

Hon. Mr. Boyd: — Okay. Well yes, I mean, in Alberta, a very significant portion of their revenues come from the oil and gas sector. There's no question about it. Ours is, you know, in comparison quite a bit smaller.

But I think there's good news. Clearly I think that the fact that we've been able to manage the affairs here in Saskatchewan, that we're not forecasting a deficit — in fact, we're forecasting a surplus — I think is very good news. I think Saskatchewan is the only jurisdiction in Canada, save Manitoba.

But let's keep in mind that there's about \$2 billion of transfers through equalization that comes to Manitoba that we, that . . .

A Member: — Imagine that.

Hon. Mr. Boyd: — Well yes, exactly. Imagine that. \$2 billion of transfers for hydroelectricity that they've been able to negotiate in the past.

Previous administrations unsuccessfully — unsuccessfully — have tried to make that argument here in Saskatchewan for 40 years. Was it worth chasing that dream any longer? I would say no. And I think the people of Saskatchewan agree with us. We're no longer the beneficiaries of equalization because we have a growing economy here in Saskatchewan.

We find ourselves now where we are getting more competitive all the time relative to other jurisdictions. And lo and behold, people respond to that. It's a funny thing, but people do respond to that, and companies do respond to that.

That's what we've argued for years and years and years in Saskatchewan, that you just have to be a little bit sharper, a little bit more competitive. And when you are, you'll start to see people respond and companies respond. And that's why we see in large measure our province, I think, moving ahead of other jurisdictions that have sort of gone in a different direction.

Mr. Taylor: — What are your forecasts in this budget for land sales in 2009-10?

Hon. Mr. Boyd: — \$127.8 million.

Mr. Taylor: — In the comments made last year, also on the first page of the *Hansard* transcript, the minister makes the following comment. And my question is simply going to be, after I read the comment, what's the status of the project referred to? The minister says:

We will also spend an additional \$800,000 on further studies to assess Saskatchewan's capacity to enhance oil and gas production through storage of carbon dioxide. We want to build on the world-class successes that we've seen at Weyburn and Midale in CO₂ storage and enhanced oil recovery by assisting with similar EOR [enhanced oil recovery] investments at other oil fields.

My question is: what's the status of this?

Hon. Mr. Boyd: — We continue to work with the industry with respect to carbon dioxide enhanced oil recovery. And as you would know, this has been an area that's been pretty successful, that Saskatchewan has been able to demonstrate essentially to the world that you can do a number of things that create some very good results. You can capture the carbon, the CO₂. You can pipeline it, you can use it in enhanced oil recoveries, and get a lot of benefit from it.

And so we want to continue with that initiative and look towards expanding the opportunities for the industry in those areas. We continue to work with the companies with respect to that in identifying opportunities and we'll put forward a budget to assist in that area.

Mr. Taylor: — Okay, thank you. Let's now go to the strategic action plan that accompanied the estimates. I had referred to this earlier on the section supporting restructuring of the province's forest industry. I want to go now to a strategy related to what's called modernizing energy and resource sector business and regulatory systems to take advantage of emerging technologies.

The first piece is halfway down the page. The bullet under '09-10 actions reads, "Advance the Orphan Well Program to best manage the environmental risk and liability associated with oil and gas wells and related facilities."

Can the minister tell us where we're at with the orphan well program and what it is we need to do to advance this program to best manage risks and liabilities?

Hon. Mr. Boyd: — Mr. Member, of course this is a very significant area, I think, for any government that has oil and gas production in their province or in their jurisdiction. We want to ensure that as we see companies start up properly and produce, we also want to see the same sort of environmentally responsible things being done when these wells no longer become economic and have to be shut in.

We want to manage this process to minimize any interruption in day-to-day business and allow industry to adequately have time to review and examine and adapt regulations. We continue to work with the industry as to that area. Organizations like CAPP [Canadian Association of Petroleum Producers], there's a committee that works with the industry to identify how we can better do these kinds of things in an environmentally sustainable fashion to make sure that any kind of a program that comes forward has obviously industry participation in it, but we make sure that these wells are wound down in a proper fashion.

Again we continue to work with the industry with respect to that. I think we're making good progress. I think the industry recognizes that this is a very responsible thing for them to do and to be part of and we're, I think, quite comfortable with the progress that's been made.

Mr. Taylor: — Thank you very much. Also on that page, and perhaps the answer's very similar to the one you just gave, but I want to ask about the bullet two below it. The bullet reads, "Consult with the oil and gas industry and other stakeholders on initiatives and policies, and identify potential regulatory and administrative changes." What is the status of this consultation?

What sort of regulatory and administrative changes are we talking about?

Hon. Mr. Boyd: — Well we look to the industry for their thoughts on what makes the industry more viable in the future. We hold with the industry, I think on a regular basis, discussions about competitiveness issues, environmental issues, how we can better utilize the resources that we are blessed with in the province. Things like enhanced oil recovery initiatives — those are important. Initiatives like the PTRC [Petroleum Technology Research Centre] and how we can better serve the industry through initiatives like that that are put forward.

You know, I guess it's ongoing industry consultations with respect to regulations, in respect to better ways perhaps of doing things. You know, I don't know whether I would want to, you know, get into the actual specifics of the industry, in consultation with the government, is prepared to make any changes, but I think it's an ongoing process that all governments work with the industry as new technology comes along, as new initiatives come along to assist the industry in making it, you know, a better industry, a more competitive industry, and a more environmentally sustainable industry.

Mr. Taylor: — I think that the public, who have some concerns about the oil and gas sector, always look at the regulations as a way in which government has responsibility to regulate in the general public interest. And so whenever potential changes are contemplated on regulations, they're always concerned just to sort of which direction are they going and in whose favour, if I might be so bold. In general terms, can the minister give us any example — maybe not being specific but in general terms — any example of some regulatory change that may be under consideration?

Hon. Mr. Boyd: — As I said, all governments look towards the industry to provide them with some direction. There's always ongoing consultation with the industry with respect to how do we make the industry a better industry going forward. I think the key to those discussions from the government's perspective is not how we can tip the balance — or I forget which word you used with respect to that — tip it in somebody's favour. That's not how these discussions are initiated. It is, how do we make the industry better, more competitive? How do we make the industry more environmentally responsible going forward? Those kinds of things. I think the keys are environmentally responsible, sustainable, economic, and how it provides for a better industry overall when you take into context all of those types of things.

[16:30]

I guess I would point to the, if you wanted an example, the oil and gas business process and systems renewal project would be a good example of that, where the industry has said to us that there's maybe some better ways of doing this than has been done in the past. We've looked at it. We agree that we've got to sort of move our processes from a very, very paper-intensive, labour-intensive, slow system to a more responsive system than we've been able to have in the past.

It served us pretty well in the past and, you know, I wouldn't want to criticize that. I think that's one of the things that we

have found that we are quite proud of as a government — that the ministry largely has a very, very good relationship with the industry. We get many, many accolades from people in the industry saying that Saskatchewan's responsiveness to the industry is excellent, particularly in comparison with other jurisdictions that they may do business. So you know, I would want to pass on a congratulatory message to the people within the ministry, that they're doing a great job on behalf of the people of Saskatchewan.

In addition to that, though, how do we continue to evolve and continue to make it even better yet? That's what we're trying to achieve here with this initiative, is how do we make it a more responsible system that's quicker, that's faster, that's more efficient in the future? And this would be a good example of that.

Mr. Taylor: — Thank you, Minister. Actually I was thinking that I would like to congratulate the ministerial officials for their responsiveness. I'd mentioned last year that I'd heard that from industry, and I have continued to hear that over the course of the year — that the ministry is very responsive to industry generally — and it's much appreciated out there.

Just when one of the action plans specifically calls for the identification of regulatory and administrative changes, I'm simply seeking an answer, and you've provided me with that answer as to what might be under consideration.

I'm going to come back to regulatory matters before the time expires today, but I just want to move on to a couple of other matters before I do that.

Hon. Mr. Boyd: — Mr. Member, if I might just comment on that. I would certainly agree, and I'm sure that the ministry people are very appreciative of your support. We as a government will always continue to challenge the ministries, both individually and collectively, to strive to even do better in the future. And that's what we are, you know, trying to do here. Not only do we appreciate and certainly respect the very good job that's been done in the past, we continue to challenge everybody to try and move forward and do a better job.

I recently had occasion to read a pretty good book, *Good to Great*. And the thesis of the book basically is that clearly management has a huge role to play in taking a company from good to great. And I think that's the challenge that's before us as governments, and that's the challenge that we have taken up. We'll continue to challenge the ministries to move from what I would say maybe even is better than good — very, very good to great. We're getting there and I think we'll continue to do that. And I think that they welcome, I believe in speaking with them, they welcome that challenge to continue to reach higher and move towards great. And I would be so bold as to argue that in the province we're moving from good to great in many, many areas.

Mr. Taylor: — Thank you, Minister. And lastly under strategies and actions here, under the advance innovation and research, one of the bullets reads, "Research the development of non-conventional energy resources in the province including natural gas from coal, oil sand, shale gas, and oil shale."

I appreciate this recognition in here. First question is, how much money in this budget is targeted to this research in the development of non-conventional energy resources? And secondly, are there any other research projects under way or contemplated with regards to the research of the development of non-conventional energy resources that may in fact go beyond natural gas?

Hon. Mr. Boyd: — Yes, thank you, Mr. Member. Any time we are in the industry, many of these initiatives are, you know, they're always technologically driven. We see companies coming forward with very, very good technology that's been developed over the years. I think that good examples of that are the work that's being done at the PTRC in terms of enhanced oil recovery, those kinds of things, heavy oil technology. The recent MOU that we signed with Idaho National Labs, I think, is another good example of working in a collaborative effort with that agency, that lab to look towards better technology in the future.

And I think we have a common purpose here that we are trying to, in a province that's blessed with many, many, many resources but not the same type of conventional resources that are available in Alberta, for example, or perhaps other places in the world. Those will be some of the challenges going forward. We're talking to individual companies about how they see the industry evolving in the future. Certainly shale gas is a good example of that as the industry is saying that's sort of one of the next frontiers that's out there that we will see considerable resources develop from. I think that there's quite a few examples of that that we're working with the industry on through, you know, the PTRC and other initiatives to assist in those areas.

Mr. Taylor: — Thank you. It is an area that I'd like to pursue a little bit more, but seeing the clock running down and some of the other areas I wanted to cover, I'll just move on.

I have been in contact with a number of individuals across the province who have some concerns that I'd like to see if you could provide some answers for them and for those who are watching. This is particularly relating to surface rights groups around the province, in particular a surface rights association, organization, in the southeast part of the province. They had indicated to me that they had some difficulty setting up a meeting with yourself, Minister, but they now indicate to me that you have agreed to meet with them in Estevan towards the end of the month. The date they gave me was April 24. They have expressed a number of concerns that they believe have not been answered or addressed yet.

Prefacing this issue, I'm just wondering if in general terms before I ask a couple of questions, in general terms what are your thoughts on surface rights and the representation that are being made by various associations across the province?

Hon. Mr. Boyd: — Well it's an interesting area. As you would know — and this is not to characterize individuals in any fashion — I think it's just sort of human nature that people always sort of look and feel that they should get more than what they are currently getting, regardless of what it is, whether it's in salaries or whether it's in the prices that they get for the commodities that they produce. They always hope that the price

will be better or that they, you know, may be worth more in the marketplace than perhaps the marketplace is willing to give them.

This is an area that's always a — and interesting I think for any government — challenge is balancing the interests of the industry and also balancing the interests of the people, specifically in this case surface rights people or associations.

I'll just back up for a moment. I have only been recently contacted, to the best of my knowledge, from that group that you speak of and we agreed to on the first occasion that I'm aware of where we've been asked to have a meeting, and there was very little discussion, quite frankly. It was, are you interested in coming down and speaking to us? Yes, we are. So I'm not quite sure that the characterization that they've had difficulty getting a meeting with me is accurate. The very first occasion that I'm aware of that I was asked, we accepted. So I just want to make sure that that's on the record.

As I said, this is always an interesting challenge. What is the appropriate level of compensation that should be available? And these things are based on a number of things like land values, the value of crop if the particular property is in production, things of that nature. There's a determination as to what the appropriate levels are.

There's negotiations that go on between the representatives of the industry through land agents and the individual landowners as to what is the appropriate level of compensation. I mean there's some degree of negotiation that takes place, a little bit of give and take with respect to that, and then it's determined.

From there the landowners still have the option if they don't feel that they are getting what they would hope for or that what their expectation is, is to go further and ask for, you know, the Surface Rights Arbitration Board to become involved in those discussions.

So I guess I would say that, are we at the appropriate levels? Well with respect to other jurisdictions, we're sort of in the ballpark, I think. And we'll continue to work with landowner associations, surface rights associations to take into account the concerns that they have. We're also balancing that. They'll work with the industry to look at how we can provide for, you know, a better return for not only the industry, but the people that have surface rights.

Mr. Taylor: — Thank you, Minister. An overarching question that comes forward was a lack of understanding as to why surface rights was recently brought under the Ministry of Energy and Resources. Surface rights was previously under the jurisdiction of Justice where it was seen to be very unbiased and fair. Surface rights now, it has been argued, being under the auspices of Energy and Resources now seems to be you're forced to appeal to the proponents of a project as opposed to the fairness that justice prevails.

Could the minister outline what the rationale was behind moving surface rights from Justice to Energy and Resources, and what degree of confidence landowners can have in the fairness of the appeal process?

Hon. Mr. Boyd: — Well I would say that I'm a little bit troubled I guess, when, you know, people may make the assertion that somehow or another things are fair or unfair — that characterization.

I think that the role that we as elected officials, the challenge that we always have, as all elected officials, is to be fair and to be seen to be fair. And that's a challenge for any government. And as a former cabinet minister, you would know very well that that is the case, that there's always this view that one side is being slanted towards more than the other side. And the other side, generally speaking, thinks that their interests aren't being taken into account as well as they should be either. I think as long as both sides think you're on the unfair side, you're probably about right where you should be.

And I think that that's, you know, where we are as an industry and as a ministry. I think we're right in that middle ground where both sides think that perhaps we're . . . I mean I think the industry, I've heard the argument that oh, because you have so many rural members, I think we're worried that maybe you're a little more slanted towards some of the agriculture producers that are surface rights or cattle people — people that are associated with the cattle industry out there, or you know, because the member from, to use an example, Wood River is well acquainted with many of the ranchers and farmers in his constituency and knows them on a personal basis, that he'll be tipping the direction a little bit the wrong way here.

[16:45]

Well the fact of the matter is, is I've never had those conversations with the member from Wood River about that — how do we slant things to the direction of the farmers or the ranchers. Nor have I had that discussion with representatives of the industry. How do we slant it a little bit more their direction? It just doesn't take place.

I think most fair-minded people out there would recognize that those discussions would be something that no government would want to entertain or be engaged in. And nor does this government want to be engaged in those kinds of things. So I think the feeling is, is that the ministry was equipped better in terms of making those decisions. What is more fair? They're more acquainted with the industry. They're more acquainted with the players.

And so it's felt that . . . And I think the same argument could be made about Justice quite frankly. Are they acquainted well enough with the issues? Is there a bias one direction or the other? I think it is just simply a function of. It was felt that it would be better served by having officials that are working with the industry on a daily basis, working with individuals, surface rights owners on a daily basis as well, that it would make some sense to have it in this department.

And we would want to make it very clear to people that this process is something that we take very, very seriously in terms of maintaining that balance of fairness.

Mr. Taylor: — It was brought to my attention that there's actually a considerable amount of land in the province that would sort of fall under the auspices of surface rights

association. For example it was brought to my attention that there are approximately 28,700 wells capable of production in the province. I don't know how that number jives with the materials that you have . . . [inaudible interjection] . . . 70,000 wells capable of production is what I heard the officials say, so that's even greater than the number. The surface rights people argue that each one of those wells essentially occupies, for the landowner, about three and a half acres. So three and a half acres times 70,000 wells capable of production is a considerable amount of land that could be under a surface rights agreement of one sort or another.

In different parts of the province, there are different issues. Some of them are very environmental based. Some of them are as simple as — and maybe as complicated as, I don't know — power poles that service a site or an industry or a battery. So I just throw that out that these are the sorts of things that the associations are concerned about, and they want assurances from the minister and the ministry that in fact he's open to discussions that relate to this large land base and the diversified owners and issues that might be involved.

Hon. Mr. Boyd: — The member is indeed correct that there are many, many issues out there. There's environmental concerns. There's concerns about the value of land differences. You know, highly productive land in — well I'll just pick out an example — in an area that perhaps is irrigated and has high crop potential has a higher assessment, much higher, has a much higher productive value than perhaps some land that has a very low assessment and is utilized for other areas.

So there's, you know, there's certainly some differences in terms that, you know, I think there's always the discussion that's out there is, why is my land worth more or why is my land worth less than what, you know, another parcel might be? And that's a function of the marketplace. It's also a function of the productive capacities and things of that nature.

There are environmentally sensitive areas that I can think of down in the Southwest of our province, in the Sand Hills and locations like that, that we have to be very, very conscious of in terms of these discussions . . . either a significant amount of work that's always ongoing within the ministry with respect to the industry and with respect to surface rights holders as to how we can balance the interests of both with respect to these kinds of things. And I think that's largely why you see that there isn't a huge outcry from either side with respect to fairness on this issue.

And I think it's valuable, quite frankly, that we have these surface rights organizations that, you know, advance the interests of those surface rights holders to make sure that their voice is heard, to make sure that there is that balance there. I think it's a valuable instrument that's available to them. Many people have taken that up. Some people prefer to negotiate themselves with the industry. Some people prefer to do it through other ways of doing that.

I think I would also want to make sure that people out there recognize that the Surface Rights Arbitration Board, even though it falls under the auspices of our ministry, acts independently from the industry. It has its own, you know, legislation with respect to all of those kinds of things, and I

think they do a good job in balancing the interests of both.

Mr. Taylor: — Thank you, Minister. Shifting gears but not too much, the minister was copied a letter that was addressed to the manager of TransGas. The letter is dated March 27, and it's written on behalf of Jeff McMullen, president of the Saskatchewan Association of Pipeline Landowners at Moosomin. The letter, as I say, is addressed to TransGas. The last paragraph of the letter is interesting. I will read the paragraph, and I am asking the minister for a comment. The letter, dated March 27, and the minister was copied this letter:

On a final note [and again, it's addressed to TransGas], since you are a crown corporation, owned by the government, there is a simple solution to the abandonment issue. [And the whole letter has to do with abandonment.] What is needed is a clear and concise statement that the Government of Saskatchewan alleviates these pipeline landowners from all risks of abandoned pipelines, including costs, liabilities, environmental liabilities, and any devaluation of their properties. Anything less is not only unacceptable, but unexplainable.

So on behalf of the Saskatchewan Association of Pipeline Landowners at Moosomin, I ask if the minister is considering the suggestion brought forward in the letter.

Hon. Mr. Boyd: — Even though our ministry may have received that letter, I haven't seen it myself just yet. I would ask the member if he wouldn't mind forwarding that to us. But in any case, we'll look into the matter to see what the specifics of the letter are. I'm a little bit loath to comment on one paragraph of what appears to be a several page letter. So I would reserve discussion about that until we've had time to review the entire specifics of the letter that you're quoting from. I don't recall seeing it. It may not have reached my desk just yet, but we'll look into it to see where we're at with respect to that.

The province in the legislation has some degree of responsibility for pipeline and the liabilities associated with it, so we'll undertake to look into it for yourselves. We respond to all of the letters that we receive, and I'm sure in due course that there will be a response to this one as well.

Mr. Taylor: — Okay. Thank you very much, Minister. I said I would come back to regulations and I will do so now, with about seven minutes left on the clock.

The Premier was recently in Ottawa attending the Canadian Nuclear Association annual meeting. I attended that meeting, as did the member from Lloydminster. The Premier's speech indicated that Saskatchewan was interested in reviewing regulations relating to the nuclear industry and working with the federal government in this regard.

Will the Minister of Energy and Resources be involved in any discussions or meetings or strategy sessions that will have an impact on nuclear regulations as they apply in Saskatchewan?

Hon. Mr. Boyd: — Well I expect we would at some point in time as we go forward in this process that we've embarked upon as a government with respect to the whole nuclear industry.

As you know, there's a process that's taking place in terms of nuclear discussion going forward. The government isn't prejudging the process or anything of that nature. We're looking at it and looking at the report that's come forward. The recommendations, we're looking in terms of public consultation with respect to all of these things.

I guess I would say, in terms of the overall area of responsibility here, it falls more to the Minister of Enterprise and Innovation. As a government I think the Premier has made some decisions about, you know, what ministry is going to be sort of the lead ministry on this, and that would be the Enterprise and Innovation. So I think the questions probably are better referred to them with respect to this.

The expertise, in terms of some of the technical expertise, may fall within our ministry. And as you would know, ministries provide, you know, when asked for their expertise, and I'm sure that would be the case in this one as well.

Mr. Taylor: — The reason I ask is because I do assume that as far as energy regulations are concerned, the expertise does lie within Energy and Resources. And as I'd indicated earlier, I have confidence in the team at Energy and Resources as far as the regulatory process is concerned.

Also at that conference, Canadian Nuclear Association Conference in Ottawa, the president of the Canadian Nuclear Association in his opening remarks, amongst many things, said that one thing the industry really needs is to, and I quote, "... need to ensure ... [the] regulatory system remains strong ...". His argument is that public confidence in the industry needs to remain strong; therefore the regulations need to remain strong to support that public confidence.

Mr. Binder — first name escapes me at the moment — is the head of the nuclear regulatory agency. He indicated that the federal government, which is responsible for regulations in the nuclear industry, is very adamant that the regulatory process for the development of any part of the nuclear cycle must be followed. These are from their speeches at the convention.

There is a lot of interest in the industry that, as we're seeing the potential development of nuclear power generation in Canada, that in fact there is an understandable and some certainty in the regulatory process. There's no experience with the new generation of nuclear technology.

So while on the one hand, the Premier's remarks are greeted by the industry as positive, the association and the regulatory body express some caution in proceeding down that road. I just wonder what the Minister of Energy and Resources feels about the need for changes in the regulatory process here in Saskatchewan.

Hon. Mr. Boyd: — Well I think, you know, this is a pretty wide-ranging discussion, but I guess I would say and I would echo the comments of the Premier that he has provided on many occasions. Before we move forward in any respect to this, there are some criteria that's going to have to be met. Obviously the economics of it are very, very important. We're not going to put ourselves in a place where we're non-competitive with respect to power rates in other jurisdictions, so that's important. It has

to be done in a most safe way possible to provide a safe and reliable power supply to the people of Saskatchewan, that I think probably goes without saying. And it has to be environmentally responsible as well. All of those criteria form the basis for moving forward.

There's no discussion about how we can short-circuit any of this. There's no discussion about how we can somehow or another not act in a responsible fashion with respect to this. I think this is a very responsible position that the government has developed and we'll continue to work forward on that basis.

The Chair: — Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. I see the allotted time has exhausted itself. I just want to take this opportunity to thank the minister and his officials for being with us this afternoon.

The Chair: — I also would like to thank the minister and officials for being here this afternoon and answering questions. And it now being past the hour of 5 o'clock, this committee will stand recessed until 7 o'clock this evening, 19:00.

[The committee recessed for a period of time.]

[19:00]

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

Subvote (SR01)

The Chair: — Good evening. I'd like to call the committee to order please. It's just a few seconds to 7 o'clock. The objective for this evening for the next half hour is consideration of vote 35, Saskatchewan Research Council, Sask Research Council (SR01).

I would invite the minister to introduce his officials and if there's any opening comments you would like to make, please do so.

Hon. Mr. Stewart: — Thank you, Mr. Chair, and welcome, committee members. It's a pleasure to be here this evening.

I would like to start out by welcoming and introducing Dr. Laurier Schramm, the president and CEO [chief executive officer] of Saskatchewan Research Council on my left, and Ms. Crystal Smudy, vice-president of finance, safety and risk division and CFO, chief financial officer, of Saskatchewan Research Council.

If I may be permitted a few introductory remarks, I would like to say that the Saskatchewan Research Council or SRC is a dynamic organization that is always working on exciting projects to ensure it is meeting its mission and benefitting the province of Saskatchewan. I've always been impressed with the SRC when I was in opposition and certainly now in government, and I consider myself a very fortunate minister indeed to be the minister responsible for SRC.

SRC contributes to nearly every strategic sector in

Saskatchewan from bioprocessing to uranium production. Their work is creating both positive environmental and social impacts, societal impacts. SRC brings the best knowledge the world has to offer and applies it to Saskatchewan's industry's problems. In turn this strengthens our economy and results in unique made-in-Saskatchewan solutions.

SRC is also attracting world-wide attention due to a widespread and increasing list of accomplishments. Let me highlight a few of SRC's achievements over the past year alone.

SRC has an excellent relationship with Canadian oil sands companies. In October '08, SRC commissioned a 3-D scaled physical model for Saskatchewan oil sands testing and a corresponding laboratory. Being built with industry support, the new laboratory will allow researchers to develop thermal and solvent extraction processes to recover bitumen from oil sands. This new extraction process is expected to use less energy and water than traditional steam-based techniques.

Since April 2008, SRC has recruited several positions for the bioenergy systems industry support team or BIOSIS. This team specializes in bioprocessing to maximize the value of products produced from biomass. In addition SRC has expanded its operations to include a catalyst development and testing laboratory for converting biomass material such as agricultural by-products into synthetic diesel and other fuel additives.

SRC employs prominent energy conservation and climate change experts including a co-winner of a Nobel Prize. In 2007 and 2008, SRC's work contributed to energy savings of over 58 million kilowatt hours per year and to the reduction or prevention of more than 25,000 tonnes of greenhouse gas emissions.

SRC's secure diamond lab is an internationally accredited high-security facility with services covering every stage of diamond exploration. It's one of the largest commercial diamond recovery labs in the world and is ranked second in the world, after De Beers, and is identified as De Beers's external lab of choice.

The uranium laboratories are also internationally recognized. SRC has worked with the uranium mining industry since the 1970s and continues to support uranium exploration. Currently SRC owns and operates Saskatchewan's only nuclear reactor, the Slowpoke II, which has run for 28 years now, trouble free.

SRC is well positioned to further support the provincial uranium industry in such areas as nuclear fuel processing and mine decommissioning. Last summer remediation work began at three abandoned uranium mine sites in the Uranium City area. This is part of project CLEANS [cleanup of abandoned northern sites], a multi-year remediation plan to clean up 38 uranium mine and mill sites, funded jointly with the federal government at an estimated cost of almost \$48 million. As project leader, SRC's employees will draw on their scientific, technical, and management expertise to work with northern communities, Aboriginal groups, industry, and government.

These are just a few examples of the valuable work being done at SRC. There are many more. SRC's '07-08 economic impact assessment shows all-time record impacts of more than \$324

million in direct economic benefits to the province, plus 2,000 jobs created or maintained. This means that for every dollar invested in SRC by the provincial government, a 36-times return is achieved. As far as we know, no other Canadian research institution can say the same.

In addition, in 2007-2008 more than \$18 million of SRC's project work was aimed at creating positive environmental or social impacts. These are significant achievements that identify how SRC's positive impacts expand beyond economics and jobs. Smart investments in industry-driven research are investments in the economic future of Saskatchewan.

Now thank you for allowing me this couple of minutes to brag about SRC, one of my pet government institutions, if you can have such a thing. Thank you, members.

The Chair: — Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. Mr. Minister, I want to take this opportunity to welcome you here and your officials, and we're looking forward to having a good exchange here this evening. And for that purpose I will turn the questioning over to my colleague, the member from Walsh Acres.

Ms. Morin: — Thank you, Mr. Chair. Thank you very much for appearing before the committee this evening and answering some of the questions that we have. And clearly the SRC is something that we have great interest in and a great deal of pride in, in terms of the value that it has brought to the residents of Saskatchewan as well.

So I'm just wondering if the SRC is involved with the geomatics services that are housed in Environment?

Hon. Mr. Stewart: — I'll be very quick to turn technical questions over to my colleagues.

Mr. Schramm: — We are managing the geospatial imagery consortium on behalf of a large number of provincial government departments, ministries, Crowns, and agencies. Most of our role at the moment is project managing the exercise, housing the data, and assisting with collecting some of the new image information that's going to be acquired for that. So that's most of our role at the moment.

Ms. Morin: — Can you explain what you're working on in this budget that overlaps with the Environment ministry, for instance?

Mr. Schramm: — In the coming year, there are a couple of activities that in fact some funding was just announced in the last two weeks by the Ministry of Environment under the go green program. So for example, we are pursuing development of technology to produce ethanol from biomass waste, as the minister mentioned in his opening remarks. And we're getting some support through the Ministry of Environment to allow us to continue that work which is presently at the field piloting scale.

We are also working on areas such as agroforestry development, trying to help the advancement of selecting and planting and growing fast-growing trees, particularly in areas

not currently used for commercial forest production and which could then be used as a suitable feedstock for either fuel or energy conversion. So that has a technical overlap with an Environment ministry interest.

And there's another key one that I'm just searching my memory for at the moment. What am I missing, Crystal? I think those are the two biggest ones. The whole climate change area that the minister referred to is an obvious technical overlap with the Ministry of Environment.

To the best of my knowledge, just taking those three examples of biomass to fuel agroforestry and climate change impacts and adaptations, to the best of my knowledge, there is no duplication of work between what we're doing or Ministry of Environment officials. But we are either being funded by them or collaborating with them on initiatives, along with other partners. And I've probably forgotten a few examples, but those are the top three front-of-mind ones.

Ms. Morin: — Sure. Thank you very much. So in the past, SRC has worked on a number of greenhouse gas emission reduction projects as well. Has the funding changed for those projects in this year's budget, either increased or decreased?

Mr. Schramm: — Some of the programs that led to some of the statistics the minister cited relating to energy savings and greenhouse gas reductions come out of programs we're working on with municipalities across the province, such as the municipal energy program. I believe the amount of investment in that area is about the same as it's been the last couple of years. It's been a highly successful project with SUMA [Saskatchewan Urban Municipalities Association] and SARM [Saskatchewan Association of Rural Municipalities] and the municipalities across the province. I can get the exact numbers for you, but I believe it's roughly the same as we've had the last couple of years.

There are projects we're working on that are not yet commercial that have the potential to realize great greenhouse gas emission reductions, and I would think the funding has actually gone up a bit in aggregate for the coming year. I'm thinking, for example, of our work to help the oil sand industry — as they look at developing properties in Saskatchewan — look for more environmentally friendly processes than are presently commercial in Alberta. And although those aren't commercial yet, the ones that we're actively working on have the potential to dramatically reduce emissions, as I mentioned. And we're actually getting more funding, even a little bit more than last year, which was much more than years previous for that sort of work. Although as I say, that's not commercial yet, so we're not yet seeing the actual emissions reductions.

I think we are generally finding it very challenging to get money for this kind of work from the federal system at the moment. So some of that money, if we aggregate it across projects, it could have greenhouse gas reduction impacts. It's probably down a little bit this year. Funding from the province is up, and with so much more attention being paid to these issues, we're seeing some gains in our ability to get a little more money by creating consortium and getting more industry and other jurisdictional players involved.

Ms. Morin: — So am I understanding correctly that you're assuming because of the changes to the projects that are happening under the greenhouse gas emission projects, that you feel that the funding is up, but you haven't got any hard numbers on that. Is that what I'm understanding?

Mr. Schramm: — Not front of my mind tonight, but we could certainly do an accounting of where we are and produce a comparison to last year, for example, if that would help you. We don't have it packaged that way that we can get our fingers on just at the moment tonight.

Ms. Morin: — Sure. I wouldn't mind if I could get that at some point in the future. That would be very helpful.

Mr. Schramm: — Sure. Absolutely.

Ms. Morin: — Okay thank you. According to the 2007-2008 annual report, the work of the SRC was responsible for 25,000 tonnes of greenhouse gas emission reduction, right? Can you speculate as to what this number will be for 2008-2009 for instance?

Mr. Schramm: — We're just in the process of doing our economic and environmental and social impact audits right now for the fiscal year that just closed. So most of that work is done after the close of March 31, so we're just on that, getting it together. But since you asked me to speculate, I would speculate that the levels will be the same or higher from what we were able to achieve the year previous because we sustained at least about the same amount of activity, if not more, and I would speculate that the numbers are higher, but I'd be hard pressed to say by how much. I'd be surprised if they're lower.

Ms. Morin: — Okay. Would you have any idea as to when those numbers might be available? You're saying that that accounting is just being done now, so do you have an idea approximately of when that might be available?

Mr. Schramm: — Absolutely by the end of June because we are accountable for this to our board of directors, and we'll be reporting to the board towards the end of June. So absolutely by the end of June we will have that available and could absolutely provide it then.

Ms. Morin: — Great, wonderful. Thank you very much.

Mr. Schramm: — My pleasure.

Ms. Morin: — In 2007 Nipawin was on the road to creating a biomass ethanol plant. Has there been any progress on this file?

Mr. Schramm: — We have completed a first phase of work in partnership with the Nipawin new gen co-op that was partially funded by the Western Economic Partnership Agreement between the province and Western Economic Diversification. That work is complete and has just been written up. That work led to the development of some new technology for the conversion of waste biomass to ethanol for which we are presently applying for patent protection.

We are now engaged in some work with an American company to advance a pilot demonstration of the technology in the

United States, which a pilot plant has been constructed but is not yet in operation. And we are in discussions with the community — the Nipawin new gen co-op, that is — about continuing to advance our partnership. And so both of those are alive right now. We've completed the first phase, and we're in discussions about what a next phase would look like. And in the meantime, we're bringing along this pilot in the United States which will be an opportunity to prove or identify problems, if there are problems with the technology at a larger-than-bench scale. And of course we hope to take whatever learnings we get out of that back to Saskatchewan so we can apply them here.

Ms. Morin: — It sounds very interesting. Is there any new money that's in this budget to enhance these sort of projects as well?

[19:15]

Mr. Schramm: — We are investing some of our funds from the General Revenue Fund to support this, and again as I mentioned, the Ministry of Environment just announced some support under the go green funding which is being directly applied to the work I just described. So there is a piece within the current budget that's the matter of this discussion, but this has been huge support for us to get the Ministry of Environment funding that was just announced the week before last.

Ms. Morin: — Thank you. In the past, the Saskatchewan Research Council's also been working on projects to improve air quality. Has the funding changed for these types of projects in this year's budget?

Mr. Schramm: — Most of the work that I can think of at the moment that was directly related to air quality, in the sense of direct work on air emissions and the nature of the emission species and so forth, has been under individual contracts with particular companies. Some of the work on identification of particular species in air emissions is at a much lower level this year than years past, just a consequence of industry interest.

The amount of work we're doing in air emissions monitoring generally in the province, from point source emitters across the province, is probably about the same level as it has been for a number of years now, which is quite substantial. We do most of the air emissions monitoring in Saskatchewan, industrial emissions. And there is a slight increase in the amount of work we've been able to land in helping to model and track the dispersion of plumes from stacks. So that level of activity is slightly up from the last couple of years and is probably a growth area for us.

Yes, we also started in this fiscal year just closing, for the first time, to do some air emissions monitoring in Ontario for the uranium nuclear industry, and that is allowing us to build a little more capacity which we hope to use to provide even more services to Saskatchewan industries. So we're getting a bit of a boost, and last year, I think, was the first time we had done air emissions monitoring in Ontario.

Ms. Morin: — Anything interesting coming out of the work that is being done in Ontario that took you by surprise?

Mr. Schramm: — That's a great question, and I do not know

what the answer is myself. I haven't even had time to ask that exact question, so I'm sorry I don't know that. It's not that I've forgotten. I have not had a chance to ask about that, so I'm not sure. In fact it might even be premature because I believe that work is straddling fiscal years.

Ms. Morin: — Okay. But that's something that we can look forward to, having a reporting mechanism on as well at some point in the future?

Mr. Schramm: — Possibly. The particular work that I just referred to in Ontario is proprietary work for a particular company, and I'd have to check the conditions of engagement on that particular contract. Ultimately I'm sure the answer would be yes. But in the short term, I'd have to check and see the nature of the particular agreement.

We sometimes have to work under conditions of close confidentiality for particular clients in all sectors, and this might be one of those. I'm not sure.

Ms. Morin: — Good. Thank you very much. I'm hoping that we do get to look forward to what's being done there.

In the past, SRC has been working on a number of projects to capture heat from waste water. Has the funding changed for these types of projects in this year's budget?

Mr. Schramm: — I'm sorry, to recover . . .

Ms. Morin: — To capture heat, sorry, heat from waste water. I have a typo, and I didn't even realize my own typo.

Mr. Schramm: — I would have to check this, but to the best of my knowledge that work developing the drain heat recovery system is complete and has been commercialized and is readily available now, I believe, from several commercial manufacturer suppliers, and I would have to check. But our work on that particular line may now be done. And whether there is further R & D [research and development] going on in potential future advancements — I'm sure there would be interest — but I would have to check to see if there's any activity in the coming year in that particular area. So I would have to check that out.

But the main project that was aimed at bringing in the drain heat recovery system is out. It's available commercially in Saskatchewan and is being adopted.

Ms. Morin: — So with respect to any funding for any future projects, we have no knowledge of that at this point. But is there budgetary funding available for that in case there are other projects that are coming online, or is that funding already been cut off?

Mr. Schramm: — If there's any in the coming fiscal year, we'll check and see and let you know, but not to my knowledge at the moment. If an opportunity came up with industry and/or municipalities and/or homeowners' associations or building associations to do a new project, we would have the ability to put a consortium together and to provide some support from our existing money.

Our typical model in this kind of work would be to put some

seed money in the form of in-kind contribution, in other words, the efforts of our own people together with usually both levels of government and industry and/or communities to form a consortium and then fund the phase of work and get it done. So we would have ability to support such a consortium if the interest either is or did come up in the coming year.

Ms. Morin: — Okay. In the past SRC is also working on a number of projects to increase energy conservation around the province, such as the Factor 9 home for instance, right? Has the funding changed for these types of projects in this year's budget?

Mr. Schramm: — Again that would be a very similar level to the last fiscal year. That was the area I couldn't remember — thank you — that we also received some support from, from the Ministry of Environment under the go green funding which is several of the energy conservation programs including the net metering program with SaskPower. And so that is pretty similar to about the last five or six years, but probably very similar to the last fiscal year just closed. So yes, there might be a small increase. I'd have to check on that. But I would think it would be about the level of last year.

Ms. Morin: — And could you elaborate perhaps on some of those projects that are currently in process with respect to energy conservation?

Mr. Schramm: — The first ones that I referred to, like the net metering program, is aimed at helping businesses, communities, or consumers to bring in alternative power generation means and be able to hook into the grid, and with net metering and potentially contribute power back into the main grid, working with SaskPower. The municipal program we'd referred to earlier which is aimed at helping municipalities with lighting and lighting ballasts and so forth, to use bulk purchasing and the most up-to-date information to get the most efficient possible lighting into municipal facilities across the province.

Some others we didn't mention earlier. There's still work going on aimed at helping communities with specific energy conservation projects. These are frequently things like curling rinks or swimming pools or things like that where we've tended to do a certain amount of work each year with passive solar heating to try and help with the energy efficiency there. That's actually caught the interest of communities in Australia. And so there's actually been a little bit of a spin out into activities in one community in particular in Australia, which is interesting. So we're getting some attention there.

And there's still ongoing work with the building construction industry trying to help them. That's actually more in the realm of education and assistance than actual research and development where there are a lot of technologies that are already available. It's just that they're not widely known or understood. And so there's some work in that area.

I think there's probably a few more, but those are the first ones that come to my mind.

Ms. Morin: — So a lot of what you're doing as well, though, is providing educational access to resource materials that people simply might not know about versus actually doing a lot of the

R & D work. Is that correct?

Mr. Schramm: — It's not our primary role, and it's not something that we do in all areas, but in this particular area it has turned out that a lot of value can be achieved just through education and outreach. And so that's been a quick hit for us, if you like, to try and help the building industry in particular, so yes.

Ms. Morin: — Because for instance, I mean, the success that the past with solar has shown with respect to the swimming pools that a few communities have installed is a prime example of that, I would have to think.

Mr. Schramm: — Yes absolutely. And I have to mention the Factor 9 house, the family that bought and lives in that house in Regina had commented at the opening, both on how much had been easily adopted once things were known and with builders who were skilled in the current practices that could be applied, and also in how small the amount of incremental money they'd had to pay to get all of the benefits of the Factor 9 house compared to an equivalent standard house.

And so those, hopefully projects like that, that's the third significant . . . almost world's most energy efficient house we've been involved in over the last 30 or 40 years, those have an element of outreach just by showing what can be done to others and trying to create interest.

Ms. Morin: — Absolutely. Thank you. What about the cleaning northern sites program for cleaning up uranium mines? I know you touched on it a little bit. I'm wondering if you could just elaborate a bit more as to what that entails.

Mr. Schramm: — Sure. So there are a large number of these sites that are abandoned sites needing decommissioning, that were abandoned. The companies have disappeared, gone bankrupt. And so the responsibility has reverted to the Crown. And as the minister mentioned both the province and the federal government have agreed to cost share the cleanup of these sites so that the hazards are removed.

This is a very long-term project of course. As the minister mentioned, we started our very first activities actually beginning to clean sites up just this last summer. Before that there were some continued assessments that had to be done and so forth. We're working with the federal and provincial regulators to make sure that we're working in concert with them and getting the necessary approvals and so forth.

It will take several years yet before we have the necessary approvals to do the big sites — the Gunnar site and the Lorado site. But we expect to be able to move much more quickly on the smaller sites which are often called satellite sites, most of which are in the Uranium City immediate area.

And we anticipate being able to literally clean up to completion the first couple of small sites in the 2009-2010 season, and then there'll be more each year going forward. And after about 10 or 11 or 12 years, we expect to have all of the sites cleaned up including the big ones, and thereafter will come a period of years of monitoring to make sure the right things were done so that there's an opportunity to apply corrective actions later if

they are needed, which hopefully they won't be.

So the entire duration is actually quite long, something on the order of 18 years. And that could easily extend once we get involved in the sites. Because these date back to the '50s and '60s, all of the estimates and planning so far is based on available information. And there's been a lot of work done over the years, not just by us but by many others. What we won't know until we get into the cleanups is if there are unknown other issues on some sites that just no one could have predicted. And of course that may have an impact on things, and we'll only be able to deal with it when we get there.

And I might just add that SRC will not be doing most of the actual cleanup work. We're the project manager. We're a technical resource. There are some things we can do, but the bulk of the work will be done by business, communities, and the consulting environmental and engineering firms because we don't have the skills or the abilities to do all that kind of work. And we're trying to arrange the program to maximize the engagement of local companies and local communities and to maximize the employment and, if possible, training of local northern peoples, to the extent possible.

Ms. Morin: — Good. I'm sure they'll be thrilled to know that there's employment opportunities available for them as well and the necessary training that comes with that.

Mr. Schramm: — It has begun. But just by the nature of the work, it's been a slow start because activities will slowly pick up over time. It will take some years to see truly a substantial job and local economic impacts, but there certainly will be some realized over the duration of the program.

Ms. Morin: — Great. Thank you. Now has the budget for these cleanups of these mines, has that changed in this year at all? Or do you have any numbers on that?

Mr. Schramm: — The overall budget, which I believe the minister mentioned, which is the subject of the federal-provincial agreement is set. That's the federal-provincial agreed number for the whole program.

The actual amount per fiscal year is something we negotiate each year with the Ministry of Energy and Resources which acts for the Crown in this matter. And so that amount of work varies with each year's forecast of what work we believe we can do and if they agree with our work plan and everything else.

But because we're at early stages, the amount of money and work we've been doing each year has been going up each year as the program goes on, and that's expected to continue for the next few years, to go up each year. And then once we get into the actual cleanup activities with the two major sites, the Gunnar site and the Lorado site, then it will peak. And after that it will start to decline as we get closer and closer to getting the jobs done and then going to monitoring.

Ms. Morin: — I've just been told that I'm running out of time, so I'm going to ask my final question. Before I do so, I want to thank you very much for being as informative and co-operative as you have this evening.

In the past, the SRC was working on the development of alternative fuel vehicles. Has the funding changed for this at all, and how is that going? Can you maybe just elaborate on that a wee bit as well?

Mr. Schramm: — Yes. I would say the funding this fiscal year just closed and the current one we're embarking on now is probably the highest it's ever been. I'd have to check that, but I believe that's fair. I'll let you know if I've misstated that.

[19:30]

How it's going? We have been involved, as you probably know, in conversions of commercial production vehicles to a variety of kinds of alternative fuels, including hydrogen, ethanol, and natural gas, and in various combinations. Our folks are just now working on the conversion of a vehicle that is a gasoline-electric hybrid, which they are converting the fuel part of that.

And we are advancing fairly well to one of our goals which is to bring along a first hydrogen fuel station in Saskatchewan, which if we are fortunate we will realize this coming fiscal year. The first one will be in Saskatoon. And that should serve as a demonstration, and that's a necessary step in order to get any fleet users. To try any kind of alternative energy vehicle, they have to be able to get at fuel. With natural gas, that's easy in this province. With biodiesel, that's becoming easier. That's one I didn't mention. We'd been working on biodiesel as well.

And with hydrogen, the only fuel station I'm aware of in the province is a small research one we operate out of our own facility. So we're hoping to bring along this first hydrogen station. It is expected to use waste hydrogen, which has very good carbon cycle attributes. And as I say, if we're fortunate we'll be able to actually launch that this fiscal year beginning now.

So the funding would be up a bit from last year. We have some support from the federal government which is helping us to carry this forward.

The Chair: — I'd like to thank the officials. Our time has expired for this topic this evening. I'd like to thank the minister and officials for answering the questions for the committee.

I'd take a three-minute recess while we get the officials for E & I [Enterprise and Innovation] in. So a three-minute recess.

Mr. Schramm: — Thank you, Mr. Chair.

Hon. Mr. Stewart: — Thank you, Mr. Chair. And I'd like to take this opportunity to thank my officials as well. This has been a very easy half hour for myself.

[The committee recessed for a period of time.]

The Chair: — I'd like to call the committee back to order.

Before we start our next session I would like announce a substitution, that Ms. Eagles will be substituting for Ms. Wilson for the rest of the evening.

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

Subvote (EI01)

The Chair: — The next item before us is consideration for vote 43, Enterprise and Innovation Programs, central management and services (EI01), investment programs (EI03), industry development (EI09), regional development (EI04), policy and planning (EI02), Saskatchewan Trade and Export Partnership (EI07); vote 144, Enterprise and Innovation Programs, loans under *The Economic and Co-operative Development Act* (EI01); vote 83, Enterprise Saskatchewan, operations (ES01), programs (ES02).

I'd like to invite the minister to introduce his officials, and if he has any opening remarks, to proceed.

Hon. Mr. Stewart: — Thank you, Mr. Chair. Committee members, I'd like to introduce, on my right, Ms. Denise Haas, chief financial officer, Enterprise Saskatchewan; on my left, Mr. Dale Botting, chief executive officer; and behind Dale, Mr. Gerry Offet, chief operating officer. Next to Dale, Ms. Angela Schmidt, vice-president, competitiveness and strategy; next to Ms. Schmidt, Mr. Tony Baumgartner, vice-president, senior development and innovation; and next to Mr. Baumgartner, on the far right, my right of that room is Andrea Terry Munro, controller, director of corporate services; and back behind Mr. Offet on my left-hand side is Mr. Ernest Heapy, acting vice-president, regional enterprise.

Mr. Chair, if I may be permitted a few opening remarks, I'll proceed with that at this time. Enterprise Saskatchewan is a young and vibrant organization, and I would like to take some time to talk about the highlights of the past year.

In forming a new organization, one of the most important things is to foster and develop a culture that will allow you to achieve your goals and objectives. ES's [Enterprise Saskatchewan] culture is driven by its values which have an incredible impact on the work that is done by the organization. These values are collaboration, excellence, integrity, innovation, and accountability. I would like to elaborate on how those values have affected the work done by Enterprise Saskatchewan.

Collaboration is the essence of ES and its operations. Examples of how we live and breathe this value every day include ES board — high-profile individuals from the private sector who provide the overall direction of Enterprise Saskatchewan and provide advice and recommendations to cabinet as to how to grow our economy.

The sector teams: 18 sector teams with an average of nine private sector individuals per team that provide advice, input, and recommendations to the board on a regular basis.

Issues councils: currently two fully functional issues councils with an average of seven people each, with other councils in development currently. These councils provide advice and recommendations to ES on issues that cross all sectors such as regulatory modernization.

Enterprise regions: our new regional development model encompasses collaboration with all the partners in a region including business, the various levels of government, Aboriginal groups, economic development organizations, business associations, post-secondary institutions, and many more.

In all, Enterprise Saskatchewan is collaborating with a minimum of 360 representatives outside of the provincial government at any given time. We also work across many ministries, agencies, and Crowns for the betterment of the Saskatchewan economy.

In excellence and innovation, we strive to provide creative ideas, programs, and services to our clients and stakeholders, to remove barriers, and to foster growth of the economy. We use integrity and accountability in all our operations, ensuring that we act in a professional manner, communicate openly and transparently with all stakeholders. ES provides regular reports on the progress of its operations and on the state of the economy.

The main priorities of ES are outlined in our strategic plan, which was published at the same time as estimates and is available on the Ministry of Finance website. Our strategies and actions align with the government's priorities.

Some of our key priorities that you would be interested in include increasing economic growth by engaging key stakeholders in economic development planning. Examples stated earlier illustrate that this engagement and collaboration is a key focus of ES.

To leverage stakeholder relationships to increase investment in Saskatchewan. ES has developed a multitude of actions and collaboration with other stakeholders to increase investment to Saskatchewan. My most recent trip to India is a prime example of these activities, and you will see in the coming months the tangible results of that mission.

I think I'll not take more time to elaborate on the mission, but if there are questions, I'll deal with them at that time.

To improve the ease of doing business in Saskatchewan by reducing regulatory barriers and enhancing service delivery. Our Regulatory Modernization Council is providing many recommendations to remove barriers in the province, and we are developing new service-level commitments and standards that ministries and agencies will need to adopt to ensure efficient and effective dealings with business. The new regulatory registry, which we will be rolling out in this fiscal year, will also make the regulatory process of government much more transparent to all stakeholders in the province.

To enhance the economic impact of innovation in Saskatchewan. Enterprise Saskatchewan is working very closely with other government ministries and agencies on the development of Innovation Saskatchewan to coordinate government support for research, development, and the commercialization of innovation.

To help to close Saskatchewan's labour market supply and demand gap. Enterprise Saskatchewan will be receiving the

labour market strategy report from the Labour Market Commission later this month. And we'll be establishing a labour market issues council to provide further recommendations and direction to close the gap.

Enterprise Saskatchewan has also participated in successful labour attraction missions, such as the fall mission to Ontario, which resulted in more than 80 families moving to Saskatchewan.

To accelerate the growth of sustainable energy industries, Enterprise Saskatchewan is involved in developing a carbon capture and storage research strategy across the new West, and conducting public consultations and advancing recommendations of the UDP [Uranium Development Partnership], which was recently released, to increase value-added activities with our uranium resources.

To ensure transparency and accountability in all aspects of Enterprise Saskatchewan's operations. Yes, we'll develop an economic benchmark reporting tool to report on our provincial economic performance. We will publish reports on our progress as well as evaluate performance of key economic development programs.

While ES is a young organization in that we are only eight months in existence, the board and the agency has made several recommendations to government, on which there have been significant progress. Some of these include: the establishment of the Regulatory Modernization Council and the Entrepreneurship Council; establishment of the Uranium Development Partnership to evaluate and report on opportunities for value-added operations in the uranium industry. As you know, this report has been released, and we are beginning extensive public consultations.

The 2009-2010 budget reduced the education component of property taxes. This was the ES board's number one tax reduction priority.

The R & D tax credit was improved by making it refundable at 15 per cent. The annual cap on labour-sponsored venture funds was increased through a recommendation of Enterprise Saskatchewan to \$50 million to ensure funding was available to developing and expanding businesses in the province. Enterprise Saskatchewan recommended and financed, introduced a taxpayer service commitments and standards code in February, and we continue to work with other ministries to enhance service standards.

The fruits of our work, along with our many partners, are evident as Saskatchewan is performing strongly. Although we are not completely immune to the international downturn in the economy, the economic statistics indicate that we are growing and the major economists are predicting Saskatchewan to see the largest growth of any province in Canada in 2009 and '10.

[19:45]

I would also like to make some comments on the ES budget itself. The estimates as printed indicate that there was a huge increase in funding provided to Enterprise Saskatchewan. This is due to the fact that the majority of the funding that was

previously included in the former Ministry of Enterprise and Innovation, vote 043, was transferred into ES and appears as if it is new money.

The restated budget for ES with the former ministry funds would be 45.43 million. So the real increase in the budget for ES amounts to \$1.875 million which is comprised of money to cover economic adjustments and salary increases as well as operating pressures. ES did not receive any monies for new initiatives for the '09-10 fiscal year.

You will also note that some of the former ministry programs were not transferred into ES, specifically SaskBIO [Saskatchewan biofuels investment opportunity], which was transferred to Agriculture, and Small Business Loans Association, ethanol fuel tax rebate, and labour-sponsored venture capital corporations programs.

The Ministry of Finance provides financial administration for these programs to me as the Minister of Enterprise and Innovation. ES staff still administer these programs under a service level agreement with Finance. However, as they involve legislation and regulations, they must remain the responsibility of a minister and cannot be transferred to the ES board.

The budgets for SBLA [Small Business Loans Association] and the ethanol program transfer payments can still be viewed in vote 043.

As the labour-sponsored program is a tax credit program, there are no transfer payments in the budget estimates.

Thank you for allowing me time to provide an overview of our operations, successes, and budget, and I look forward to your questions.

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

Mr. Harper: — Thank you, Mr. Chair. And I want to take this opportunity to welcome the minister and his officials here. I see he's got a good entourage with him tonight so he should have a lot of support. We should be able to get good quality answers and I'm sure we will.

To facilitate that, Mr. Chair, I will turn the questioning over to my colleague, the member from Prince Albert Northcote.

The Chair: — Mr. Furber.

Mr. Furber: — I'd like to echo the sentiments and welcome the minister and his officials here this evening for this dialogue. I'd like to start, if I could, with some questions around Victoria Park Capital.

Just for information for those viewing at home, could the minister inform as to what led us to the position that we were when this settlement came down.

Hon. Mr. Stewart: — I'd be happy to. Thank you, Mr. Furber. We inherited a situation where a contract had been drafted between the previous government and Victoria Park Capital to manage the assets of Investment Saskatchewan and to continue

to invest Saskatchewan taxpayers' money into what certainly seemed to turn out to be, at least in many cases, high-risk capital ventures on an ongoing basis. Certainly the contract that we inherited provided for \$25 million for the year '09, \$25 million for the year 2010, and \$30 million for the year 2011. And with very lenient, shall we say, terms, the contract could be automatically extended to 2014 and continue to cause millions of dollars to be invested in high-risk ventures — millions of dollars of taxpayers' dollars.

Our government had said from the outset that we would not be pursuing that sort of business with taxpayers' money. We said that we would not do that and clearly we're not doing it, Mr. Furber. That is the reason that we've negotiated our way out of this contract with Victoria Park Capital. And I must say that I have nothing but praise for the conduct of VPC [Victoria Park Capital] throughout. We certainly have no quarrel with them. It's a philosophical issue and an issue of, how do we spend taxpayers' money? And we believe that a better way to spend taxpayers' money is on things such as health and education and roads and so on.

And that basically is the difference between the government that set up this contract with Victoria Park Capital and our government who have negotiated our way out of that contract and hopefully . . . And we wish Victoria Park Capital well. We hope that they will carry on business in Saskatchewan.

Mr. Furber: — Could the minister explain what was the general process for negotiations leading to the settlement?

Hon. Mr. Stewart: — Negotiations have been going on since I think — I'm going from memory and my memory's not great — but I think early last fall negotiations dragged on a bit and I don't blame Victoria Park Capital any more than I do our side. Negotiations just dragged on. And when lawyers get involved on both sides, clearly that tends to happen sometimes.

That's the way that went and we found ourselves in a position where we were heading towards January 1 and going into a fall session of the legislature with January 1 looming, January 1 being important to this piece because it would trigger another \$25 million of taxpayers' money to be paid to Victoria Park Capital to be invested in high-risk ventures.

So realizing that we were not likely to get this deal renegotiated before January 1 triggered another 25 million, we introduced a Bill in the Legislative Assembly of Saskatchewan that would preclude us from the need to continue to apply taxpayers' money to this contract.

Mr. Furber: — Had the minister or officials physically met with the folks at VPC prior to introducing legislation?

Hon. Mr. Stewart: — Certainly officials of the government did. I had one meeting early on with Victoria Park Capital. It was clearly understood what the intentions of both parties were early in the game. I think we had a constructive working relationship and still do. Victoria Park Capital has agreed to continue to operate for another three months of transition period while Investment Saskatchewan takes over the management operations that Victoria Park Capital has done a very good job of. And so, yes, we'd met once, myself, officials had met many

times, I believe; I don't know how many. But I didn't believe that I should insert myself into this in any way at all. So the meeting I had early on with Victoria Park Capital was of a high-level business meeting, not necessarily associated with the wind-down of this contract.

Mr. Furber: — You say that you had signalled very early what the future for them under your government would be. Why were there quotes in the newspaper that they were shocked by the legislation that was introduced?

Hon. Mr. Stewart: — Well I can't answer for Victoria Park Capital. They may not have realized that that was our only option to prevent the triggering of that \$25 million. I would have hoped that they would not have been surprised by that, but I can't say whether they were or not. I recognize that I did see that quote in the newspapers.

Mr. Furber: — It certainly seems to contradict the statement, that's for sure. Could the minister explain: was the settlement proposal given to VPC by government, was it given to them prior to the sale of Saskferco?

Hon. Mr. Stewart: — I don't believe any negotiations had been entered into at that time. I think that was late last summer, if I remember, or at least last summer. I am not sure. I believe that by that time the word may have been out to Victoria Park Capital that that was the intention of the government.

Mr. Furber: — Sorry, yes or no?

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

Mr. Furber: — Can anybody?

Hon. Mr. Stewart: — I don't first of all remember what date that was, and I would not remember what date that we finally, or our officials finally told Victoria Park Capital that it was the intention of the government to end this contract. So I really can't say, but I believe that around that time — either before or shortly after that — we got down to some serious negotiating with Victoria Park Capital.

Mr. Furber: — I'd like to thank the minister for the answer, but there are seven officials here that could help, and perhaps one of them knows more accurately.

Hon. Mr. Stewart: — Is an official in this room that knows those . . .

Mr. Botting: — May I clarify? Mr. Furber, just so you know, this is not our vote. Investment Saskatchewan is actually within the Crown Investments Corporation vote, but Minister Stewart is the Minister Responsible for Investment Saskatchewan. But it's not within the purview or vote of Enterprise Saskatchewan.

Mr. Furber: — Certainly part of the philosophy, as he had suggested earlier.

Hon. Mr. Stewart: — I don't mind, Mr. Furber, answering questions on this as I was the minister responsible, but my officials would not have been involved.

Mr. Furber: — It's my understanding that VPC did work in 2008, including negotiating the sale of Saskferco. Is that correct?

Hon. Mr. Stewart: — That is correct.

Mr. Furber: — And so in 2008, you had introduced legislation that would retroactively end the contract with VPC. Would that have included taking money out of their pockets for services rendered?

Hon. Mr. Stewart: — Taking money out of Victoria Park Capital's pockets? Certainly not. I believe that Victoria Park Capital was well and properly and duly paid for services rendered.

Mr. Furber: — Now of the investment dollars not directed to Victoria Park Capital, does the minister know what is going to happen with the dollars that aren't going there? The 25 million, 25 and 30.

Hon. Mr. Stewart: — They will remain in general revenue. They would not have been advanced from the General Revenue Fund to Victoria Park Capital.

Mr. Furber: — I'd like to know, if I could, what the minister's thoughts are on the message that's sent to the business community when you introduce the most regressive nationalization legislation in the country to retroactively end a contract by a Saskatchewan company that's wholly owned by the employees.

Hon. Mr. Stewart: — What we did here was end a contract that was signed by a previous government that frankly put tens of millions of dollars of taxpayers' money at risk; 80 million before the end of the first phase of the contract in 2011 and a potential for substantially more than that if the contract was almost automatically renewed as it would have been until 2014. So substantially in excess of \$100 million at risk.

This legislation far from being the most regressive nationalization legislation in the country. I think we have a case of that in Saskatchewan. We have the only case that would qualify as the most regressive nationalization legislation in the country that happened in Saskatchewan in 1975, and that was the nationalization of our potash mines. Clearly this is nothing compared to that and certainly we stated at all times, during our election campaign and in opposition, that we would not be putting public money up for risk in high-risk ventures, and we will not be.

Mr. Furber: — Now I was three in 1975, and certainly find it interesting that this is the first type of that legislation introduced since then. And you certainly had fun in the legislature talking about nationalization legislation and the cancellation of the potash Act, but yet it seems you've done the exact same thing with Victoria Park Capital. I find it wholly ironic.

Now you had said in the newspaper, December 3, that the government wants VPC to continue to handle the investment portfolio. Is that true?

[20:00]

Hon. Mr. Stewart: — For a period of three months during the transition period.

Mr. Furber: — Okay. Now just for argument sake I guess, you had said that VPC was caught in the middle of a policy change — I think that was your wording and correct me if I'm wrong — but what was the policy change exactly?

Hon. Mr. Stewart: — I don't think that was my wording. I think I said that we didn't believe as a government in risking tens of millions, and frankly far in excess of \$100 million of taxpayers' hard-earned money, as risk capital and high-risk ventures. And we vowed that we wouldn't be doing that as government. We were stuck with a contract that we inherited, and we made it go away through negotiations.

Mr. Furber: — Does this philosophy then apply to the government's Apex Investment Fund?

Hon. Mr. Stewart: — I'm not familiar with the Apex Investment Fund.

Mr. Furber: — Well I would suggest that it does the exact same thing that Victoria Park Capital was doing. And I would have thought that you'd be familiar with it and maybe one of your officials is?

Hon. Mr. Stewart: — Oh, well that's a First Nations investment fund, which is administered by Grant Kook out of Saskatoon. And certainly not, I would conclude, the same thing at all. There is certainly a social aspect to that fund that we can't say about the Victoria Park Capital business plan.

Mr. Furber: — I think we should talk about it in terms of the investment. And it seems duplicitous that you would have an Apex Investment Fund that operates in that manner, and yet cancel this contract because of a policy change or a philosophy. Either the philosophy applies across government or it doesn't. Well, I guess, on looking forward, I guarantee that this philosophy will indeed apply across government.

Hon. Mr. Stewart: — Well certainly, I guess, each case is an individual case. The case of the fund that involves First Nations that you speak of is another inherited piece, but it is deemed to have some significant social benefit for First Nations and so has been left to carry on for the time being.

Mr. Furber: — Could you define for the time being?

Hon. Mr. Stewart: — Well no, I can't.

Mr. Furber: — Is the minister aware of the SaskWorks Venture Fund and the Sask Entrepreneurial Fund?

Hon. Mr. Stewart: — Yes I am.

Mr. Furber: — And how much different are they in their operations than what Victoria Park Capital was doing?

Hon. Mr. Stewart: — They are deemed to have some benefit rather than just an investment business plan involving taxpayers' dollars. These programs, first of all, they involve much less money. They're not the same type of wild, high-risk

investment programs that we were entering into through our dealings with Victoria Park Capital and the IS [Investment Saskatchewan] assets. And Victoria Park Capital — I keep going back to that — but they were doing exactly what they were expected to do under the contract. And I apportion no blame to them.

Mr. Furber: — No. Certainly you've said exactly the opposite many times. And you said just now that these funds operate with a lot less money and that's the philosophy difference. So if there was \$25 billion involved in these, it would go the same way as VPC?

Hon. Mr. Stewart: — The entrepreneurs' venture fund is a very early stage, pre-commercial. It's quite a different thing. It's more like innovation investment than like general economic investment which IS and Victoria Park Capital were involved in with taxpayers' money. And the other one that you mentioned is a venture capital fund.

Mr. Furber: — So you had said that these are innovation funds.

Hon. Mr. Stewart: — Well they operate more like innovation funds than just general investment funds.

Mr. Furber: — Yes.

Hon. Mr. Stewart: — These are very early-stage investment funds.

Mr. Furber: — Would you characterize them as being lower risk then?

Hon. Mr. Stewart: — I beg your pardon?

Mr. Furber: — That's fine. Would you characterize them as being lower risk then?

Hon. Mr. Stewart: — Not necessarily, but for instance in the labour-sponsored venture capital funds, government doesn't provide the capital. The government only provides tax credits for these funds. It's quite a different thing and so I think we're trying to compare, making a valiant effort comparing apples to oranges here.

Mr. Furber: — I don't think that's entirely the case. An investment made in a start-up, or an investment made in a company such as I've got it listed here — Jump.ca or Terra Grain Fuels or Big Sky Farms — I think arguments can be made that an investment made by taxpayers' dollars that will benefit business in Saskatchewan, they're the same taxpayers' dollars and it's the same return on investment.

So I guess I'm having difficulty understanding your philosophy when you'll invest in high-risk innovation funds, but you say that it doesn't apply to other funds. You'll invest in Apex Investment Fund because it has a social aspect, but you'll get out of the Victoria Park Capital. I find it passing strange.

Now just to be clear, it seems as though you ripped up a contract because of a philosophy that seems like it's contradicted at many turns. You said you want to get out of

picking winners and losers, and then in this committee you've said specifically that government will be directing some funds to some high-risk ventures. But you wanted to get away from government picking winners and losers, and yet Victoria Park Capital was at arms-length from government. You had great fun repealing a potash Act and then introduce nationalization legislation, I guess I just find it strange that this is contradictory at every turn. Does the minister have any comment on any of that?

Hon. Mr. Stewart: — Well yes, I do. First of all, to call this nationalization legislation is beyond ridiculous. This was legislation that was put on the order paper to preclude the necessity of putting another \$25 million of taxpayers' money up for investment through Victoria Park Capital in 2009.

Now that a negotiated settlement has been reached, I understand, with Victoria Park Capital, there will be no need for this legislation, and it'll be allowed to die on the order paper. There won't be any legislation passed or sitting on the books. It's served its purpose. It ensured the people of the province that there'd be no \$25 million paid for high-risk investment this year or next year, or no \$30 million in 2011, and that no further legislative deliberations will be required. That deal is settled.

Mr. Furber: — Was the legislation in 1975 ever used?

Hon. Mr. Stewart: — Certainly it was. It was used to nationalize about half the existing potash industry at that time, which cooled investment in this province until very recently. There's nothing that has been done in the history of this province that did so much to drive away investment or to kill economic development in this province as that one single act of passing that legislation and nationalizing half our potash industry. Which, since it's been re-privatized, has become the largest one in the world by a considerable margin.

Mr. Furber: — Revisionist historian.

Hon. Mr. Stewart: — Is that a question?

Mr. Furber: — I think we'll move on.

Hon. Mr. Stewart: — I wasn't five when that happened. I don't know about you, but I remember it.

Mr. Furber: — I could ask some questions regarding the sector teams, specifically with regard to each. And I'll go through them individually. How many meetings have taken place, and what recommendations have come forward from the energy sector team?

Hon. Mr. Stewart: — I'm informed that we've had, on an average, two to three meetings per sector team to this point. The biofuels team has come forward with a recommendation which will be dealt with by the Enterprise Saskatchewan board, and we're expecting a large influx of recommendations from all of the sector teams over the next meeting or two of the Enterprise Saskatchewan board.

Mr. Furber: — Specific to the energy sector team, how many meetings? How many recommendations? What are they?

Hon. Mr. Stewart: — Two meetings. The most recent one of which was held today, as a matter of fact.

Mr. Furber: — And no recommendations?

Hon. Mr. Stewart: — Not as yet, but I'm expecting that we will receive some before too long. We're expecting a substantial workload around the Enterprise Saskatchewan board as a result of the work that the sector teams and strategic issues councils are doing.

Mr. Furber: — Ag and food. How many meetings? How many recommendations?

Hon. Mr. Stewart: — There are two sector teams that you may be asking about — agriculture and agri-value sector teams — both performing somewhat different functions, and I'm informed that they've now both met twice.

Mr. Furber: — Thank you for the clarification. I was going off the website. Maybe it's my fault, maybe there's some outdated information, or maybe it was the way it was initially set up, and I was looking at some old notes. So thank you for that.

The tourism sector team?

Hon. Mr. Stewart: — Tourism sector team has met twice now, I'm informed.

Mr. Furber: — Recommendations?

Hon. Mr. Stewart: — Not as yet.

Mr. Furber: — Forestry?

Hon. Mr. Stewart: — Two as well for forestry. No recommendations as of yet.

Mr. Furber: — Okay.

Hon. Mr. Stewart: — I'm informed that there are draft recommendations that we have not seen yet at the ES board level that they're still working on. I'm expecting that a very short time frame that we will see a completed recommendation from that team.

[20:15]

Mr. Furber: — I try not to allow my frustration to show through too greatly, but it's been two and a half years since the Saskatchewan Party first acknowledged that there was a crisis in forestry. The member from Batoche had a team that went around the province collecting data and built a report that was used somehow.

It's been 18 months in government. You have a forestry sector team that's met twice and has no recommendations. How would any reasonable person not be absolutely, totally, and completely disappointed with that?

Hon. Mr. Stewart: — I think that I represent reasonable people, and I think a number of the people around this room represent what would be considered reasonable people. And I

wouldn't expect after two meetings that any serious team that is industry-based and very concerned about their industry and about the directions that it takes would come forth with any half-baked recommendations scribbled on the back of a cigarette package for the Enterprise Saskatchewan board. Because I can tell you this: if they did, they'd have to go back and do some more work on it. At Enterprise Saskatchewan we expect these things to be well researched and studied and some proper background work have gone into them before they get to the Enterprise Saskatchewan board. And then there is more capacity there for further study.

And this is not going to be a rush job. We're not trying to fill a quota for recommendations. We're trying to find a way for the private sector to provide good guidance to our cabinet.

Mr. Furber: — I'm not sure why the minister would assume that a recommendation would come out of the forestry sector team that would be half-baked, but certainly you have your own forestry report that was done 18 months ago. You've had 18 months . . . 16 months. And the criticism is perhaps not that they haven't come forward with recommendations after two meetings, but how is it that after that amount of time you would only have had two meetings as a group?

Hon. Mr. Stewart: — Well, the sector teams, I think that sector team was established when? November.

Mr. Botting: — November. The Act wasn't proclaimed until July 29 of last year.

Hon. Mr. Stewart: — Right. Yes. November 4 that the forestry sector team was established. And you know, I think that's reasonable. We're not expecting a race here. We're expecting good solid recommendations, and these people are doing the work on them. They're volunteers and they're paid per diems for the days that they actually meet. So meeting a lot is not a priority; coming up with solid recommendations when they make recommendations — that, member, is the priority.

Mr. Furber: — So they've had eight months and two meetings?

Hon. Mr. Stewart: — If November 4 to now is eight months, then that's eight months. But it doesn't add up to me.

Mr. Furber: — November 4, 2008?

Hon. Mr. Stewart: — Yes.

Mr. Furber: — And so I guess my criticism shouldn't be with the sector team, it should be with a government that takes that long to set up a sector team or strictly relies on a sector team that they know won't be set up for over a year into their mandate. You acknowledged two years ago that forestry's in a crisis, and it takes 12 months to set up a response. It doesn't seem to me . . . Well I guess explain how the words, forestry's in a crisis, fit with that scenario.

Hon. Mr. Stewart: — Well certainly in the meantime other things have been done, and the Enterprise Saskatchewan board is acutely interested in the forestry piece. But it takes time. If you're going to set up these teams with input from industry, it

takes some time to do it. It's not like the old days where you just appoint your buddies and give them a pat on the back and say, go to it. This process was properly done. In fact it's above reproach.

And I don't see that member picking apart the members of our sector teams, and I hope that I won't. I'd say this, member, that we will wait for solid recommendations from these sector teams, rather than rush them into half-baked recommendations that are not fit to go to cabinet.

Mr. Furber: — I'm not sure why the member from Meadow Lake is excited about that proclamation. You'd think somebody that his riding is as influenced by forestry as his is, he'd be more interested in some outcomes on forestry . . . [inaudible interjection] . . .

The Chair: — Order.

Mr. Furber: — Now how many times has the Advanced Ed R & D sector team met and what are their recommendations?

Hon. Mr. Stewart: — Twice as well. No recommendations yet.

Mr. Furber: — Life sciences and biotech?

Hon. Mr. Stewart: — Twice — once just recently, I believe.

Mr. Furber: — No recommendations?

Hon. Mr. Stewart: — Not as yet.

Mr. Furber: — Infotech — is that the appropriate term?

Mr. Botting: — Information technology.

Mr. Furber: — Yes.

Mr. Botting: — Advanced electronics.

Mr. Furber: — Okay.

Hon. Mr. Stewart: — I'm informed they've met twice now and are putting together a draft recommendation for the board that will need some further refinement, but we understand that it's coming.

Mr. Furber: — Environment?

Hon. Mr. Stewart: — That's environment and alternative energy, and I'm informed they've met twice now — once just recently again. And no recommendations as of yet.

Mr. Furber: — That's environment and what? Sorry.

Hon. Mr. Stewart: — And alternative energy, I think.

Mr. Furber: — Okay. Construction and land development?

Hon. Mr. Stewart: — Twice and no recommendations — not as of yet.

Mr. Furber: — Home building?

Hon. Mr. Stewart: — They have met twice, and they are preparing a recommendation that's being subjected to some industry analysis yet, but has not been presented to the board.

Mr. Furber: — Okay. Trucking and transport?

Hon. Mr. Stewart: — Twice trucking and transport has met. No recommendations as of yet. I remind the member though that the first meeting for each of these is sort of a get to know each other, get to know the ropes, get to know the process. That's what that's about, so it's very early days for these committees.

Mr. Furber: — I thank the minister for that. Financial services?

Hon. Mr. Stewart: — Once so far and one meeting scheduled for next week.

Mr. Furber: — Manufacturing?

Hon. Mr. Stewart: — Twice as well.

Mr. Furber: — Mining?

Hon. Mr. Stewart: — Twice.

Mr. Furber: — And no recommendations?

Hon. Mr. Stewart: — Not as yet.

Mr. Furber: — Co-ops?

Hon. Mr. Stewart: — They're doing some work on a recommendation, but it's not yet ready for the board.

These are not just ideas. These are well-researched pieces, well-researched documents by the time the ES board receives them and expected to be that way.

Mr. Furber: — Thanks again to the minister. Co-ops?

Hon. Mr. Stewart: — One meeting so far. No recommendations.

Mr. Furber: — Arts and culture?

Hon. Mr. Stewart: — They've met twice.

Mr. Furber: — And no recommendations?

Hon. Mr. Stewart: — Not as yet.

Mr. Furber: — Can any of the folks sitting beside or behind you acknowledge any other sector teams that I might have missed?

A Member: — Tourism.

Mr. Furber: — Well that's fine. That's not imperative. I'm just curious.

Mr. Botting: — There's a biotechnology and life sciences

sector team which had . . .

Mr. Furber: — The minister had said in his statement that they'd met two and three times. I don't have any here that have met three times. Was there one that I missed that had met three times?

A Member: — Well actually met today.

Mr. Botting: — So the meeting today on energy that took place was the third meeting.

Mr. Furber: — Was that with environment and alt energy or energy?

Mr. Botting: — Energy.

Mr. Furber: — Okay. So they've met three times?

Mr. Botting: — Yes, as of today. As of 5 o'clock today.

Mr. Furber: — Well we may as well include it then. Thank you. So again I've gone through the list, and they met once or twice or now three times and no recommendations, is that correct? At least none were included in any of the notes I took.

Hon. Mr. Stewart: — None that are not still under review, but there are certainly recommendations pending that we're aware of. And I think we've outlined those to you.

Mr. Botting: — And the clearest recommendation, if I may, was in the bio-product and biofuel sector team which was mentioned right at the outset. And they had recommended a recommendation regarding a biodiesel mandate for Saskatchewan which has been presented to ES board and is under now some implementation study.

Mr. Furber: — Who's conducting that study?

Mr. Botting: — Internally with some assisted consultation from a number of other external stakeholders.

Mr. Furber: — Do you envision at any point SRC having some role to play?

Mr. Botting: — Yes. In fact the SRC is involved in all of our sector teams to some capacity provide R & D expertise.

Mr. Furber: — Good. Now in terms of the different regions, enterprise regions — is that correct? — that have been set up, I don't know, I guess, in terms of how to approach this, but how many offices are set up? And I'll go through the list again. And how many meetings have taken place by each of the regions? And I guess I'll start in Meadow Lake, if you don't mind.

Hon. Mr. Stewart: — I'm informed that all of the regions have now been formulated. Interim boards, at least, have been established. Money was forwarded to get those regions through the end of the last fiscal year and through the development process. And now as they roll out, they'll be in a position to accept the '09-10 funding.

Mr. Furber: — Maybe I can . . . [inaudible] . . . a different

way. Just to clarify, in terms of the regional offices or, sorry, the enterprise regions, is there one main regional office for each region? Or is there one only?

Hon. Mr. Stewart: — That's at the option of the board. They could have one main regional office, or they could have a regional office and a satellite or some sort of an operating arrangement. They have a certain budget and, you know, that may be a constraint. But certainly that's at the option of the board.

Mr. Furber: — Most of them would find economies of scale, but not all of them.

Hon. Mr. Stewart: — I would think that that'll be the case.

Mr. Furber: — Okay. Is the regional office then set up for the Meadow Lake region?

Hon. Mr. Stewart: — The interim board is in place, and they're recruiting now for a CEO. But I don't believe, they don't have a permanent board in place as of yet, so that no head office location has been permanently chosen. But I would expect it to be Meadow Lake. I would expect it to be Meadow Lake, but that'll be up to the board.

[20:30]

Mr. Furber: — Okay yes, sounds good. The northwest region?

Hon. Mr. Stewart: — I think I can maybe save the member a little time. I think all of the enterprise regions are at about that stage that I've described in those couple of cases, except for Regina and Saskatoon which are fully operational and up and running at this time.

Mr. Furber: — Just in terms of the northwest region, one of the members, the Minister of First Nations and Métis Relations had been up there discussing the enterprise region. And I've got a quote. I'd like to see what the minister's thoughts are. The Minister for First Nations and Métis Relations said that "The new Enterprise Regions 'will build on some of the world of the RDC's including developing capacity, investment readiness and business development and sustainability.'" But she said that "The government has looked at the present regional development corporations and 'they are not providing the service needed for business . . .'"

Does the minister agree with that statement?

Hon. Mr. Stewart: — I think what the Minister of First Nations and Métis Relations was referring to are the two northern enterprise regions that have not been established as of yet, but those will be established under her responsibility. And I think she's musing about how this should be done and how the existing structure in the North is not serving the needs of the people.

Mr. Furber: — How much different is the new model going to be for those folks?

Hon. Mr. Stewart: — With regard to the northern enterprise regions, the correct minister to ask about that would be the

Minister of First Nations and Métis Relations, as the two northern regions will be under her jurisdiction.

Mr. Furber: — Okay. It gives you an opportunity then to explain how that's going to work with Enterprise and Innovation and how you're going to find synergies.

Hon. Mr. Stewart: — Certainly there will be synergies, and we've already had preliminary discussions about how Enterprise and Innovation will co-operate with FNMR [First Nations and Métis Relations] to provide additional economic development expertise in the North.

Mr. Furber: — Of course the government is famous for silos, just by its nature, set up in different ministries. And they don't have opportunities to meet. How are you going to erase the possibility of silos for these two regions?

Hon. Mr. Stewart: — Thank you for the question. That's exactly what we're attempting to do for the North through this program that will be under the responsibility of the Minister Responsible for First Nations and Métis Relations, but will be also assisted by Enterprise Saskatchewan. And that is another in a series of ongoing efforts to break down those silos that the member mentions. And I think that's a laudable goal.

Mr. Furber: — Certainly. How will those two enterprise regions be funded, or can you talk about that?

Hon. Mr. Stewart: — Well . . . [inaudible interjection] . . . FNMR certainly. We have been talking with the federal government to see if we could get some federal participation because of the size of those regions and the special circumstances in the North. So far it looks like it's going to be FNMR that will fund these.

Mr. Furber: — You had mentioned your mission to India. Is there a cost breakdown for that? I'm okay if you want to just provide it at some point to the Chair.

Hon. Mr. Stewart: — Is it going to take much time, or can we just provide it later? I think we just about have it if you'll just bear with us.

Mr. Furber: — Yes, no problem.

Hon. Mr. Stewart: — If you want to move on to another question, I'll be happy to answer that tonight.

Mr. Furber: — Yes, you bet. You had mentioned that we'll see some tangible results from your mission. When can they be expected and what form might they take?

Hon. Mr. Stewart: — We're expecting first of all to see a round of delegations from India to Saskatchewan this spring and summer — people looking at our agricultural production, some with a view to processing pulse crops, some with a view to further imports of our agricultural products. I'll say that Saskatchewan has recently become the world's largest exporter of pulses in the world and India one of the largest importers of Saskatchewan pulses. And certainly that's one issue, the agricultural piece.

There are substantial interests in our universities, particularly in our biosciences around the University of Saskatchewan. When we went to India, we took officials from both universities with us and met with some learning institutions in India, and certainly they are interested in coming to see what we can partner with them on particularly in biosciences, as I've suggested. We will have companies coming to look at oil sands in Saskatchewan, conventional oil in the Southeast.

They'll be here to look at our diamond fields. The province of Gujarat in northern India is the world's largest diamond cutting and polishing centre, but they have no supply. They rely on De Beers and frankly they're a little fed up with that, so they would like to be involved in the production of diamonds for their own use and sales.

Also we have a couple of major companies that are interested in potential investments in potash, and they will be coming as well. And certainly with India building, I think, in the neighbourhood of 20 reactors over the next 30 years — nuclear reactors — there's certainly more interest in our uranium. But we're not able to pursue any deals on uranium with India until such time as the federal government signs a nuclear . . . [inaudible interjection] . . . well it's, yes, a nuclear agreement in any event that gets us around the non-proliferation rules in the world and insures that India will put the product to safe use in generating power. And that's certainly not an issue with India, but it may have been in the past at some time.

The cost for my travel was \$10,713.93 and that also includes my entourage of Mr. Dyck, Mr. Offet, and Mr. Chan. So I think we . . .

Mr. Furber: — Right down to the penny.

Hon. Mr. Stewart: — Yes, we squeezed every nickel.

Mr. Furber: — Good, good. Just one more line of questioning before I turn it over for a time to another hon. Member, you had mentioned the Regulation Modernization Council. Can you provide an update to the committee on the council's progress?

Hon. Mr. Stewart: — First of all thank you for that question. The Regulatory Modernization Council has had three conference calls and two in-person meetings to this point. They've established an inter-ministry committee to coordinate recommendations throughout government. Finance services standard code, maybe you better give me a little explanation on it.

Mr. Botting: — That's to establish customer service standards, particularly for the tax audit focus. So all recipients who are subject to the revenue audit processes are treated with timelines, common courtesies. It's a code of conduct and behaviour as well as clear timelines for appeal, etc., which we think, by the way, is a potential model for other good civil service behaviours in other regulatory agencies in terms of customer service.

Mr. Furber: — Certainly my wife will appreciate that. She's had a couple of different dealings with those folks in her time as a business owner. If I'm cutting you short, I'll let you continue. That's fine.

Hon. Mr. Stewart: — They're working on a consultation tool for new and amended regs. That's a work in progress at this point, I understand, and a work plan to establish around 12 theme areas. And I don't have the entire list, I don't think, of those theme areas. So that's what I know of their progress to date.

Mr. Furber: — Now I don't think a goal of reducing regulations in itself is a laudable goal at all. I mean some regulations are obviously needed. Can the minister explain sort of what the specific goals were from the outset or if they had any goals? I know they had referenced what had been done. I think it was in British Columbia where they had reduced the number of regulations there, but they had a goal of reducing, I think it was, a certain number of regulations irrespective of type. Maybe you could expand on what some of those specific goals were.

Hon. Mr. Stewart: — Yes, we see it differently. And I think you and I are more on a parallel than we are with British Columbia on this particular issue, member. I think we see this as streamlining of regulations, not necessarily elimination of any particular number of them. We recognize that we need regulations to keep our society operating in a predictable and safe and efficient manner, and we just don't want to be overburdening people or businesses with unnecessary regulations.

That's really what this is about, is to streamline those regulations, eliminate the ones that are not necessary or productive on any of those fronts, and maybe to even bolster those that are needed to. For an example as to how important regulation can be, I compare our banking system — which is a very regulated one — with others around the world, which in many cases are not. And we certainly have I think the most stable banking system, certainly in the western world, to my knowledge.

Mr. Furber: — The G20 lauds the banking system we've got here and are interested in using as a model. So there weren't any really specific goals at the outset of the council, just the goal to improve and streamline and make better?

Hon. Mr. Stewart: — Yes, that's right. At least there is no numbers game being played, we want to eliminate so many regulations or anything of the kind. As I suggested, the committee is tasked with reducing unnecessary regulations that provide an unnecessary burden to business or to people. And I think Mr. Botting wants to add something to this.

Mr. Botting: — We're looking at a combination of the streamlining. And modernization was a key word on how to do that, utilizing more modern technology like web-based information services and therefore enhancing information flow to enhance commerce in using the newest and modern technology. We're interested in customer service and improving customer service timelines, consistency of results. So those who are regulated are not subject to arbitrary differences in opinion depending upon individual regulators. So we're looking at clarity, consistency, timeliness.

And you're quite right, Mr. Furber; we've seen places where people take great delight at the elimination of the horse

tethering Act of 1919 or whatever it is. And that may look good and feel good or sound good, but it's not material. So we're interested in doing what's right to streamline for small businesses what makes the most appropriate sense in the 21st century.

[20:45]

Mr. Furber: — If I could at this time, I'd like to turn the floor over to the member from The Battlefords for some questions.

The Chair: — Mr. Taylor.

Hon. Mr. Stewart: — Thank you, Mr. Furber.

Mr. Furber: — Thank you.

Mr. Taylor: — And thank you very much, Mr. Chair. And since I haven't had the floor during this session, let me say welcome to the minister and the officials.

On the regulatory file, Enterprise and Innovation has been given the task to manage regulations for the nuclear sector. Can you outline the game plan for the next year with regards to regulations?

Hon. Mr. Stewart: — Well as far as regulations for the nuclear piece go, most if not all of those regulations that exist are federal ones. Certainly the environmental ones are overseen by the federal government and their agencies. And for the next year, I don't see that regulations — provincial regulations — will be a big part of what we do at Enterprise Saskatchewan as far as the nuclear cycle is concerned.

Mr. Taylor: — Just before the session began, I attended the annual meeting of the Canadian Nuclear Association. The member from Lloydminster was also in attendance at that meeting, and the Premier was there to speak. In his remarks, he talked about the need to streamline regulations for the nuclear sector. And I'm just wondering what your interpretation is of what the Premier meant when he spoke to the assembly of the annual meeting.

Hon. Mr. Stewart: — Well thank you, Mr. Taylor. That's correct. I don't expect that any of this work will be done within the next year. We're a long piece from a nuclear build in this province, if it ever happens.

But now I know that what you're talking about are regulations around the environmental assessment process and so on that the federal government has promised to streamline. And we're going to encourage them to follow through with that. Certainly there's no room for corner cutting in that process, but surely the process can be condensed somewhat from the three- to five-year process that exists now.

Mr. Taylor: — Okay. Also at that conference at the very opening session, the president of the Canadian Nuclear Association had a number of things to say, one of which was the industry needs to ensure that the regulatory system in Canada remains strong. His argument was essentially if the industry is to succeed in growth, it's going to require a lot of public confidence in the future of the industry and the sector.

Therefore the strength is in the regulations, as it is in the banking sector.

And so he's indicating that while it's useful to work on the regulations, he's cautioning jurisdictions and the industry itself to continue to call for strong regulatory process, as opposed to perhaps off-the-cuff comments about streamlining and creating stress within the public — that's my word — that serves to reduce confidence. At the same time, Mr. Binder — whose first name escapes me at the moment; he's head of the federal nuclear regulatory agency — he talks about the federal government and the agency he represents will remain vigilant, that the regulatory process must be followed.

So I'm wondering if there aren't some contradictory comments here about the message that Saskatchewan is sending to the industry that we're going to make things a little easier here for the industry, and the industry itself, represented by the president and the regulatory agency, saying no, we've got to be strong supporters of a regulatory system that the public can have confidence in.

Hon. Mr. Stewart: — Yes. Thank you, Mr. Taylor, for that question. And that's certainly correct. The industry is a strong proponent of good, strong regulations, a good regulatory regime that gives the public confidence. It makes life easier, more predictable, and safer for everybody.

And when the federal government, when they talk about speeding up the process or streamlining or however they word it, I believe that they're not talking about cutting any corners. I believe they're talking about putting more people on the job so this work can be done in a faster and more efficient manner, so that investment dollars don't have to wait for extended periods of years waiting for this work to be done. And certainly that's the goal of our province as well, is to encourage the federal government to put more people power at play in those situations and get the job done a little faster.

And streamlining is a word I believe, that I believe came from the federal government, and maybe it's not a very good word, and it might, as you say, create a false impression of carelessness in the public, and maybe we should be more careful about the use of that word. But that's what we're all talking about is speeding the process up, not necessarily doing less.

Mr. Taylor: — Now off the top, and when I started talking about this subject, I indicated that I'm under the impression that Enterprise Saskatchewan is indeed given the responsibility for this — whether it's this year, next year, or the year after — the regulatory process on the nuclear file. Am I correct in that assumption?

Hon. Mr. Stewart: — Well there will be a lot of the regulatory process that will be under Environment and certainly under the federal environment and nuclear regulators. There may be some pieces that will come to Enterprise Saskatchewan through time for regulatory review and maybe even regulatory establishment, but certainly not those pieces around Environment.

Mr. Taylor: — In terms of any, for lack of a better word, negotiations with Ottawa in regards to improving — trying to

use language that you would also tend to use — improving the regulatory process, would that be Enterprise Saskatchewan's responsibility, the relationship between Ottawa and the province of Saskatchewan?

Hon. Mr. Stewart: — Yes, partly at least it would. And certainly Environment will play a role in this, you know, with our businesses involved in the nuclear cycle, such as mines and so on. The Slowpoke reactor in Saskatoon. Environment will play a substantial role.

It may be since the nuclear file is ours in Enterprise Saskatchewan, it may be up to us to deal with the federal government to a certain extent on regulatory matters, but where it affects environment, our Environment ministry will certainly be involved, and I know that the federal regulators will as well.

Mr. Taylor: — Thank you very much. Staying on the nuclear file for a few moments and a few more questions, McKinsey & Company, how were they chosen to support the Uranium Development Partnership?

Hon. Mr. Stewart: — Thank you for that question. McKinsey & Company were chosen through a request for proposal system, and clearly they had the best proposal. They were not the cheapest; I'll be first to admit that. But we wanted a company that had the capacity to do this work and that had demonstrated that it had been able to do this type of work before. And McKinsey & Company certainly fill that bill. This company has two large offices in Canada and, last I heard, looking at possibly additional one or more. They operate in 50 countries around the world with multiple offices in many of those countries. This is a company with substantial capabilities. They don't come cheap, as I've freely and openly admitted, and as I've told them. We think they're pretty expensive, but they're very good. And we didn't want to take a chance with second best on this piece.

Mr. Taylor: — Okay. I'll come back to the costs about this shortly. The RFP, I'm assuming it was by invitation. How many companies were invited to submit a proposal?

Hon. Mr. Stewart: — I recall it was four. Five, I'm told it was five.

Mr. Taylor: — And were these companies with international experience, or just companies that had some experience?

Hon. Mr. Stewart: — Some had international experience. All of them had substantial . . . they all had some international experience. But through the RFP process, it became apparent that none of them had the well-rounded experience that McKinsey & Company had.

Mr. Taylor: — Who did the short list for the invitation?

Hon. Mr. Stewart: — A team was put together of officials from Crown Investments Corporation, Enterprise Saskatchewan, and chaired by Dr. Richard Florizone. And they short listed the applicants.

Mr. Taylor: — So this request for proposals, based on your comments just a few moments ago, was not a tender. You were looking for information, not price to begin with?

Hon. Mr. Stewart: — I didn't exactly familiarize myself with the intricate details of the process early on, but I believe price was, to my recollection, price was a factor right from the start. In the RFPs, price was always mentioned. Price was always an issue. Price was always a factor. And certainly it was known all along that McKinsey & Company were not going to be the cheapest alternative.

Mr. Taylor: — Obviously you're pleased with the outcome, for them to be worth the money. How was the contract arrived at? As I think you've indicated in the House, McKinsey & Company was paid \$2.205 million for the work that they performed. Was this a total cost contract? Was it a per page contract, per day worked contract, per . . . you know, I don't know. What were the terms of this contract? And how was it outlined at the beginning in the RFP?

Hon. Mr. Stewart: — It was a total price contract. The price was known upfront. And the final approval was given the contract by the board of the UDP.

Mr. Taylor: — So certainly you knew prior to the awarding of the contract that, for about four months worth of work, you were going to be paying in excess of \$2 million.

Hon. Mr. Stewart: — Yes, I was aware, at least at the time of awarding the contract. The UDP made the final decision, as I've said. But I was certainly aware of what the cost would be.

Yes, the model, we borrowed the model from the Ontario power utility and the Australian government when they've done similar pieces of work.

Mr. Taylor: — And so you also acknowledged in the House in question period that essentially the UDP report was drafted by McKinsey & Company. Do you stand by that statement?

Hon. Mr. Stewart: — Well the actual drafting was certainly done by McKinsey & Company at the direction of the Uranium Development Partnership Board and Dr. Florizone.

Mr. Taylor: — Now the board or first of all yourself prepared material that was presented to McKinsey & Company as to what was required of them. The board, if I'm not mistaken, only met twice during this period. Correct me if I'm wrong. Three times?

[21:00]

Hon. Mr. Stewart: — I'm informed that Mr. Botting believes that they met either by teleconference or in person at least four times during that three months or so.

Mr. Taylor: — Thank you. So they didn't meet frequently. I'm assuming those were long days, when they were meeting. They would certainly have to be. But for more than \$2 million over the course of what we have calculated here in the months of December, January, February, and March was really 87 working days, this company, McKinsey & Company, prepared a report basically along the lines that they had been directed by Enterprise Saskatchewan and by the Uranium Development Partnership. Are you convinced at this point in time that indeed we got fair value for the money that was paid?

Hon. Mr. Stewart: — First of all, Enterprise Saskatchewan gave no direction to McKinsey & Company. The direction to McKinsey came solely from the UDP and Dr. Richard Florizone. And from the reports that I have received from the board members and from Dr. Richard Florizone and the quality of the work that has been submitted, I do believe that the province got good value for money.

Mr. Taylor: — So the money was paid out of Enterprise Saskatchewan?

Hon. Mr. Stewart: — No, it wasn't.

Mr. Taylor: — Where did the \$2.2 million come from, which budget item?

Hon. Mr. Stewart: — Crown Investments Corporation.

Mr. Taylor: — From Crown Investments Corporation. When the sector teams report, one of them being alternative energy, if one of the recommendations is to provide a study of meeting Saskatchewan's future energy needs through alternative energy, is Enterprise Saskatchewan willing to request similar funds for similar study on alternative energy?

Hon. Mr. Stewart: — Well if it's deemed that we need a study on alternative energy, the funds will be found from either CIC [Crown Investments Corporation of Saskatchewan] or Enterprise Saskatchewan or whatever agency or ministry or Crown corporation of government is deemed appropriate. This government will do what it has to do to explore all reasonable forms of energy for our future.

Mr. Taylor: — Do you feel that Saskatchewan people currently have enough information to compare the work of the UDP report to alternate forms of energy in order to provide you with a realistic response, as you're requesting in the consultation process?

Hon. Mr. Stewart: — Well I think that through the consultation process and the media and the hype that will surround that by its very nature, I think that people will very quickly become informed as to what is baseload power and what is not. And they'll learn that wind and solar, for instance, while they're good top-up sources of power, they do not provide baseload power. Then that is not the kind of power that makes the light switch come on when the sun isn't shining and the wind isn't blowing.

We need power 24-7 in this province, and accordingly we need substantial additional baseload power. And baseload can only come from coal, gas, hydro, and nuclear at this time. Sadly, solar and wind do not make baseload power, and you can't operate top-up power like solar and wind without backup baseload power. So while they're an attractive addition to the power mix — wind and solar — they're certainly not the answer to baseload power issues that we face.

Mr. Taylor: — Obviously I'm here to ask some questions and not to enter debate and take up a lot of time of the committee with debate. But obviously for the public to make decisions about power capacity 15 years out, then perhaps having knowledge of the status of technology and where other

technology might be 15 years out, there should be some informational review and sharing of that before we conclude where we're going to be at. So I'm hoping the alternative energy panel will be taking some of those things into account, and I'm sure that any mandate that the government provides them should also include sort of direction along those lines.

But I think, just in the interests of time, I want to just shift gears just a little bit and go a little bit further. The minister talked about baseload power. There seems to be some conflict in numbers.

At one point the CIC minister was indicating that Saskatchewan needed about 1000 megawatts of additional power to meet Saskatchewan's needs. The Bruce Power feasibility study — some of us will not actually want to call it a feasibility study; it hasn't got a number in it — but the Bruce Power is suggesting we need 2000 megawatts of power. And the UDP is suggesting that we need 3000 megawatts of power.

Which number is it that Saskatchewan people should actually be paying attention to?

Hon. Mr. Stewart: — Well as a bare minimum, without very much growth at all being factored into the provincial power needs, Saskatchewan will need — before a nuclear power plant could be built in this province, around 2018, 2020 — we will need a bare minimum of another 1000 megawatts. And that's not factoring very much growth at all. Very little. We'll have over 800 megawatts of coal-fired power decommissioned by then. So it doesn't leave a lot of room.

And clearly whatever we do as a long-term solution, we're going to have to come up with some at least temporary baseload power solutions along the way if we don't do something that will produce power before 2020. Those 800-plus megawatts of coal-fired power don't go out of commission the same day. That will start over the next five or six years, I believe, and continue through that time period.

So it's a complicated problem. There's no simple solution to it. The only thing that we know for sure is that probably in the modern world, we're not going to be able to build conventional coal plants any more. And whatever we do build is likely going to be more costly, whether it be wind, solar, clean coal, or anything else that I can think of, Mr. Taylor.

Mr. Taylor: — Okay. At the same time, and even in the House today, Minister, you had indicated that Saskatchewan is going to invest up to \$1 billion in clean coal technology, and actually is planning to ensure that we continue the mining operations in south central Saskatchewan and continue to generate coal-fired power for some time to come. We wouldn't invest this money if we weren't going to do that. So obviously if there is some additional generation considered, even if it's replacement for base power, obviously does that not reduce the actual number of kilowatts required for future generation?

Hon. Mr. Stewart: — Maybe, Mr. Taylor, but this is a huge risk, this clean coal technology. We assume that we're going to be able to come up with a solution to that. Nobody else has in the world. We hope that we can in Saskatchewan and for the good of our people and the good of the planet, we're willing to

invest a lot of money into studying this technology.

And certainly between the federal and provincial governments, and the vast majority of it being provincial, we're going to put \$1 billion into this thing over the next number of years and the private sector's going to put in 400 million. So this is a huge cost and we're informed that, at least with this initial technology even if it does work, it takes a 300-megawatt existing conventional coal power plant and turns it into a 98-megawatt clean coal power plant.

Mr. Taylor: — I'm not meaning to change the subject because I'm interested in staying on this subject, but I can't help but change the subject somewhat here.

When we talk about \$1 billion investment in clean coal technology as a huge risk and just an hour and a half ago you were talking about not supporting the town of Meadow Lake with a mill because the \$100 million investment was a risk, a high risk, I just don't understand how you can support a huge risk with \$1 billion on the one hand but not support a high-risk investment in the forestry sector for a tenth of the cost. How can you justify those two comments in the same evening at the same meeting?

Hon. Mr. Stewart: — Quite easily. Thank you very much, Mr. Taylor. What you're talking about is a wild gamble of taxpayers' money in a private venture, and we are not willing to do that any more and we're not going to do it. And what I'm talking about with clean coal is an investment in science for the good of our planet and the good of our people. And that is the role of government, Mr. Taylor, and I'll stick with that story.

Mr. Taylor: — All right. I thank you again. I'm not here to debate. I had the question and I asked it. There may be other questions that come out of that at a future time but I appreciate the minister's answer.

Today we were confronted with another matter out of the UDP report and that was the issue of transmission lines — transmissions lines that we also discover from the materials that were prepared in the blacked-out report that the minister has now provided us some access to which indicated that as far as Bruce Power was concerned, for a deal to be worked out in Saskatchewan the province had to step up to the plate to upgrade transmission capacity in the province.

We are aware transmission lines are one of the most expensive parts of delivering nuclear power. In the House today, we learned that to make nuclear power generation viable in the province of Saskatchewan, export capacity is absolutely critical. Okay, a 1000-megawatt reactor isn't viable, so we have to export, which means Saskatchewan needs to take responsibility for new transmission lines. What work has been done to understand what needs to be done; what costs need to be done, and to a certain extent, where these lines are going? Are our potential purchasers in Alberta, in Manitoba, in the United States, or where else do we need to build lines to?

Hon. Mr. Stewart: — That's a perfectly legitimate question and it's really a two-piece answer. There are two kinds of grids and they may be financed very differently. The domestic grid for the dispersing power to Saskatchewan residents has always

been the property of SaskPower, and certainly I would assume that that would continue to be the case, whereas an export grid may very well be a private sector venture with no capital risk to the province.

No deals have been made. We're many years from ever making one, but in any discussions, very preliminary discussions I've ever had with Bruce Power, the risk was always going to be on the private sector for any grid associated with the export of power. And no matter what we do, SaskPower will be on the hook for the domestic grid as we are now.

With the Minister of CIC announcing \$950 million to update the grid just so the pulp mill poles won't fall over in the fields, virtually no substantial maintenance money has been put into our power grid in the last 40 years, Mr. Taylor, and so no matter what we do, we're going to have to spend a substantial amount of money in the province to support our domestic grid, which is in a sad state of disrepair. But I'm suggesting that an export grid — assuming someday somebody builds a nuclear reactor or two in this province — the export grid would be the property of the private sector and their responsibility.

[21:15]

Mr. Taylor: — So let me get this clear. You've had some preliminary discussions with Bruce Power and you've made it clear that any export grid capacity is theirs?

Hon. Mr. Stewart: — No, not at all. Hypothetical discussions where we floated these trial balloons to see if they would get traction and they did. Bruce Power seemed to be very accepting of that. If we ever got so far as to make a deal for nuclear reactors in the province, Bruce seemed to be very accepting of the idea that the private sector — not necessarily them — but somebody in the private sector would be responsible for the export grid.

If, on the other hand, SaskPower owned, operated, and built a nuclear reactor at some point, I presume that SaskPower would be responsible for the export grid or for finding a partner that would operate it. Certainly we're many years from making any deals with Bruce Power or anybody else.

We've just last Friday finished the very first step of this multi-step process, which was the issuance of the UDP report. And now I guess there is a number of things going on at the same time. Certainly Bruce Power is doing a study to see if they can find a site in the province that works for them as a site for a nuclear reactor or two. And if they ever do — and I'm uncertain as to whether they will — but if they do locate a site, that will trigger an environmental impact study by both . . . particularly the federal government, but our Environment ministry will be involved as well, and the province of Saskatchewan.

And there are jumping-off points for this government all along the way. Even if the answers all come up positive to the public consultations that are about to begin and the environmental impact studies that may happen in the future and all of the questions that will be asked, this government always reserves the right to say no at any time. And, you know, supposing all of those answers are yes up to that point, then a decision has to be made. Who's going to build this thing? Is it going to be the

private sector? Is it going to be SaskPower? Is it going to be the Government of Saskatchewan and SaskPower? Is it going to be some partnership between SaskPower and the private sector and/or the Government of Saskatchewan?

You know, the only reason I've thrown out any hypotheticals at all is to just determine the willingness of private sector partners to be responsible for the capital costs. And I received positive response to that. They indicated that there was a willingness for the private sector to take on the capital risk associated with these kind of builds. And that is why the questions were asked at that time, and I'm satisfied that the answers are good information, and very little more at this stage.

Mr. Taylor: — As Bruce or anyone else builds a business plan to present to the province — and I'm assuming that the province will evaluate that business plan in the interests of the taxpayer, as well as any other evaluation criteria that it wishes to put in place — but I'm assuming that as a business plan gets built, and we'll assume it's Bruce Power because they've expressed the interest, they will be looking to the Government of Saskatchewan likely to liaise with other governments should export requirements come into place. Has the minister had any discussions with a minister or an elected counterpart in the province of Alberta with regards to the potential of export power to that province?

Hon. Mr. Stewart: — I have not at this time.

Mr. Taylor: — Okay. Thank you very much. I think in the interests of time, I will conclude my remarks there and thank the minister for his answers. And I would turn this back, Mr. Chair, to my colleague from Prince Albert.

The Chair: — Mr. Furber.

Mr. Furber: — Thank you, Mr. Chair. In terms of the recommendations coming out of the UDP, in specific reference to exploration and mining which is page 5 in their report, it says that Saskatchewan should, no. 1, "Maintain its current claim-staking system to provide a favourable environment for exploration."

Do you have the information, the report?

Hon. Mr. Stewart: — I don't have the report in front of me, but I'm quite familiar with it by now.

Mr. Furber: — I just wanted to refer to them by number so . . .

Hon. Mr. Stewart: — I'll take your word for the numbers.

Mr. Furber: — I guess my question is, is the minister in support of recommendation no. 1, and what course of action is he going to follow to ensure its implementation?

Hon. Mr. Stewart: — What is recommendation no. 1? I'm sorry.

Mr. Furber: — That's why I was asking.

Hon. Mr. Stewart: — I don't have it with me. I'm sorry.

Mr. Furber: — Saskatchewan should “Maintain its current claim-staking system to provide a favourable environment for exploration.” It’s a simple enough recommendation.

Hon. Mr. Stewart: — You know, on the surface of it that seems totally innocuous and agreeable. But certainly none of the suggestions in the UDP are matters that, as a minister of the Crown, that I should be commenting on really one way or the other in a definitive fashion until the end of the consultation process.

Mr. Furber: — Okay. I would assume then that I’d get the same answer for . . .

Hon. Mr. Stewart: — Yes, we really need to wait for this consultation process and see what the people of the province think about each of these issues.

Mr. Furber: — I guess just a question in terms of the overall process of the UDP. A lot of people are asking me — and not particularly anti-nuclear folks — they’re asking me why, when the panel said it was going to study, I think it was four forms of resources of energy — correct me if I’m wrong . . .

Hon. Mr. Stewart: — Not to my knowledge, Mr. Furber. I believe that this Uranium Development Partnership was going to study the nuclear cycle.

Mr. Furber: — Okay. Then I certainly got some information from somewhere, then. Now I’m sure the minister’s been made aware of Mr. Mandryk’s column of today, and to avoid taking time reading into the record, maybe he could just acknowledge that he’s familiar with it or knows of it generally.

Hon. Mr. Stewart: — At the risk of offending Mr. Mandryk, I’ve had a very busy day, and I haven’t had an opportunity to familiarize myself with today’s column. I usually do, mind you. I want that on the record.

Mr. Furber: — I didn’t mean to put you on the hot seat with Mr. Mandryk. His statement is . . . Well I guess I’ll read some of it then:

But even if you trust [and I’m quoting] what Premier Brad Wall said Monday — that his Sask. Party government hasn’t made a final decision on a nuclear power plant and won’t until the end of year -- you have to ask: Is two weeks enough time to cram in all the legitimate questions that now need to be asked?

I guess if you could comment: one, on where he might have got the two-week time frame from; and two, if it’s incorrect, and you had mentioned today that I think June 15 was the . . . and if you think that’s enough time to have a province-wide discussion on this issue.

Hon. Mr. Stewart: — Yes. First of all I picked up another thought in there that I want to speak to. I think you quoted Mr. Mandryk as saying something about a decision being made by the end of this year. I hope that wasn’t referring to a government decision about nuclear power, because well there will be no such decision made in any such time frame.

Mr. Furber: — Even if a decision hasn’t been made, he said.

Hon. Mr. Stewart: — All right. As to the time frame for the public consultations, you know the public consultation process started last Friday, April 3, with the opening of the website and the opportunity, the posting of the address for letters to be written on the subject. And those opportunities will continue until June 15. During that period there will be nine meetings held throughout the province in locations, you know, as uniformly and widely spread around the province as I think can be managed.

There will be three days of stakeholders consultations, two with all sorts of stakeholders and one that will specialize in First Nations and Métis stakeholders. And so I believe that between April 3 and June 15 that there is ample opportunity for people to make their views known through, you know, the Internet, regular mail, or attending the meetings that will be held — the nine meetings around the province which will each contain two sets of five breakout sessions as a process.

So there’ll be plenty of opportunity for people to make their opinions known, and I feel very comfortable about that.

Mr. Furber: — I just want to inform the minister where Mr. Mandryk might have got his information from. There’s an Angela Hall story in the *Leader-Post* April 6 which says, and I’ll quote:

Premier Brad Wall says the Saskatchewan Party government will likely decide before the end of the year whether to OK the idea of a nuclear power plant in the province.

So does his timeline contradict yours, Mr. Minister?

Hon. Mr. Stewart: — Certainly I don’t think any decisions will be made in any time frame that would even resemble that one. This is a long-term proposition. No decisions will be made for a very, very long time.

Mr. Furber: — Could you explain then where his thought process might have come from, why would he make that statement?

Hon. Mr. Stewart: — I just can’t say. You know, I’ve tried to outline the processes that we have to go through, including the environmental impact study which will take a substantial number of years. Certainly there’ll be no decision required of this government until such time as that would be complete, at the earliest.

Mr. Furber: — I guess we’ll have to take the minister’s word that this will take some time, but he’s at odds with the Premier in this case. And another case that he’s offside with the Premier’s statements is in terms of waste. I have and I will table with this — I don’t have it with me now with this committee — a quote that the Premier made where he said that we have a moral and ethical responsibility to store waste in the province, and that he would signal to the universities to prepare the province to do that. And you’re on the record saying that waste is not going to be part of the discussion because the people don’t want it. So I guess maybe you could quickly define for us,

is the Premier right that waste is on the table or again, are your comments the correct ones people should believe?

Hon. Mr. Stewart: — I think that is part of a quote by the Premier where he plays with both sides of the argument. In the moral obligation at some time to be responsible for our waste, it is clearly an issue, an issue that we take very seriously. But at the same time, the people of the province have told us, at least in polls, and it'll be interesting to see what the public consultation process shows us, but the people of the province have told us to this point that there are not a majority of Saskatchewan people that would support storage of waste in the province at this time. It's just not on at this time, and certainly won't be a consideration until we're convinced that a majority of Saskatchewan people would be in favour of it.

Mr. Furber: — So just to be clear, the minister won't go on the record presupposing what the consultation might say in terms of maintaining its current claim-staking system to provide a favourable environment for exploration, but you're willing to go on the record before the consultation saying that waste isn't on the table any more.

Hon. Mr. Stewart: — I'm not referring to the consultations on that piece. We've done polling on that issue in the past, and we found that there was substantial support for every piece of the nuclear cycle up to but not including waste disposal in this province. And so, as an entry point, that is our position. Now our minds may be changed by the public consultation process, but until such time as we're convinced that people of the province want that, we're not going to do it.

[21:30]

Mr. Furber: — Is that polling a public document? And if it's not, will the minister make it public?

Hon. Mr. Stewart: — I'm sorry I . . .

Mr. Furber: — The polling, is it public now? And if it's not, will the minister make it public?

Hon. Mr. Stewart: — No. Our polling is internal and it will not be made public.

The Chair: — We've reached our agreed-to time for this segment of the evening. I would like to thank the minister and officials for their answers. And if you'd like a break — because you don't get a break where committee members can get up and move around — if you'd like a five-minute break, Mr. Minister, or we can go right ahead and do the next half.

Hon. Mr. Stewart: — I think a five-minute break might be appropriate. And I thank the Chair and the committee members for their questions and co-operation to this point.

The Chair: — Okay. The committee will recess for five minutes. Be back in your chairs by 25 minutes to.

[The committee recessed for a period of time.]

The Chair: — Can we call the committee back to order seeing the time is 25 to. Okay, welcome back. I know it was a short

break, but it was at least a stretch break.

Bill No. 46 — *The Labour Market Commission Amendment Act, 2008*

The Chair: — The item before the committee at this time is Bill No. 46, *The Labour Market Commission Amendment Act, 2008*. And, Minister, I believe you have your same officials here.

Hon. Mr. Stewart: — Well I have some of them anyway, Mr. Chair. I'm starting to feel more and more alone.

The Chair: — So if you would wish to reintroduce who you have, you may do so at this time.

Hon. Mr. Stewart: — Angela Schmidt to my right, and Dale Botting to my left. Gerry Offet is still behind me, and I think that's all. Yes.

Clause 1

The Chair: — Thank you, Mr. Minister. We'll now consider clause 1, short title. And, Minister, if you have any opening remarks you may proceed.

Hon. Mr. Stewart: — No, I think the time is short enough. I'll forego the opening remarks on this one and save as much time as possible for the questions that I know surely will come.

The Chair: — Okay. Mr. Iwanchuk.

Mr. Iwanchuk: — Yes, I thank you very much, Mr. Chair. And thank you to the minister for allowing as much time for questions as possible, and welcome to all the staff still here sticking it out. I probably would like to start, just a question in terms of the changes that were made, the amendments that were made, and what sort of drove those changes or what, if any, review was undertaken of the existing commission that led you to make the amendments that you did.

Hon. Mr. Stewart: — The original commission I think had 19 members — is that correct? — and we believe that that was very extravagant as far as costs go. And we were in the process of paring that down and that's what the original amending Bill was about, Mr. Iwanchuk.

Mr. Iwanchuk: — And in terms of that, moving forward from there, were those the only reasons for the amendments? Because there was a number of other changes made.

Hon. Mr. Stewart: — No, there were other reasons, certainly mostly centred around the cost of this organization. I was presented with a request to the Treasury Board for nearly \$1 million to sustain this organization, and that was frankly not on. So we needed to cut some corners, cut some costs substantially out of this piece, and so that was the reason for the original amending Act.

Mr. Iwanchuk: — So looking forward, what have you determined to be the new goals or the focus of the commission as it exists today?

Hon. Mr. Stewart: — Well moving forward, there is no funding for the commission for the fiscal year '09-10. And this will become a strategic issues council during this year. and we will reduce the cost from, I think, 940 million roughly that was requested in the Treasury Board submission to I'd suggest 10,000 likely, possibly as much as 15,000 all in and get the same or similar results.

Mr. Iwanchuk: — I'm sorry. Did I hear you right? What was the budget prior to . . .

Hon. Mr. Stewart: — The budget request was, I believe, \$940,000. I think it's in that neighbourhood.

Mr. Iwanchuk: — I thought you were talking about million.

Hon. Mr. Stewart: — Oh, maybe I did say million. I'm used to talking about nuclear power. The numbers got kind of big.

Mr. Botting: — The actual expenditure is about 450,000 from last year, but in prior years, the request was at the minister's magnitude.

Mr. Iwanchuk: — So that will be pared down to 15.

Hon. Mr. Stewart: — Yes, thereabouts. Yes. I'm hoping 10, but 15 will certainly cover it in any event.

Mr. Iwanchuk: — Okay. Assuming that the committee is still able to operate, I imagine, on that, what directions or instructions do you provide to the committee in terms of what work it should do?

Hon. Mr. Stewart: — They won't carry the overhead that they have carried in the past, and they'll operate as a strategic issues council of Enterprise Saskatchewan. And basically their role will be much the same.

They've recently reached a substantial completion of their labour market strategy report, which is a good stepping-off point for us in this piece; a good time to cut that somewhere between 500,000 and \$1 million cost that looks like it's going to be an ongoing piece for the people of the province, and give us some time to review that strategy and provide strategic issues council with some good membership and let them carry on the other work that the Labour Market Commission did, but without the overhead and consequently most of the expense.

Mr. Iwanchuk: — Could you just expand on the strategic counsel that they would be providing?

Hon. Mr. Stewart: — Well it'll be much like the other strategic issues councils around Enterprise Saskatchewan. They will certainly report to the Enterprise Saskatchewan board and share staff with Enterprise Saskatchewan. They'll be mandated to guide and direct labour market development priorities; to bridge labour supply and demand gaps; to help the province respond to economic growth opportunities and challenges; to consider current and future employer needs; to foster co-operation among labour, business, First Nations, Métis, and government in developing labour market solutions; to provide advice on provincial, regional, and sectoral labour market issues, trends, and strategies; to provide advice regarding

existing and proposed programs, policies, and/or actions that contribute to closing the labour supply and demand gap; to assist the Enterprise Saskatchewan board in monitoring progress towards meeting labour market development goals; and to provide a leadership role in facilitating understanding of key labour market issues among labour, business, and government partners and the public.

Mr. Iwanchuk: — So have all the appointments been made to the commission now?

Hon. Mr. Stewart: — No, they have not.

Mr. Iwanchuk: — How many still are . . .

Hon. Mr. Stewart: — I don't believe any of them have been confirmed. Certainly some people have been asked.

Mr. Iwanchuk: — Would it be right to say none have accepted, or none have . . . When you say confirmed, what does that mean?

Hon. Mr. Stewart: — Well we haven't confirmed the board, and I don't know what . . . Mr. Botting has been more intricately involved in that process than I have.

Mr. Botting: — We have discussed with the existing Co-Chairs the interest that we have in their continuation on the labour market council. Both Co-Chairs who represent their respective organizations suggested to us they'd like to defer an immediate response until they further discuss back with their organizations, given their other time loads and pressures. And also, in fairness, they want to see the terms of reference in some detail.

We've also extended the invitation to the current CEO, who is a part-time CEO, Mr. Vern Bachu, who has a strong background history in the Aboriginal and First Nations communities across the province. And we would like to have him continue as also a member of the council. He has confirmed verbally his interest.

And we are in the middle of further discussions with some of the existing labour market council people, plus get the advice and wise counsel of the existing two Co-Chairs in terms of who else they may also further suggest to us.

Mr. Iwanchuk: — Now the Co-Chairs are . . .

[21:45]

Mr. Botting: — The Co-Chairs are the current . . . well she's going to be, the upcoming head of the Saskatchewan Chamber of Commerce, she is Holly Hetherington. And the other Co-Chair is Mr. Larry Hubich who is the head of the SFL [Saskatchewan Federation of Labour] and will be again.

Mr. Iwanchuk: — When did you hold these discussions with them, and when do you expect that they would give you an answer?

Mr. Botting: — We're at liberty to share with them as a pre-budget lockup on budget day, because of budget confidentiality until budget day, the results about the no funding

for the Labour Market Commission. At that time, we also indicated our interest to move forward on the council, and then we further met with both Mr. Bachu and through the board at a couple of conversations, telephone and otherwise. We actually had a meeting of the labour market council on Friday of last week with both Co-Chairs present.

Mr. Iwanchuk: — Do you see them being hampered in their operations in terms of . . . are you expecting appointments from around the province in terms of just costs of meetings?

Hon. Mr. Stewart: — Well no. Some travel costs may be payable and will be. We're not going to pick the entire council from the city of Regina. So it's inevitable to receive some, you know, distribution and a fair distribution of the membership around the province that we're going to have to pay some travel costs. But certainly this will save the taxpayers somewhere between 450 and \$950,000 a year going forward, so if we have to pay a few per diems and a bit of mileage, so be it.

Mr. Iwanchuk: — What do you foresee that the budget would be used for? The 10,000 or 15,000, what would make that up?

Hon. Mr. Stewart: — The budget will solely be for facilitating the meetings. The staff will be on loan from Enterprise Saskatchewan, and the board or the council will be fully staffed. And certainly there'll be no cost for staffing or overhead involved as there has been in the past. These will just be the costs of the meetings, the travel to get there, per diems for the members, and so on.

Mr. Iwanchuk: — I suppose you're getting used to getting quoted in different materials but let me just . . . because this was on the second reading which you spoke on where it says:

Under *The Enterprise Saskatchewan Act*, the agency will be instrumental in working labour organizations as it moves forward with its goal to make recommendations to government about economic growth and removing barriers to that growth. Because of the major labour issues related to this goal, it is necessary for Enterprise Saskatchewan to have a close working relationship with the Saskatchewan Labour Market Commission.

But it would seem in that also that in terms of the labour organizations, have you had direct discussions with those organizations other than with the Co-Chairs?

Hon. Mr. Stewart: — I haven't personally but I don't know if Mr. Botting has.

Mr. Botting: — Only through the existing labour representation on the SLMC [Saskatchewan Labour Market Commission] — that was the former SLMC — and all of the other labour representatives are actually in the past under the previous model have been selected through their affiliate representation and linkage to the SFL. So we've worked through that respecting the SFL affiliate system.

Mr. Iwanchuk: — But there was a change where the government was going to make the appointments as opposed to going to the affiliates themselves. I mean there's a . . .

Hon. Mr. Stewart: — Yes. That's correct. Government will be making the choices for the labour market council membership.

Mr. Iwanchuk: — So how has that been working? To say probably that there's somewhat of a poisonous or poisoned relationship between government and labour organizations, are you finding that impeding your appointments?

Hon. Mr. Stewart: — No, I don't believe it will. And certainly we're not finding that yet, but we haven't filled the council either, so we'll see how it plays out. But I don't anticipate serious problems with that.

And I don't accept the premise that the atmosphere between this government and organized labour is one that is poisoned. I think that there are some individuals that have taken exception to the fact that the government changed, but generally speaking I think that we have a reasonably good working relationship with organized labour in this province.

Mr. Iwanchuk: — But in terms of meeting with them or discussions, that has been only through the president of the federation to this point.

Hon. Mr. Stewart: — To this point, that's correct, yes. But I expect that there will be considerably more contact before this council is complete.

Mr. Iwanchuk: — Could you just expand on that, whether in terms of the appointments, whether they'll be through the SFL, Saskatchewan Federation of Labour, or whether you'll be contacting affiliates, some other labour groups directly.

Mr. Botting: — May I, Minister?

Hon. Mr. Stewart: — Yes.

Mr. Botting: — We will have a further discussion of this to get direction and advice from the Enterprise Saskatchewan board at the very next board meeting later this month. And then based on their direction and counsel, we will go forward. We certainly want to begin with discussion. I've indicated Mr. Hubich; we'd like to start with him. But based upon other advice from the board on the labour side, we'll get other counsel as to who we may also want to talk to. And on our board of course there are other labour representatives; like Mr. Hugh Wagner is on our board of directors.

Mr. Iwanchuk: — That is the new board or that was the existing board because I'm kind of confused. You have new appointments that haven't been confirmed, but yet you aren't meeting with the . . .

Mr. Botting: — The board of Enterprise Saskatchewan as a whole.

Mr. Iwanchuk: — Okay.

Mr. Botting: — That's the super board.

Mr. Iwanchuk: — Now have you met with the business groups for input for the Labour Market Commission?

Hon. Mr. Stewart: — I haven't been involved in meeting with anybody as far as asking them to serve on the council to date, but I'll ask Mr. Botting if he has.

Mr. Botting: — The process has been very similar, in fact exactly equal in terms of the process to date. We've worked through the Saskatchewan Chamber of Commerce with their role as Co-Chair, and with the other business individuals who were on the old SLMC. And again based on further advice from the full Enterprise Saskatchewan Board, like just as we may go beyond SFL for further consultation on the council, we'll likely go beyond the Sask Chamber for additional consultation. But we're waiting for the further considered opinion and advice from the full Enterprise Saskatchewan Board.

Mr. Iwanchuk: — Okay. Do you have any set date as to when you would expect that you would want some answers for people, or could we . . .

Mr. Botting: — I think we'll probably want to have . . . The board meeting is later this month, the full Enterprise Saskatchewan Board, based upon their direction and advice. We want to move fairly quickly within the next two or three weeks after that, and then be able to be in a position where hopefully we can get the labour market council moving forward to make sure we don't really drop the baton, so to speak, between the old SLMC and the new labour market council. So we keep that continued advice and all those ideas flowing.

Mr. Iwanchuk: — Now you mentioned a new report that was completed. Were there any recommendations coming out of there that you've been . . .

Hon. Mr. Stewart: — I haven't seen the labour market strategy report as of yet. I believe it's still being compiled and put together, but the work is done. I expect that we'll see it within a week or two. Mr. Botting tells me the end of this month.

Mr. Botting: — And that's Saskatchewan board meeting as well.

Mr. Iwanchuk: — Okay. And that is a public document . . .

Mr. Botting: — That's an advisory document delivered to the Enterprise Saskatchewan Board. And then there is a set of recommendations that, within the due course of Enterprise Saskatchewan we're obligated to make our . . . when the report is endorsed by Enterprise Saskatchewan, we are obligated to periodically make those ES recommendations public. We have to first get it through the ES board for review and discussion and acceptance.

Mr. Iwanchuk: — So are the discussions there . . . I would think that the previous board spent a lot of time with labour shortage, and would that make up a major part of that report?

Hon. Mr. Stewart: — Well as I've said, Mr. Iwanchuk, I haven't seen the report yet, and I expect that that would be a major part of this report, but I can't say that for sure.

Mr. Iwanchuk: — So that was basically the Labour Market's main work, and that would be from the existing commission that was there?

Hon. Mr. Stewart: — That's correct.

Mr. Iwanchuk: — Okay. When was that completed?

Mr. Botting: — Well the report in draft form, the last draft was last Friday. They were just right up to the end. It's a very important break point. And then there's some considerable additional comments from the members of the old commission, and that report is now being finalized within the next week and then be ready for delivery to the Enterprise Saskatchewan Board on April 23.

Mr. Iwanchuk: — Were any of the previous members contacted in terms of continuing on the board, or are we looking at a completely different . . .

Hon. Mr. Stewart: — Ms. Hetherington and Mr. Hubich and Mr. Bachu, certainly.

Mr. Iwanchuk: — But are any under consideration?

Hon. Mr. Stewart: — I would say that some are being considered.

Mr. Iwanchuk: — Thank you, Mr. Chair.

The Chair: — Mr. Furber.

Mr. Furber: — Just quickly, who did the minister consult with prior to making changes to the Labour Market Commission?

Hon. Mr. Stewart: — Well I'll put it this way. I looked at the budget submission and I thought about myself going to Treasury Board and asking for \$940,000 to continue this work when the labour market strategy report was virtually complete, and decided that that was not going to be on. That was not in the best interests of the taxpayers to continue this, and I made an executive decision to offer this up to Treasury Board as a cut and it was accepted.

Mr. Furber: — Certainly I think — I can't speak specifically — but I think that the minister would be absolutely shocked to death if he spoke to people from both sides about the Labour Market Commission and what it meant to them.

I talked to folks from the chambers of commerce who believed that this was the only commission, board, entity in all of government in which labour, business, and government worked cohesively together to provide solutions for business, labour, and government. And I talked to folks on the labour side who almost identically echoed those sentiments.

Additionally folks from the business side had said that one shouldn't ought to be concerned about the cost of doing business. One should be more concerned about the cost of getting this wrong. And so they want some assurance from the minister that, irrespective of the dollar figure . . . it doesn't make any difference to the folks from business. They want a model that works. And I guess I want some assurance today that the minister will provide a model that works as well as the Labour Market Commission was working.

Hon. Mr. Stewart: — Well we believe that the model that

we're providing with the labour market council as opposed to the Labour Market Commission will be very similar in its operation except that ES staff will replace the very substantial overhead that the Labour Market Commission carried on their backs and cut the costs by many hundreds of thousands of dollars to the taxpayers of Saskatchewan. And, Mr. Furber, you stated that business doesn't care how much it costs. I don't know if that's true, but I can tell you this, that the taxpayers do.

Mr. Furber: — I should have said that they're more concerned about the outcomes, certainly. Now the cost of getting it wrong is potentially enormous, and so just in terms of the folks from the chamber, the business side, they have concerns. And I wonder if the minister's contemplated this — that business is less forthcoming or desirous of providing information to government than they would be to the Labour Market Commission, and this in terms of their future need or projected need in terms of labour. So how will the minister sort of overcome that problem or perceived problem that's been expressed to me?

Hon. Mr. Stewart: — Well that may be the case. I believe though that business considered the Labour Market Commission to be an arm of government as well, as it certainly was. It was fully funded by the taxpayers. And you know — according to my emails and faxes and text messages and letters — business is not shy about approaching government. That's really what we do in my office, is deal with business, and I haven't noticed any particular shyness. I think they're quite aggressive in making their opinions known to government, and so far I haven't heard from any of them on these changes, but I expect that I likely will.

Mr. Furber: — I'm certain that you will, and I guess I'm finding it unfortunate at this point that a consultation, however brief, would have turned up a desire to make the Labour Market Commission work. And I'm sure that there would be models in existence that could have reduced the costs and kept the Labour Market Commission, at least in principle, doing the same job in the same manner.

[22:00]

And I talked to folks on each side, and the quote that I got was that, from one side, was that the reduction in the size of the board wasn't noteworthy for anybody, and the other side agreed that, you know, there were no concerns really about a reduction in the size of the board. They thought they could perform well, so there would have been a cost saving there.

If you look at what has been sort of an impediment or what's one of the things that has the largest potential to hold the economy back in the future, right now it's the capital markets. But when those are fixed, I believe, and you've seen it I'm sure in some of the questionnaires that come back from the CFIB [Canadian Federation of Independent Business] and the like, labour shortages were their biggest concern in recent history, and I think that will continue.

And so I think the cost of getting this wrong is enormous. And I hope that — and I'm certain it will be the case, although I don't understand the methodology that led you to make this decision — I'm hopeful that you move forward with the understanding

that getting this wrong is absolutely perilous for business in Saskatchewan and certainly for workers in the province.

I guess I just wanted to make sure that that was on the record, not only because it's my own view, but because it's been something that's presented to me on both sides. So certainly I don't want to preach at all, but I'm just hopeful that the minister understands the gravity of this and endeavours to get it right, based on the need.

Hon. Mr. Stewart: — I certainly do understand the gravity of it. I agree with you, Mr. Furber, that when capital ceases to be the number one problem, I think Saskatchewan will experience growth even greater than it did in 2008. And attracting labour will certainly be one of, if not the major issues.

And that's why I'm comforted by the sincere belief that this switching from a Labour Market Commission to a labour market council with a board structure that's very similar, and the only real difference being that the administration is provided by existing Enterprise Saskatchewan staff rather than dedicated employees and facilities. I'm comforted by that. I believe that the labour market council will perform the function that Labour Market Commission did. And I want to be on record as saying that the Labour Market Commission did some good work. The cost was, in my view, exorbitant but the work was top-notch. And I believe that the labour market council will be able to continue that.

Mr. Botting: — If I may, Mr. Furber, the ES board, I think would share your concerns about how crucial it is to get this right. We have done lots of in-board consultations and discussions — the big board that is Enterprise Saskatchewan. And as their CEO, I feel obligated to share this with the Chair, they've indicated that labour market development and particularly participation of the Aboriginal workforce is job number one for the province. We have three members particularly on our board that are very sensitive to Aboriginal participation in the workforce, so we do see that.

One of the problems in the past under the old Labour Market Commission funding structure was that it got caught in a lot of program delivery that sidetracked its activity to some degree and certainly led to its overheads just because they had to bring in program dollars from the federal government and other things just to further sustain itself. And under the Enterprise Saskatchewan model — now that we have Enterprise Saskatchewan — we think we can sustain the consultations without having them be diverting their energy to just managing programs, and now they can focus on the really key policy issues at hand.

Mr. Furber: — . . . by the statements certainly, and I don't think anybody here has any further questions. So with that, I'd certainly like to thank the minister. I do respect very much your candidness, both here and in other forums, and thank the officials for being here and being candid as well.

The Chair: — Seeing no more questions, clause 1, short title. 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: Bill No. 46, *The Labour Market Commission Amendment Act, 2008*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. I would ask a member to move that we report Bill 46, *The Labour Market Commission Amendment Act* without amendment. Could I have a mover?

Mr. Michelson: — I so move.

The Chair: — Mr. Michelson moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. I'd like to thank the minister and officials for being here this evening and answering questions. I'd like to thank the committee for their time here. And I would now entertain a motion for adjournment.

Hon. Mr. Stewart: — Mr. Chair, if I may, I'd like to take this opportunity as well to thank my officials and yourself, Mr. Chair, and the committee members. It's been a long but a fun-filled discussion on a number of topics, and maybe not very good television but we enjoyed it. And thank you all.

The Chair: — Now I'll entertain a motion for adjournment.

Mr. Harrison: — I so move.

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

Some Hon. Members: — Agreed.

The Chair: — I thank you all.

[The committee adjourned at 22:07.]