



STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Lyle Stewart, Chair
Thunder Creek

Mr. Ron Harper, Deputy Chair
Regina Northeast

Mr. Rod Gantefer
Melfort

Ms. Nancy Heppner
Martensville

Hon. Darryl Hickie
Prince Albert Carlton

Mr. Len Taylor
The Battlefords

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 19:00.]

Mr. Elliott: — Good evening, everyone. As Committee Clerk, it's now my duty to preside over the election of the Chair, and I will call for nominations for that position now.

Ms. Wilson: — I'd like to nominate Mr. Lyle Stewart for the position of Chair for the Standing Committee on the Economy.

Mr. Elliott: — Ms. Wilson has nominated Mr. Stewart to the position of Chair. Are there any further nominations? Seeing no further nominations, I would now invite one of the members to move the motion, Mr. Stewart be elected to preside as Chair of the Standing Committee on the Economy. Mr. Hickie.

Hon. Mr. Hickie: — I move:

That Lyle Stewart be elected to preside as Chair of the Standing Committee on the Economy.

Mr. Elliott: — Mr. Hickie has moved:

That Mr. Stewart be elected to preside as Chair of the Standing Committee on the Economy.

All those in favour of the motion? All those opposed? I declare the motion carried and invite Mr. Stewart to take the Chair.

The Chair: — Thank you for that overwhelming vote of confidence. On the agenda this evening, we will be considering the supplementary estimates for the ministries of Agriculture, Enterprise Saskatchewan, and Energy and Resources. First I would like to introduce the members of this committee who include Ms. Wilson, Mr. Taylor, Ms. Heppner, Mr. Hickie, Mr. Iwanchuk, and Mr. Lingenfelter.

I'd also like to table the following document: ECO 22/26, regulations report from the Law Clerk.

Estimates were deemed referred to the Standing Committee on the Economy on November 25th, 2010: vote 1, Agriculture; vote 23, Energy and Resources; vote 43, Enterprise and Innovation Programs; vote 26, Environment.

**General Revenue Fund
Supplementary Estimates — November
Agriculture
Vote 1**

Subvote (AG10)

The Chair: — Committee members, we're now looking at the estimates for Agriculture, business risk management, subvote (AG10) on page 11 of the Supplementary Estimates booklet. Mr. Minister, would you like to introduce your officials and make an opening statement.

Hon. Mr. Bjornerud: — Well thank you, Mr. Chair, and welcome to your new position. We look forward to working with you. Mr. Chair, and to the members, Alanna Koch is the deputy minister of course. I think everyone knows Alanna. To my right is Dean Cursons. He's the acting director of corporate

services branch. Rick Burton is our ADM [assistant deputy minister], right behind me. I think most know him. Cam Swan, general manager of Saskatchewan Crop Insurance. Scott Brown, at the back on the right side there; Tom Schwartz, right here behind me. And Milo Grimsrud, policy analyst — where are we? — Milo's back there, and Tim Highmoor, my chief of staff.

Mr. Chair, as you've stated, we're here to deal with supplementary estimates tonight in the amount of \$144 million, and we will attempt to answer all the questions that are brought forward with that supplementary estimate.

The Chair: — Thank you, Mr. Minister. We will now take questions from the committee members. And I'd ask that the people with the minister would please state their name the first time they speak for the purposes of Hansard's recording. Questions. Mr. Lingenfelter.

Mr. Lingenfelter: — Thank you very much, Mr. Minister, Mr. Chairman. I have a number of questions and I know my colleagues will have a few as well. And I just want to, by way of opening remarks, just indicate to the minister that since we last met, I think agriculture has gotten better and worse. It's been a very interesting year, and a bit of, I guess, what we traditionally have, but only on a larger scale of feast and famine in the province.

Those areas that got their crops in and got them off before the frost probably will have one of the better years that they've experienced. And on the other hand, there's 12 million acres more or less that went unseeded because of the flooding. And of course some was flooded that was seeded, and frost for some of the late seeded crops absolutely harmed a large number of acres and deteriorated the crop yield as well as the quality.

My question that I wanted to ask first, Mr. Minister, is dealing with crop insurance. Can I get from you the percentage of farmers or the number of farmers who carry crop insurance versus those that don't. And also by acres, is there . . . Because it won't be the same. But a percentage of acres that are covered in the province with crop insurance and those acres that aren't. Could I get those numbers from your staff?

Hon. Mr. Bjornerud: — I believe the question is the number of farmers and the number of acres that have been covered by the crop insurance program.

Mr. Chair, this year we had 23,776 producers enrolled in crop insurance with approximately 21.5 million acres being insured, and that's about 72, 73 per cent of producers across the province.

Mr. Lingenfelter: — And in terms of the acres that would be uninsured?

Hon. Mr. Bjornerud: — Mr. Chair, to the member, about eight and a half million acres in the province that are not insured. So that works within the percentages I talked about here a few minutes ago.

Mr. Lingenfelter: — How much is it, Mr. Minister? What was

the number again?

Hon. Mr. Bjornerud: — Eight and a half million acres.

Mr. Lingenfelter: — And to date can the minister indicate how many dollars have been paid out on the early claims of crop insurance? And I know you won't have a final number because that's still . . . people are still getting their . . .

Hon. Mr. Bjornerud: — Paying out to date is about \$283 million. I can break that down for you if you like: unseeded acreage is about \$221 million, which the member will know is up dramatically from any previous year that we've had in the past; establishment acres, about 13.8 million; pre-harvest claims are about 6.7; and to date, post-harvest claims, which is ongoing and there's, you know, we're processing those right now is about 35 million. And then of course we added the wildlife damage compensation under crop insurance, so that's about \$6.8 million. So when you combine crop insurance and excess moisture program, we've paid out about \$534 million in payments to date.

And of course there's more that will be added to that as we total and tally up all the rest of the applications.

Mr. Lingenfelter: — Any estimate at this point what a final number and a ballpark number?

Hon. Mr. Bjornerud: — Well I think we're getting very close.

Mr. Swan: — I think we're close to knowing on the excess moisture program and the too wet. The after-harvest piece, we have some estimates. But we're not all that confident in the estimates, and the reason we're not is the grade losses this year that some are experiencing. We're still out assessing those claims and determining a level of grade loss and how much we're compensating for that.

Mr. Lingenfelter: — The total number will be how much over the estimate that we would have had? Obviously when the year starts we have some sort of an estimate. Are we double what we expected? And I don't say this in any way as criticism. I mean it's just weather.

Mr. Swan: — We're not double. We're higher than what we originally anticipated. If you had asked me that question in September, I would have expected us to be more than double. But the October weather co-operated, so we won't be more than double than what we originally expected. So all in all, although it wasn't a great year certainly going in, it hasn't turned out to be nearly as bad as several other years we've experienced.

Mr. Lingenfelter: — And what about the number of claims to date? How many in total number of claims when you add in all of the different categories?

Hon. Mr. Bjornerud: — [Inaudible] . . . add them all up, it's around 34,000 claims.

Mr. Lingenfelter: — So that would mean that many of them would have more than one claim?

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

Mr. Lingenfelter: — And what about on the issue . . . And we get a few calls, and we had a bit of a discussion around this last time we met, but claims denied where Crop Insurance just says, look, farming practices, or for some reason. What are the number of denied claims? Is there a category, and do you have a number on the number of . . .

Hon. Mr. Bjornerud: — I don't know if we have that number right now. When we finish the year, then of course those numbers would be included of how many denials there would be or how many claims that weren't paid on. I don't think we have that number available at this point. We're three-quarters through the year, or two-thirds.

Mr. Lingenfelter: — Is there an appeal mechanism? Like let's say a farmer is denied. Where do they then go?

Hon. Mr. Bjornerud: — Cam will get to this, but there's a couple of processes that a producer can go through.

Mr. Swan: — Yes. There is, as the minister alluded to, there's what we call sort of a three-level appeal process. The first level of appeal is to your local manager, your local office manager. We have 21 offices spread around the province. The next level is to our regional manager group. We have three regional managers around the province. And that's sort of the end of the internal appeals, if you will. Then we have a third level which is an independent producer appeal panel that is appointed, that hears specific producer appeals, and then they make recommendations to our board of directors.

Mr. Lingenfelter: — How many people are on that appeal board, and who are they?

Mr. Swan: — There's six members on the board or on the appeal panel, sorry. I've got to dig into my memory to think of all the names of them.

Mr. Lingenfelter: — I won't need it tonight. And my assumption is that that appeal mechanism hasn't changed and that . . . I mean the names on that appeal board likely will have changed . . .

Hon. Mr. Bjornerud: — The board members have changed, but the process is exactly as it was before, yes.

Mr. Lingenfelter: — How long has that process been in place?

Mr. Swan: — It's been in place approximately 10 years. I don't know the exact number of years. It might be about . . . It might be a little bit longer than that. We've made some changes internally, but really the fundamentals of it have been the same over those years on a three-level process and the last step being external panel of peers, basically.

Mr. Lingenfelter: — Now in the Supplementary Estimates in a footnote, it says, additional funding was provided by special warrant for the estimated 144 million for the provincial portion of the Canada-Saskatchewan excess moisture; and subsequently, it has been projected that only 107 million will be required for the program and 37 million is required to address a pressure in the AgriStability program within the business risk management subvote.

Can you just explain out how that came about?

[19:15]

Hon. Mr. Bjornerud: — As you know, when we announced the program it was \$360 million, of course, cost shared by the federal government: 144 million of that was provincial share; 216 million was federal share. That was the program based on the estimates that we had guessed — I would say guesstimates — that we thought the flooding program may, what it may . . . how many acres it may be and how much it would cost. Also at the same time though, knowing that AgriStability costs were going to go up because of course with the flooded area and a fair number of acres in the province under the AgriStability claims, of course the payouts are going to be higher.

The uptake on the excess moisture program was 107 million. So that was somewhat lower than we had estimated but then, at the same time knowing that AgriStability was going to go up, that's what . . . We have left that amount in that program to cover off what AgriStability additional costs will be.

Now knowing, of course, that again that's guesstimates that we're putting in place, we aren't totally sure. And as the member will know, a lot of the budget, when we first bring the budget out at the beginning of the year, it's on estimates from the federal government.

And in this case, you know, this is what we were dealing with early in the spring when the rain started. We tried to put together numbers as best we could, somewhat through Crop Insurance but, you know, from the federal government too. And the uptake was far less. Everybody that was, you know, that applied, those were processed and in the system right here.

So those two amounts of money will be there. The excess moisture program is pretty well wrapping up, as Cam had said, and the balance will be for AgriStability additional costs. Now whether it's at the 37 million . . . I think the member knows that that could be higher or lower. We're not just sure at this point.

Mr. Lingenfelter: — Now in the appeal process when they get to the final arbitration with the appeal board, do you have the number of how many appeals you would have had in the past year and how many of those would have been overturned or how many would have been accepted by the board?

Hon. Mr. Bjornerud: — We don't offhand. We can sure get you those numbers though.

Mr. Lingenfelter: — Yes, I know there is some complaints that we get from farmers who say crop insurance is difficult to understand. And I'm not . . . I don't share that view totally because we used crop insurance for many years. But some people find difficulty, I guess, especially this year with the flooding and whether or not reseeded of flooded acres, how you . . . I think there was a stipulation that you had to summerfallow the flooded area. And many people were saying, well that's not practical because the area is full of water, so how can that possibly work?

But are there steps being taken to simplify and make the crop insurance program more understandable?

Hon. Mr. Bjornerud: — One of the things that we did when we first took over as government and I was named Agriculture minister was, that was one of the processes we had asked Cam, when he started his job with Crop Insurance, was to go back and see if we can simplify it. Because we get the same concerns you do. I saw it when I was farming, and it's very complicated. It's not easy to understand. And I think that may be part of the reason that some producers don't carry crop insurance. Let's be very honest. I think why, I think as the member said, it's important, but it is very important.

This year with the excess moisture program, of course, it was a decision that was tough to make on behalf of the government. And I think the member will know that, being the past Agriculture minister, that with 72 or 73 per cent of people in crop insurance, to some degree it's hard to justify why someone else that's out of the program would also qualify. This year they did.

I think one of the messages that I'm certainly going to be telling producers out there is that this one might be an opportune time to really take a good look at crop insurance. And if you can at all make it fit for your operation, now would be the time to get in the program. I think the program for one thing would be much stronger, the more producers we get in it. And you know if that number was 85, 90 per cent even, I think there's a better coverage out there.

We also, I think, and you may have had this too, where we've had feedback from producers that are in the program that feel people outside the program, if you're not covering yourself with insurance — no different than insuring your house and your neighbour doesn't — why you would be covered. So it's a dilemma. And I'm sure, you know, you saw this before in the past when you do any type of an ad hoc payment. Those that aren't covering themselves or taking coverage and paying premiums feel somewhat at odds with, when people outside the program.

Now this was an exceptional year of course. And I think we would all agree with that. So I think that's why in the end we covered everybody.

But I think it's a message that we have to try and get out to producers that . . . Especially when we don't know what's coming into the new year. I mean this could be a worse year coming up. We don't know that. We're certainly going in it very wet into, you know, into next year. And now with the snow that's already here, if this keeps up I don't think I have to tell anybody in this room we could have tremendous problems in the province.

And I think, you know, it's a good time for producers to take a really good look at crop insurance. You know we've made some improvements to crop insurance. We're continually trying to make improvements. We did the review out there where we, you know, made some of the changes that producers have asked for out there. But we're trying to make it more appealing to producers, I guess is what I'm saying.

But at the same time I'm saying, take a good look now. If you've been out of the program for a while, come on back and take a look at the program. And if you can at all see your way

fit of getting into the crop insurance program, I think it would pay into the future because at some point — I'm not saying next year or the next year; I don't know when it will be, but — some government of the day is going to get to the point where they're going to say, if you're not in the programs, any ad hoc to come along comes out, no matter who the government of the day is. I don't think it matters. I think there's a point to which we can't justify paying an ad hoc to those that don't want to pay coverage for themselves or be in the program.

So I think probably tonight's the first night I've talked about this publicly, but I think it's a message that we have to get out to producers right now. And I think in a number of cases, producers certainly will be taking a good look at it because they don't know what's coming up into the next year too.

Mr. Lingenfelter: — Now one of the reasons that I hear, especially from young farmers who are just getting into business, that the reason they don't get involved or what would help them get involved is the way the premium structure works. Of course those of us who have been there a long time and built up, not credits, but our premiums are reduced every year that you don't use the program, and it's fairly significant after 10 or 15 years if you don't use it. I think your premiums are probably half or less than half. I don't know what that formula would be.

But for young farmers starting, it seems to many farmers I talk to that if they could be given some sort of an uplift on the front end where maybe the premium would be reduced by 10, 15, or 20 per cent, that's where you would start. And then if you used it right away, you would lose some of that. But I think one of the things that restricts people from coming into the program is the premiums are so high at the front end. Is there any thought to giving some incentive for new entrants into the program that would help us achieve what you're talking about? Because I couldn't agree more.

Hon. Mr. Bjornerud: — Yes, good point, and we've heard the same thing. And we have a group of, right now, there's seven young farmers on a panel that give us their opinions. And that was one of the first that came up, is getting into the programs where they're so expensive. And Cam has just talked about the intergenerational transfer from father to son or whatever it is. And he may want to elaborate on that. That's one of the areas.

But I think, you know, we're trying to find ways that we can even go further. I guess it's our belief that if, you know, your dad has farmed and you've farmed with him for a number of years, probably your farming practices aren't going to change a whole lot. In fact, if anything with the young people coming in, you know, they may even improve. So I think that's an area that we've certainly got to make improvements to help the young people get in. But it was one of the concerns that these young farmers had told us. Cam, do you want to also . . . anything additional to that?

Mr. Swan: — Yes, just a couple of comments. Part of what the minister alluded to, the intergenerational transfer, we transfer credits, which is your premium experience but it's also your yield experience. And those are two critical pieces, obviously, for the insurance side. And what the youth advisory group that the minister referenced, what they're saying, they're coming up with other ideas to make it more effective. So those are some of

the things that are around there.

We've heard it ourselves. We've heard it through the youth advisory group. And, you know, it's all around . . . From an insurance perspective it's around assessing risk too. So you have to make sure that you balance off the risk. If you give a credit on one side, you have to make sure it is actuarially sound overall.

Mr. Lingenfelter: — In the formation of crop insurance, of course it's been a program that has been developed, worked on by many people and many farm groups over a long period of time. And I think in general it's an effective program.

In fact I hear more and more that while crop insurance works, the other program that we depend on, AgStability, if it works, nobody understands how it works. People get payments and they don't expect them and people who need the money . . . And I know that's going to be true this year in the flooded area because the program is so slow to react to what's happening at the farm gate. Sometimes it takes two, three years for it to kick in.

Is there any thought of simply taking the AgStability program and using all of the monies, because it's costly for everyone — farmers, federal government, provincial government — and just making a super crop insurance program where you could buy insurance up to . . . that would actually allow the farmer to make a cost of living over and above your input costs?

I mean it would still be paid for through your premium, but if the premium was structured right, you would then end up with a program that people could understand. It would be transparent, which I think you won't find many farmers arguing that AgStability is transparent or understandable or hitting the mark. But is there thought about combining the two or just putting that extra money that we spend as taxpayers across Canada and Saskatchewan and just upgrading crop insurance to the point where it actually is a super program that would work and respond immediately to the farmers' needs?

Hon. Mr. Bjornerud: — Yes, very much so. We've actually talked at the federal table about this. The problem, as you may know, that we have at the federal table is I believe we need seven provinces to agree to any changes there. And Atlantic Canada for one really doesn't want to make many changes right now. They feel the programs are working for their benefit.

But I think that has a lot of merit to it and at some point I'm hoping that the powers to be, you know, maybe even in the West we look at a program like that. I think the member, you would agree that there's millions of dollars going into these programs and if they're not satisfying the people that we're trying to serve out there, then maybe we should be looking at changing them.

Problem again though, of course, we can't change them on our own unless we pick up the tab, and that's almost cost prohibitive. It is cost prohibitive.

The one thing I think we're finding already that's starting to help a little bit is bringing the administration back from Winnipeg to Melville. As you talked about before, some of the

files that hadn't been processed for four to five years behind when we started, when we made that first transfer from Winnipeg — in some way it was in here in Regina of course — to Melville . . . We're already starting to get a little bit of feedback from some producers actually surprised at how quick this process is. Now is it where we want it to be in the end? No. I think Cam would be the first to say that we're going to work to make improvements as we go.

But as you set it up, of course, you know, you run into problems expediting the processing, the timelines, and things like that. But they have made some, I think, some very good improvements out there already. And I think as we go into the next year or two, as they get up and fully running . . . And 2009 was the first year that we've actually started to do, process them in Melville. So you can appreciate that, number one, we had to have a complement of staff there.

And I think one of the things that we felt a number of producers were complaining about about the programming is number one again, they couldn't understand the program. It was so complicated. But quite often they were talking to somebody at the other end of the line when they phoned in about their applications is that the person at the other end of the line didn't understand either.

And in opposition — when, you know, you were government, we were in opposition — we heard that. And I think that was one of the complaints that we heard for many years out there was that it was so complicated and yet you couldn't get a clear answer from someone. And it always seemed like your file, you know, then it was put on the side and it wasn't processed. Four to five years, I think we'd all agree with, is just not acceptable. People could be under by that time, and then what good does a cheque do at that point?

So I think we're going to see some vast improvements to the administration of the program. But having said that, of course, that deals with one part of it. But the suggestion you had before I think has some merit. But to get the powers to be to go along with this . . . And you know it would take a while to put that together. But I honestly think a really good program on the crop side and then something on the livestock side might serve us far better than we are, you know, being served today.

Mr. Lingenfelter: — Just on the flooded acres, is 12 million the number that the department understands there is that went unseeded because of the wet spring?

Hon. Mr. Bjornerud: — Eight point nine million acres. And that was where I talked before about where we projected — remember a number of times we talked about 10 million or 12 million acres — it works out to about 8.9. And I think that's why you'll also see that the uptake was about 107 million. And we'd made accessible provincially of course out of the 360 million, that uptake was a little lower because of course the number of acres were less than we had . . .

Mr. Lingenfelter: — Flooded and unseeded, or is that just the unseeded?

Hon. Mr. Bjornerud: — That's flooded and unseeded acres.

Mr. Lingenfelter: — So it's 9 million, roughly.

Hon. Mr. Bjornerud: — Nine million acres, yes. So it was a little bit lower than we had projected, but again it was really hard to know how, you know, how widespread it was going to be.

Mr. Lingenfelter: — And would that be the number of acres that were covered by the \$50 payment?

Hon. Mr. Bjornerud: — That was the \$30 I believe, Cam, right?

Mr. Swan: — Yes, that was the \$30 excess moisture program because not everyone insured under crop insurance, which was the \$50 piece. So it's a smaller number than under the crop insurance.

Mr. Lingenfelter: — Oh, okay. Exactly. And when we went through the budget last spring, you remember the debate of the \$93 million that was taken out — and I want to get back into that — but as the demand increases, that money will come back in through . . .

[19:30]

Hon. Mr. Bjornerud: — It will be right back in there. I mean I think as we talked — springtime, I think it was estimates that we had — again we go by projections from the federal government. Do we always agree with them? Not always, but that's the number we have to go by. And you know, as I said in the spring, one of the commitments we made, no matter where that number is, we have to honour that commitment and commit to putting our share in. When those . . . A year ago it actually turned out to be less than they had projected. But our, you know, when we budget we have to put that commitment into the budget.

The same this year, that was their projections. Well of course when the rain started and the flooding started, those projections went out the window very quickly. And we know AgriStability uptake is going to be far higher because of the weather that we had this summer.

Mr. Lingenfelter: — This doesn't include the livestock program. That will be in another, another . . .

Hon. Mr. Bjornerud: — That's separate from the 144 . . . or the 107 million or the 37 . . . [inaudible].

Mr. Lingenfelter: — . . . total number expected for that, for the reseeded of grasslands that were killed by the flooding and the freight assistance?

Hon. Mr. Bjornerud: — About \$3 million, and again this is a projection. We'll see as the uptake comes in, but that's where we're at today.

Mr. Lingenfelter: — In terms of the flooded acres for reseeded, if you're reseeded alfalfa, I think it's \$30 an acre you're allowing. I don't know if that's . . . probably doesn't cover all your costs, but it certainly helps. But how do you establish what has been become unestablished this year as

opposed to maybe something that has happened previous? Like is there any mechanism? Is that done by the RM [rural municipality]? Or does the RM have to declare a state of emergency to be eligible, or is it just farm by farm under the program?

Hon. Mr. Bjornerud: — No it doesn't matter. A lot of them have declared emergencies, but that doesn't affect this at all.

Mr. Lingenfelter: — You don't have to . . .

Hon. Mr. Bjornerud: — Anything that was seeded in '09 and '10 were covered under the original program. And that was newer, you know, more newer seeded crops. Where they weren't covered was previous to that and that's where the \$30 an acre now will go back and cover that, whether it's for pasture or forage or, you know, feed out there that they have that's been drowned out of course. And it's on an individual basis, right, that they, you know, they will apply and then we'll process that and go from there.

Mr. Lingenfelter: — The forage acres that were flooded, what's an expectation of what we might see coming in?

Hon. Mr. Bjornerud: — I don't have that. We can get it for you if you like as the program . . . And I think very quickly we're going to know an exact on that because I'm sure producers are going to take advantage of . . . or at least we'll get an idea of it. On the seeded side, we won't know till next year, because that's why we made the window as open as we did — till August of next year. And at that point we'll even take a look at it, because we're not sure what mother nature is going to deal us next summer and if they'll be able to take advantage of the program by then.

But we have to put a deadline somewhere, so we went back to June 1st, I believe it was, to August 1st of next year. So there's a fair window there, but of course knowing that a lot of this land will still be under water early in the spring. So hopefully it dries and they get a chance to be able to take advantage of this program.

Mr. Lingenfelter: — Now is there a deadline on that? I'm thinking if this spring, as you mentioned earlier, Mr. Minister, that there is so much snow, most of the sloughs are supercharged going into winter, there's still . . . a lot of them were still full. Will this be eligible for flooding that may happen early in 2011, or is there a cut-off date that they have to have it in?

Hon. Mr. Bjornerud: — Now, Tom, maybe you want to clarify this.

Mr. Schwartz: — Well I think we recognized that the, you know, this winter was going to, or could compound the problems. So I think the intent was to cover any flooded acres up until the August 1st deadline.

Mr. Lingenfelter: — To August 1st, applications will come in.

Mr. Schwartz: — Right.

Mr. Lingenfelter: — Now my expectation won't be millions of

acres, and likely not even hundreds of thousands of acres. Probably tens of thousands rather than a huge number like we had on the flooding of grain acreage. Do you have any idea where that might be?

Hon. Mr. Bjornerud: — I don't think so. It's a really tough one. As we know in some areas of the province, and some of them that were fairly wet, there was more feed this year than there has been for 10 years. You go out Indian Head, Grenfell way, there's bales everywhere, and you only have to go 30 miles.

So it's a hard one to put our . . . It's almost like our guesstimate when we come out to start with, with the excess moisture program. And again, it's a guesstimate and I think that's where we are with this. As the program, you know, unravels to next spring and applications come in and we see what producers can take advantage of, I think we'll have a far better idea at that point.

Mr. Lingenfelter: — Now there is a call for a payment to be made for the livestock producers who are at risk of having to sell their breeding herd this winter. And the minister will know that I think the call has been for \$150 a head per breeding stock head, and I think \$75 for yearlings. Is there any discussion going on at the present time with the federal government to cost share any kind of a program like that?

Hon. Mr. Bjornerud: — We've certainly talked to the federal government for months now, as it's been wet all year. And I have to commend the federal government. When we asked for assistance on the \$360 million that they took part in, that happened very quickly. I don't think we've seen that in the past where they've come to the table so quickly. We knew we were going to do our part of it, but we certainly needed their support. We've again told them of the situation here. We know that Manitoba also has a situation there, in fact quite a bit worse than here. Because some of those areas, like in the prairies and that, this is the fourth year of flooding they have had to the extent we've had this year. So they've got quite a problem over there.

Where the federal government is going to go on this I don't know. As you know, last year we did the \$40 per head for cattle of course and \$20 for hogs and market hogs and 10 for iso-weaners. But at that point they didn't cost share. So you know, again we're looking towards the federal government to maybe come to the table and do something here. Anything I think would be appreciated by producers, but to this point we haven't received any commitment from them.

Mr. Lingenfelter: — The department will know that when it comes to red meat industry in the province . . . It's not just the province. Really in Western Canada, we're under a lot of pressure when it comes to pork production. I think our numbers, and maybe you can confirm this, is down by 40, 45, maybe as much as 50 per cent. Beef I think is holding up much better, and hopefully with the increased prices in the last few months we'll, if we can hold on to the breeding stock through this winter, we'll come out of this not too bad on shrinkage in the herd. But I think if we don't have a program we're going to take another hit of a few per cent this winter.

But also in the red meat packing in Saskatoon — and I know you follow this carefully — but we are losing a lot of our packing and processing in Saskatoon as it shifts away from Saskatoon to Winnipeg.

But has the department, or is there work being done with economic development or your investment agencies of government to work with the industry to — salvage is too strong a word — but to help put a base underneath pork and beef production as well as the red meat industry? To make sure that when the smoke clears away and if non-renewable resources do drop in price — and they're cyclical, and we know what goes up comes down — that the red meat industry will be there to help maintain the economy?

Hon. Mr. Bjornerud: — Yes, and good point. I think one of the examples we see lately is Donald's Fine Foods in Moose Jaw, but that's on the hog side of course. But even that is very welcomed. We certainly welcome his investment into the province. And I know I was at the hog symposium in Saskatoon the other night and they are really optimistic. Even though their prices have backed up somewhat from what they'd been in the summer, they're very optimistic about where they think it's going to go into the future with the prices for hogs on the hog side.

But they're really appreciative of Donald's Fine Foods, or I think it's Thunder Creek meats right now the Saskatchewan entity is called, and the part they're going to play in their industry. And I think what we see from that kind of an investment here . . . And the department works constantly trying to attract investment into situations like this. They worked with Donald's Fine Foods and when they moved into Moose Jaw . . . on a continuous basis, we're trying to if we can possibly attract investment into that area. And I think with the amount of investment that investors have in looking at Saskatchewan right now, possibly we can get something on the beef side, and that would really be great.

In talking to packers in the large, large feedlots last year . . . We had the opportunity to go to the US [United States] and talk to some of the large feedlots down there because we're so intertwined with their industry down there on the cattle side. I don't think we've seen optimism like there is right now in the cattle industry. Even Agribition, you could talk to a number of the producers there, and I think that optimism is there that hasn't been there for many years.

I think where that comes from is that the prices have improved somewhat — and there's certainly room for them to go higher — but having said that, I think this isn't . . . Anyone that you talk in the industry, whether it's the packing plants or the feedlots or even the cow-calf producers, feel this isn't a blip. This time it should . . . just a gradual incline in prices, and hopefully that's so.

So really since BSE [bovine spongiform encephalopathy], producers have been in a position where they really haven't had the opportunity to make many dollars. And I think maybe that's returning to profitability now. And that would be the best answer for the whole situation right across the province.

Mr. Lingenfelter: — In terms of the application for your

freight assistance program, are they out and available? And can they be done online? And have you . . .

Hon. Mr. Bjornerud: — They were out immediately when we announced that day. They're in RM offices. They're in our Ag offices. They're online. So there's, you know, a number of areas that producers can get them.

Mr. Lingenfelter: — And the staff in that, are they people who were working in other programs that are just shifted over, or is it a new group of people?

Hon. Mr. Bjornerud: — It's staff that's been shifted over to work on that.

Mr. Lingenfelter: — So farmers can expect a pretty quick turnaround once their application . . .

Hon. Mr. Bjornerud: — Yes. We've tried to make these forms as simple as we can and so we can have a turnaround time as quick as we can out there.

One thing that I think this program includes that a producer can use his own equipment to haul this, and we'll pay for that too. And I think that's an improvement maybe of where we've been in the past. You had to hire somebody to do it, and of course I think that may be one of the reasons that sometimes what we were paying out was lost in the mix there, and I'm hoping that doesn't happen this time. But we had to help producers that were short of feed when they're, you know, it might be 40 or 50 miles or whatever the situation is. There was lots of feed this year.

Mr. Lingenfelter: — Is there any understanding of the price of hay . . . Understanding's not the right word, but is there a tracking that's going on of the price of hay, and sort of an expectation of where the price is headed going into next year's production in July?

Hon. Mr. Bjornerud: — Because of the, I think it's 180 per cent of normal this year, of what a normal year on an average year would have for feed in the province — mostly hay — we're at about 180 per cent of that. In talking to producers out there that have hay right now. They're confirming that prices aren't anywheres near where they were last year or couple of years ago when we saw them really skyrocket and almost make it unaffordable.

Those prices have come down, I think for a few reasons. One is supply of course. The other one is the quality of the feed that's out there is somewhat lower than . . . Some of it's really good. Some producers got it up in very good shape, but some of it sat through a rain or two, so of course that would affect the price and lower it somewhat.

Mr. Lingenfelter: — And is there a registry in the department where farmers can go to call about hay and for locating?

Hon. Mr. Bjornerud: — Yes, there's a forage listing on the website.

Mr. Lingenfelter: — And in these listings, is it just availability? Is there prices that are quoted in that area?

Hon. Mr. Bjornerud: — I think, yes, I think it is — prices. If a producer wants them listed, that would go on with the hay itself.

Mr. Lingenfelter: — Do you have any idea what an average price of hay is this month?

Hon. Mr. Bjornerud: — We don't really have the number with us today.

Mr. Lingenfelter: — On the issue of . . . Just moving to the other side of the formula. The livestock producer and pasture recovery program that was put in place I think last spring for the northwest part of the program, or part of the province where assistance was given to some of the areas that had seen drought and had to pay very high prices for feed, because as you indicated, Mr. Minister, we were facing the opposite last year, where the prices were very high and there wasn't a lot of hay in the province.

But is there any discussion around about those areas around Mankota, Consul in the southwest part of the province that are still, I think, lobbying and trying to get money for the drought period they had for two or three years? Is there any discussion around that?

Hon. Mr. Bjornerud: — Really not. I don't think any government that puts any boundary in place for any program is going to satisfy everyone out there. I toured that area in the west central last year and I think what's different from this year to last year in that area was there was no feed or no pasture.

We were out in the Kindersley-Rosetown area. There was quite an area that we covered out there in July and then again later on in the summer, and as of July 1st there was no pasture. There was some of this pasture that didn't have a green blade of grass right across them. Producers were having to bring feed in at that point and, of course then, no feed going into the fall. And that's why we did the \$50 per head payment in the west, northwest, central area last year.

Is the boundaries that we drew up perfect? Not by any means; we know that. I think the minute you put boundaries in you're going to, we know sometimes you're going to miss people that possibly could be in or you might include some that maybe, you know, weren't justified to being in. We did what we thought was the fairest boundaries that we could find, of course in conjunction with the federal government, and that's what we drew up. Are we looking at changing them? No we're not. That program is finished.

[19:45]

Mr. Lingenfelter: — As we come through this year and the area of 9 or 10 million acres that were flooded or not seeded, it would seem almost a certainty that some farmers in those areas are going to have a difficult time because not only didn't they get a crop seeded, but the crop they did get seeded, a lot of it was frosted. And yield was down on what they did seed, and the quality was poor. And there's discussion I know at Farm Credit, and you're now hearing with lending institutions about what they're calling a credit crunch next spring in that very same area. And if the winter stays as difficult as it looks, and we have abnormal runoff in the spring, that will only make matters

worse.

But is there discussion going on again between the federal and provincial government to set up some sort of a program for credit for farmers so that the lack of credit isn't going to be a restriction on getting the acres seeded next spring?

Hon. Mr. Bjornerud: — Well we've met with FCC [Farm Credit Canada] and we've met with the banking institutions, the larger ones, and of course the credit union also out there to see what their read on what's happening out there. I was somewhat surprised at the position that they're saying the industry is in out there. I think they're very positive about where it's going.

I think what next year will bring, you know, it's hard to say where we're going to be with that. Is there a program in place right now? No there isn't. We've certainly made the federal government aware of the situation that we may be in next spring and what next year will bring.

But you know, I think there's an old saying, if we don't lose a crop in April . . . And this year in April it looked like this may be one of the best years going in. So you know, we've had a trying summer to say the least, as producers have across the province. So you know, have we got anything in place for the next year? Not at this point, we haven't.

Mr. Lingenfelter: — I would just urge though that those discussions happen. And having a plan in place doesn't mean you have to implement it if everything works out, but having that plan ready when we know there's a good chance we're going to need it I just think would be a good thing for the farming community.

And the other thing that some producers are calling for is — although this really doesn't help much in the long run, but it could save people from financial disaster — is forgoing principal payments on various government back loans or with Farm Credit Corporation, where maybe not demanding that principal payments be made for the coming year in order that the overall payment is reduced. I guess it would be about probably by half if you just delayed the principal payment for a year. Just on a 20-year amortized mortgage, it would mean it just goes to 21.

Hon. Mr. Bjornerud: — When we met with Farm Credit, and actually the banks too, they're quite willing to sit down with any producer out there. I know FCC said they're already in the process of restructuring for next year, trying to make sure that producers have enough operating capital to carry them through into next year. So when we asked that question, I was somewhat surprised, but they were already dealing with producers in that respect, that if anyone out there, you know, couldn't make their commitment this fall or next spring, I think all they were asking is that producers come ahead of time and show them their situation.

And they said they would be more than willing to help, maybe forego the principal for a year or whatever it is or make some other . . . They said they were open to making just about any kind of an arrangement with a producer if the producer would come forward and just let them know what their situation is. And I think a lot of that's happening across the province right

now.

Mr. Lingenfelter: — In terms of the number of cultivated acres in the province, can you give me an indication how that has changed over 10 years in the province of Saskatchewan? Is it static or is the number of cultivated acres increasing in the province?

Hon. Mr. Bjornerud: — That number has stayed fairly consistent. I kind of had in my mind when grain prices spiked here about two years ago, we would see what we always see is a little more cultivated. I don't think we've really seen that. It's been fairly constant, you know, with maybe little blips, but not a large change at all in the number of cultivated acres.

Mr. Lingenfelter: — What is that number?

Hon. Mr. Bjornerud: — 35, 36 million acres, roughly in that area.

Mr. Lingenfelter: — There was a time when there was a program that was known as Farm Start. Is there any file where parts of that program still exist? Like there were loans and that, that were given out for I think they were fairly lengthy periods of time. Is there still some residual part of that program, or has that all been disappeared with time?

Hon. Mr. Bjornerud: — It's all done.

Mr. Lingenfelter: — What about the call for a bounty on certain animals? I guess the two that come to mind are coyote and beaver. Is there any discussion in the department about reinstating the program for coyotes or a new program for the flooded area around the whole issue of beaver dams and culverts?

Hon. Mr. Bjornerud: — One of the changes you might have noticed that we made this fall, we hadn't included beavers in the predation program that we had before. And it was more an oversight than anything. We've included them now. So if there's a backup because of blocked culverts or dams or whatever it is and floods pasture, cropland or anything like that, they're covered under that program.

The coyote program, we won't be reinstating this year. And we're going to follow and see how that goes. We had 70,000 taken out last year. And there's still a lot of coyotes in the province. You know, there's still a fair number of them out there, so we certainly didn't eradicate them. At SARM [Saskatchewan Association of Rural Municipalities] of course that was one of the big issues is the beaver issue. And we're kind of monitoring that on a weekly basis.

I think again, we know the problem with more flooding. Of course we know there's more beavers out there. We've seen that in the past, so that's something we're kind of continually working on here and see where . . . We're not quite sure where we're going to go with that at this point.

Mr. Lingenfelter: — Now on the coyote bounty, it was 70,000. And what was the total amount of money paid out under that program?

Hon. Mr. Bjornerud: — 1.4 million.

Mr. Lingenfelter: — And the program for controlling gophers in the province, is that still in place?

Hon. Mr. Bjornerud: — Yes, that's right across the province. When we first brought that in, it was mainly to deal with the Southwest, but that's a province-wide program still in place. I think the problem is improving somewhat out there because the uptake has been somewhat less. But of course this year the number was — what? — \$230,000 I believe was the uptake that we've paid out. Tom, does that sound right?

Mr. Schwartz: — 323.

Hon. Mr. Bjornerud: — 323. So that's what we paid out to our 50 per cent rebate on.

Mr. Lingenfelter: — The monitoring that goes on of that program, is there an actual, or appear to be a decline in the problem as it relates to numbers of gophers in various parts of the province? Or is it just shifting from . . .

Hon. Mr. Bjornerud: — Do you want to answer that, Tom? The number has certainly gone down from where we were, I believe it was two years ago, when we first initiated the program.

Mr. Schwartz: — Again with the year this year and all the moisture, I think some of the talk is that the numbers are down. It could be that the crops and the pasture land got ahead of the gophers. Some were flooded out. So really we won't know the impact until next spring probably. But the thought was, is there was a decline? And certainly we're seeing that in the applications for the gopher rebate.

Mr. Lingenfelter: — Just shifting for a moment to issues around surface right issues and sort of the, not conflict, but the coming together of the oil industry and agriculture where you have competing interests for land use. Is there any program within the department that would help farmers who are for the first time having to negotiate with large pipeline companies or with oil companies?

And the reason I ask this is we get not a lot of calls, but a few calls from people, especially in the southeast area of the province in where new drilling is occurring, who come to us and say, look we've never dealt with an oil company before. We don't have lawyers who understand this, and we would really like to have some agency of government help us and give us advice even on a list of questions we should be asking as to what are our rights as landowners. And in terms of environmental protection, what happens to a pipeline if its life expectancy is 40 years and then the pipeline is abandoned? Who's responsible for the remediation or if the pipeline has to be removed?

Hon. Mr. Bjornerud: — Mr. Chair, I guess this is a little bit out of the purview of the estimates that we're talking tonight. At some further date, I would certainly answer these questions.

The Chair: — Excuse me, Minister, we have a point of order. Explain your point of order please.

Hon. Mr. Hickie: — Thank you, Mr. Chair. Well just as the minister has just said, I don't believe this is part of the supplementary estimates we're speaking about tonight. We've given the opposition some leeway on this to this point, but I think we'll call point of order this time . . . [inaudible] . . . on the actual estimate of the evening.

The Chair: — Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. I acknowledge that there's sometimes leeway provided in the meetings. I understand that the Chair will call if the minister feels that this is not in order. The minister has graciously been answering generously the questions that have been asked up to the point where he just now indicated this was outside his purview. I'm not feeling the minister's uncomfortable with the questions. And I think on this side, Mr. Chair, we're quite prepared to accept the minister's responses as he's been making them.

The Chair: — Any other comments on the point of order? Minister and members of committee, a point of order has been raised about the questioning sticking to the AgriRecovery (AG10) piece. I'm going to rule at this time that the point of order is not well taken but urge members to please stay on point with AgriRecovery from this point on. Thank you very much.

Mr. Lingenfelter: — I appreciate that, Mr. Chairman. I also appreciate the point of order because, you know, when you get into these things it's hard to . . . And you're talking about agriculture and financing, there's obviously overlap. And I'll try to do my best although, you know, it's a difficult program because what affects AgStability is pretty broad ranging and what affects income and the livelihood of farmers. But I do appreciate, and I'll try to stick as closely as I can.

The one issue that I did want to raise, and again it's on the border but it obviously affects income and affects AgStability, is the payments from the Canadian Wheat Board. And you'll know that there is now a discussion going on that it's now I think six weeks or two months since the Canadian Wheat Board asked the federal government to increase initial payments for durum and wheat, which would obviously get money into the hands of farmers quickly, which would help the credit crunch and payment of bills, and so it directs I think fairly directly.

The other troubling thing about it is there are those people running for office in the Canadian Wheat Board who are saying that by not making the initial payment increase in a timely manner — which is certainly affordable because the world price of grain has increased so much in the last 90 days — that it's actually interfering, or could interfere with the vote on the Canadian Wheat Board. I just wondered if the minister has had any discussion with the federal minister or if there is anything we can do as a committee or a legislature to make sure that money is moving from the Canadian Wheat Board to the hands of farmers, whose grain it is and whose money it is, and that there aren't any unnecessary delays in those payments coming forward to farmers.

Hon. Mr. Bjornerud: — Mr. Chair, I think I'm going to go back to where I was a few minutes ago here where I've tried to be very open tonight with the number of issues that the member

has brought up, but I think the last couple of questions have really been stretching the limit here. We're dealing with supplementary estimates to the amount of \$144 million for excess moisture program and 37 million for AgriStability, and I just suggest to the member, through the Chair, that we stick with the issue in front of us tonight.

[20:00]

Mr. Lingenfelter: — On the issue of AgStability, I would expect that . . .

The Chair: — Excuse me. The minister is correct. We need to stick to AgriRecovery, and I urge the member to try to do that.

Mr. Lingenfelter: — The one last question I have, and again it deals with AgStability, but it deals with the amount of frost in the province and the number of, percentage of no. 1 and no. 2 grains in the province. Do you have a number at this point in time that would indicate what percentage of the cereal grains are 1 and 2?

Hon. Mr. Bjornerud: — That we don't have so far. As the, you know, crop production reports and that come in, we'll get a better handle on that probably in the next month or so. But as of tonight, we don't have those numbers here to be able to give you any answer with any credibility to it.

Mr. Lingenfelter: — Yes, if the minister wouldn't mind, just providing them as they . . .

Hon. Mr. Bjornerud: — It will be a month or six weeks before we get them.

Mr. Lingenfelter: — Okay. That's it. That's all the questions I have.

The Chair: — Any more questions?

Mr. Yates: — No more questions.

The Chair: — Any questions from the other side of the committee table? In that case, vote 1, Agriculture, business risk management, subvote (AG10) in the amount of \$144,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Agriculture, vote 1, \$144,000,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2011, the following sums for Agriculture in the amount \$144,000,000.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Do we have a mover? Thank you, Ms. Heppner. Is that agreed?

Some Hon. Members: — Agreed.

[Vote 1 agreed to.]

The Chair: — Minister, any final comments from you or following that from any of the other committee members?

Hon. Mr. Bjornerud: — I just want to thank you, Mr. Chair, and thank the members here tonight. And certainly I want to thank my officials for coming and assisting us with answers tonight and thank you.

The Chair: — Thank you, Minister. Any remarks from any committee members?

Mr. Lingenfelter: — Yes. I would thank the minister and his staff as well and thank them for being accommodating and in a bit of a wandering and rambling list of questions. But I know that, in talking to farmers, it's very helpful. Because the more information we can provide, the easier and more comfort it gives to our farming community as well. So I appreciate that.

The Chair: — Thank you very much, Minister, officials, and committee members. Agriculture is excused and we'll, committee members will recess for a few minutes until the minister and officials are ready to go with the next set of estimates which will be Industry and Resources.

[The committee recessed for a period of time.]

The Chair: — I think the members that are expected to be here are in their seats. So committee members, I wish to also at this time table documents ECO 23/26 through ECO 26/26 inclusively. The regulations are in front of you.

**General Revenue Fund
Supplementary Estimates — November
Energy and Resources
Vote 23**

Subvote (ER06)

The Chair: — Committee members, we're now looking at the estimates for Energy and Resources policy, subvote (ER06), contained on page 12 of the Supplementary Estimates booklet. Mr. Minister, would you like to add any brief remarks?

Hon. Mr. Boyd: — Thank you, Mr. Chair, committee members. Yes, we're before the committee here this evening to deal with 600,000 of additional funding for 2010-11. I'm joined by my chief of staff, Laurie Pushor. We gave the evening off to our deputy minister whose wife had a baby this morning, a baby girl. So I'm told that everyone, including the deputy minister, is fine.

Mr. Chairman, we're prepared to take any questions that committee members may have.

The Chair: — Well congratulations to the deputy and his family. And I will take questions from the committee members. Mr. Taylor.

Mr. Taylor: — Well thank you very much, Mr. Chair, and welcome to the minister and your chief of staff. Thank you very much for taking some questions. We won't have a lot of

questions tonight. I just want to get some certainty around this.

The vote, the note that attaches to the vote — 600,000 — reads, "Additional funding is required to cover the costs for review of the BHP Billiton offer for Potash Corporation." First question, simple: it says, additional funding. Is this the total cost of the Conference Board of Canada study, or are there other costs? Or is there something other than the Conference Board funding that's included in this?

Hon. Mr. Boyd: — About \$70,000 were for the Conference Board of Canada's report, and the balance would be for legal fees that were associated with the bid.

Mr. Taylor: — Okay. Could the minister ... That's a significant amount of legal fees. Could the minister give us some idea of how those legal fees were arrived at and expended?

Hon. Mr. Boyd: — Well in terms of normal billings, we had a number of people engaged on the file. The folks associated with this certainly don't come cheap. We were looking for the best advice that we could be possibly gain to understand the process. And to be honest with you, I think the recommendation for this firm came from someone that you would be pretty familiar with, a former premier.

So I would just say that this was something that we felt was appropriate given the magnitude of the decision that was before the people of Saskatchewan and the government.

[20:15]

Mr. Taylor: — These legal fees were one law firm?

Hon. Mr. Boyd: — Yes. Yes.

Mr. Taylor: — One law firm. Okay. And the Conference Board you said, again, was 70,000?

Hon. Mr. Boyd: — 70,000, yes.

Mr. Taylor: — Okay. Are there any other outstanding bills with regards to the BHP Billiton offer?

Hon. Mr. Boyd: — No.

Mr. Taylor: — So this covers, this covers everything?

Hon. Mr. Boyd: — It was enough.

Mr. Taylor: — Yes. My final question then is asking your opinion: Mr. Minister, did we get our money's worth?

Hon. Mr. Boyd: — Yes, I think we did. I think that the decision was one that I think was very important to the people of Saskatchewan. I think it certainly was one that the people of the province agreed with. When you look at recent polling information with respect to that, I think the people of Saskatchewan understood the reasons why. I think the investment community understood the reasons that we made the decision that we did. I think it certainly played and had an influence on the federal government, the work that was done.

And I also believe that there's been some benefits associated with it outside of what you would normally expect.

There were some people that were suggesting that the investment climate in Saskatchewan would cool as a result of that decision. We've seen anything but. Recent evidence right within the potash sector itself — with Vale — looking at moving forward with their pre-feasibility study. Also with K+S making their acquisition of Potash One. Those are two good examples. I think we're going to see more, not just within the, potentially in the potash sector but in other areas of our economy as well in the not too distant future.

We've also seen that it has focused a great deal of tension on the resource sector, all areas of the resource sector in Saskatchewan, and we see companies from around the world making inquiries of my ministry and other ministries, Enterprise, about opportunities here in Saskatchewan.

So while this was you know fairly significant in terms of costs to the people of Saskatchewan, I think it's offset almost already by the activity that we've seen.

Mr. Taylor: — Okay. I appreciate the answers to those questions, Minister. The only thought that came to mind in your response to my final question was, did we follow the advice of the lawyers that we paid \$530,000 to?

Hon. Mr. Boyd: — Well the advice of the lawyers was mostly around process and understanding sort of the next steps, understanding the Investment Canada process. They offered their advice in those areas. It wasn't really something in terms of the decision making was left up entirely to the Premier and cabinet and caucus.

Mr. Taylor: — Mr. Chair, those are the end of my questions. Thank you very much, Minister.

The Chair: — Thank you, Mr. Taylor. Are there further questions from around the table? Seeing none, vote 23, Energy and Resources, page 12, energy and resource policy subvote (ER06) in the amount of \$600,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Energy and Resources, vote 23, \$600,000. I will now ask a member to move the following resolution:

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2011, the following sums for Energy and Resources, in the amount of \$600,000.

Do I have a mover? Ms. Wilson.

Ms. Wilson: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 23 agreed to.]

The Chair: — Thank you very much, committee, Minister, Mr. Pushor. Minister, do you have any final comment?

Hon. Mr. Boyd: — Mr. Chair, committee members, thank you for your questions this evening. And we appreciate them and look forward to the next opportunity to be before your committee.

The Chair: — Thank you, Minister, and thank you committee members for the questions. And we'll recess for a few minutes while we assemble the folks from Enterprise Saskatchewan for the final set of estimates tonight. I would ask the committee members to stay nearby.

[The committee recessed for a period of time.]

**General Revenue Fund
Supplementary Estimates — November
Enterprise and Innovation Programs
Vote 43**

Subvote (EI03)

The Chair: — All right, I believe that we have the committee members at the table and our minister and officials are in place for Enterprise Saskatchewan. Committee members, we're now looking at the estimates for Enterprise and Innovation Programs on page 13 of the Supplementary Estimates booklet. Mr. Minister, would you like to introduce your officials and make an opening statement.

Hon. Mr. Harrison: — Sure. Thank you very much, Mr. Chair. I'll be only giving a quite a brief statement. Firstly though to introduce my officials, on my right, CEO [chief executive officer] of Enterprise Saskatchewan, Mr. Chris Dekker. And on my left, vice-president of Enterprise Saskatchewan, Mr. Tony Baumgartner.

Essentially this is a request from the legislature for incremental appropriation of just over \$14 million for the ethanol grant program. This was a program that was put in place some number of years ago actually by the previous government. And I know they're quite familiar with the details of the program, which is why I'm not going to go into great detail.

Essentially though the ethanol grant program pays marketers and distributors of ethanol 15 cents per litre for each litre of ethanol fuel used or marketed in our province. Payments are made quarterly to petroleum companies eligible, and the companies are only eligible to receive the grant if they secure a minimum of 30 per cent of their stock from small ethanol producers, which is facilities that produce less than 25 million litres per year.

The ethanol mandate that's currently on the books in *The Ethanol Fuel Act* is 7.5 per cent on an average basis, which means that on an average basis 7.5 per cent of all gasoline sold in the province is required to be composed of ethanol. We've seen actual ethanol inclusion levels vary. It varies widely between companies, but getting up to nearly 9 per cent in some cases of ethanol inclusion in gasoline that people from Saskatchewan buy at their local gas station.

When the production from the small producers was insufficient for the 30 per cent, which has happened in the past, there was a waiver routinely granted by the Government of Saskatchewan. To account for that, we have a number of companies involved in this industry in the province. And I'm sure people watching on television know where those are, whether that be at Belle Plaine or Weyburn or Unity or Lloydminster. We have a number of these facilities operating around the province, and they provide a very important source of jobs, nearly 200 directly and 400-or-so indirectly, not to mention the benefits that we see accrued economically to our agricultural sector.

So with that very brief opening comment, I'm happy to respond to any questions that members may have.

The Chair: — Thank you, Minister. And welcome, Mr. Dekker and Mr. Baumgartner. Questions? Mr. Taylor.

Mr. Taylor: — Thank you very much. And, Mr. Chair, I share your welcome to the minister. Mr. Dekker, Mr. Baumgartner, it's a pleasure to see you all tonight. I have a number of questions. I am familiar with the program, and I appreciate the minister's brief remarks and outline. However the vote in front of us tonight talks about the special warrant for full reinstatement of the program. The minister will be aware that in the budget earlier this year, his government actually cut this program and is now asking for money for reinstatement. Can the minister give us an understanding of why the program was cut in the first place?

Hon. Mr. Harrison: — Well I appreciate that question from the member. As I had indicated in my opening comments, some of the value that this program brings to ethanol, obviously the industry as it's developed and to those involved in the agriculture sector, we know that there's some very real benefits there.

One of the things we looked at and heard from was the industry prior to March of this year . . . or sorry, subsequent to March of this year. There was I think a consensus that perhaps the best approach going forward would be to look at a comprehensive review of the program and, in a more general sense, a renewable fuel standard in 2012, which is when the Act mandates legislatively that there be that comprehensive review. Which is what we intend on doing is looking at, in a comprehensive fashion, the entire industry and a renewable fuel standard in a more aggregate sense in 2012.

[20:30]

Mr. Taylor: — Okay. I guess I'm going to have to ask this question just a little bit again. This question: after the budget, the previous minister, Mr. Cheveldayoff, appeared before the committee and was asked a question about the rationale behind the change, the removal of the rebate. At the time he said, and I quote from April 30th committee meeting, Mr. Cheveldayoff says:

At the time the statement was made that the subsidy should continue for about 10 years and that a mature industry would be about 400 million litres. Presently we are at about 340 million litres in Saskatchewan . . .

And then he says a few other things. Essentially he's talking about the industry being matured. A study done by Myers Norris Penny noted that changes to ethanol and biofuel policies would be necessary, and then he goes on to talk about a few other things that I'll mention later.

So back to my question about what was the original thinking around the removal of the program to begin with just a few short months ago. The minister at the time indicated that the industry had matured and changes were necessary. Is the current minister suggesting there's a difference between his understanding and the understanding of the minister who spoke in front of this committee previously?

Hon. Mr. Harrison: — No. As I said, I think the discussion that went on subsequent to the budget of this year was a consultative one with the industry. And what as a government we heard back from the industry was that a comprehensive review in 2012 would be the appropriate approach to take with regard to not just the ethanol portion of the renewable fuels industry, but as a part of the comprehensive review of renewable fuel strategy. Which is, as I had indicated, what we're going to be embarking upon.

There was some — and I know this wasn't particularly what the member had got to — there's been some recent developments on this as well, which I think speak well of the industry we have here in Saskatchewan. And that's the September 1st announcement from the Government of Canada with regard to the details of the renewable fuel strategy for the Government of Canada, which I could and will probably wish to get into, and I suspect the member will as well at some point. But as I said, the comprehensive review as mandated by the Act is felt by cabinet to be the most appropriate approach to looking at how the industry is going to move forward.

Mr. Taylor: — All right. Actually, minister, I'm not quite there yet in my questions. I'm still trying to figure out what the reason behind the budget announcement last March that this program, this rebate was going to be removed. The minister said there was discussion with the industry. The minister said there was consensus. The minister said . . .

Hon. Mr. Harrison: — [Inaudible] . . . subsequent to the budget announcement . . .

Mr. Taylor: — Okay, I'm not talking subsequent. There was a . . .

Hon. Mr. Harrison: — You're making it sound like that's what I said prior to the budget.

Mr. Taylor: — If you are answering my question, my question was about the budget decision, not about the reinstatement decision. I'm not there yet.

Because the program was in place, the minister acknowledged the program has been in place for some time, but a decision was made prior to March of this year to remove the rebate. That decision was — according to Mr. Cheveldayoff when you read through his statements — primarily a Finance decision. It wasn't an Enterprise Saskatchewan decision, or Energy and Resources decision. It was primarily a Finance decision.

And I'm trying to get an understanding as to what it was that caused the government to want to eliminate that program. And then I'll get into a series of questions about, all right, what has taken place that's now we're reinstating it a few months later.

So the government must have made a decision this program wasn't necessary. The previous minister indicates this was a Finance decision. Enterprise didn't really know about it until after Finance had made the decision and then sought some advice. Is that the minister's understanding?

Hon. Mr. Harrison: — Well firstly I would point out that in the budget, the program wasn't eliminated. And I'm not sure if heard the member make that assertion or not, but I want to be very clear that the program was not eliminated.

Obviously as any responsible government does in the context of a budget deliberation, efficiencies are looked for. Efficiencies are obviously looked for by central agencies of government, whether that be Treasury Board or Finance, and decisions are taken. Obviously as the member well knows, who's an experienced member of this House and other governments, during the budget deliberation process on specific budget decisions, there's an inability on the part of executive members of government to convey those decisions prior to announcements being made on budget day itself. And I know the member appreciates that.

There were, in the context of this deliberative process, efficiencies being sought — and that's a matter of public record — in all ministries and government. And I know in my previous Ministry of Municipal Affairs, that was no exception. So that's a normal part of the budget process. The decision was taken during that process that there perhaps could be efficiencies found in this particular program. Subsequent to that budget decision, there was extensive discussion with industry and stakeholders and companies directly involved. And it was felt that perhaps the most profitable way forward or appropriate way forward would be to have a comprehensive review of the entire program in 2012.

Mr. Taylor: — I appreciate that answer. And to a certain extent, I think the minister has acknowledged the previous minister's comments that indeed the Finance department and the budget process and Treasury Board make decisions, and it's not as broad a discussion prior to the announcement as usual. I understand that.

The point is, this is Enterprise Saskatchewan. The whole point of Enterprise Saskatchewan is consultation and government seeking advice. As I understand it, the sector team, biofuel sector team, was not even aware of the decision to cancel . . . or not cancel the rebate, reduce the rebate from 21,000 in '09-10 to 8,800 in '10-11, that the decision was made without the sector team's involvement to begin with. And the minister has alluded now to, after the fact, there has been a consensus built. The sector team . . . Will the minister acknowledge this? It was the sector team's reaction to the budget decision to reduce this program that has now led to a reinstatement of the program.

Hon. Mr. Harrison: — No, I wouldn't acknowledge that. What I would say to that member though, who is very aware of this, during the budget process, during the deliberative phase of

cabinet, Treasury Board, Finance, line ministries, obviously specific budget decisions cannot be conveyed to anybody, not to mention consultative groups. So I know the member knows that, and I would hope that he wouldn't be indicating that that's a practice that should be the norm moving forward.

What I can tell the member though is there had been a number of high-level discussions with the sector team involved. There were a number of discussions on the specifics of the announcement held in the immediate period following that announcement with the sector team, who provided very valuable feedback as to what would be the best path forward. And as I have indicated on a number of occasions, that best path forward is felt to be a comprehensive review of the entire, of the entire piece in 2012.

Mr. Taylor: — Will the minister acknowledge that one or maybe more members of the sector team said they would resign if this program was not reinstated?

Hon. Mr. Harrison: — I wasn't the minister at the time. I couldn't tell you.

Mr. Taylor: — So you've had no reports from your senior administrative team as to what might have led to some of the review of this decision?

Hon. Mr. Harrison: — Well when I became minister in June, this was one, obviously one of the items that was on the agenda for some of the first discussions that we had as a leadership team at Enterprise Saskatchewan. I know after having reviewed the matter in some significant detail myself along with senior officials, and having input from industry, that it was . . . I felt that the most appropriate way forward was the reinstatement of the program as it had existed with that review going forward in 2012.

In terms of details of meetings that I wasn't at, I can't speak to.

Mr. Taylor: — It has been noted that prior to the budget in March of this year, it has been noted that no one in the industry was calling for a reduction in the rebate. In fact the industry reacted quite quickly and quite negatively with that announcement on budget day.

The minister, the previous minister committed to additional consultations immediately following that. In fact Minister Cheveldayoff says we have now committed to the industry that we will undertake extensive consultation for as long as it takes to ensure that permanent changes that are made will be done so in a way that reflects those consultations. I'm assuming that that's what now has led to the reinstatement of the program.

Hon. Mr. Harrison: — Well there were obviously extensive input gathered from stakeholders and those with expertise in this industry. As I indicated in my last question, this was one of the first matters I dealt with when I became minister in June. And we made a decision on the basis of consultations that had happened and happened at that time that the best way forward was to reinstate the program.

Mr. Taylor: — Sector team members that I have talked to have indicated that they believe very strongly in the work that they

have to do. They've been asked to provide government with advice and they are working hard to ensure that the advice they give government is based on industry practice and is ultimately for the benefit of industry. The sector team members that I have talked to have indicated to me that whatever advice government got on the rebate was not based on sound advice, was not based on sound industry practice, or on consultation with the industry itself.

So the sector team members are committed to this process the government has asked them to do. They had indicated that they felt ignored. Obviously government must have felt the same way or this program would not be reinstated. Do you agree?

Hon. Mr. Harrison: — No, obviously not. The sector team obviously have provided significant input which the government very, very much values. In terms of the specifics of meetings, I mean I can't speak to that, Mr. Taylor, because I wasn't there. But I know that there had been extensive discussions held between my predecessor as minister and also obviously with senior officials from Enterprise Saskatchewan and that on the basis of input that we received in that context, and also on the basis of our own hard look at the program, it was felt that it would be best to reinstate it.

Mr. Taylor: — By reinstating the program it seems, within the same year that it was reduced, it seems to me government is admitting that the original decision was a mistake. Would you acknowledge the original decision was a mistake? It was made hastily without adequate consultation or why in the same budget year that the announcement was made with great fanfare, the funding is reinstated and the program is reinstated?

[20:45]

Hon. Mr. Harrison: — Well what I think this very much demonstrates is a government that listens, a government that listens to stakeholders, that listens to those with expertise in the industry. We did that very assiduously. We made the decision on the basis of that dialogue and that feedback and I think that it demonstrates that our government listens and that Enterprise Saskatchewan very much, in a very real and tangible way, benefits from and appreciates the work that members of our sector teams and the members of the board do on a daily basis.

Mr. Taylor: — But that wasn't what took place prior to the original decision to reduce the program.

Hon. Mr. Harrison: — As the member knows, I mean during the budget deliberation process, you can't go to individual stakeholders and apprise them of a decision. The member knows you can't do this. That's not how you run a government. There's a number of examples of what happens when that occurs historically. And that's not something either his government or this government did in the past or are going to start doing in the future.

Mr. Taylor: — But the minister is also aware that this government put a lot of stake in Enterprise Saskatchewan. This isn't necessarily consulting on a budget decision with industry. Enterprise Saskatchewan was built on the basis of industry would provide advice to government and then government would act on that advice. This was a matter where the industry

had not provided any advice, and government acted without any advice. In fact in the minister's own words, they listened after the fact. But this government did not listen before the decision was made, the original decision.

So I can't help but believe that this government made a mistake. They consulted, they realized they made a mistake, and now government is responding to that mistake by reinstating the program.

Hon. Mr. Harrison: — The member knows this was a budget decision. The matter that we're talking about here at the moment was a budget decision. There is no ability of executive government to be conveying budget decisions to stakeholders or anybody else prior to budget day.

And if the member is suggesting that the government should have done that with an Enterprise Saskatchewan sector team or anybody else for that matter, that . . . I mean it's a pretty good example of why they're sitting on the opposition side of the aisle and will be for a long time.

Mr. Taylor: — What I'm suggesting is not that government should have taken that budget decision. They shouldn't have made a decision in the budget process without having received some advice from industry. For example, there are a number of recommendations currently before government from the sector team, this particular sector team, that have not yet been acted on. They want the mandate that the minister referred to earlier increased to 10 per cent. What's the status of that mandate? Is the government listening to the industry there?

Hon. Mr. Harrison: — Well frankly I'm not sure what that has to do with the vote that we're talking about in terms of the supplementary estimates. But if the member wants to talk about mandates, I mean we've seen a, just in the last two months, a new nationwide mandate introduced by Environment Canada, a 5 per cent nationwide on ethanol, which in Saskatchewan we obviously have a 7.5 per cent mandate.

We're in a position right now in the industry to actually export ethanol, which is going to provide a very real opportunity for our ethanol producers to expand their markets. I think it's a good thing that the Government of Canada has done on this. Minister Prentice announced and is moving forward with now — while Minister Baird of course being Minister of the Environment — a 2 per cent biodiesel mandate as well.

In terms of the ethanol portion of the mandate though, we know that there is going to be significant capacity needed within Canada to reach that 5 per cent mandate. There's going to be opportunity for probably . . . And I'm just looking at one news article here, of a headline being, estimates two 130-million litre per year ethanol plants would need to be built just in Western Canada to meet the mandate of 5 per cent, which I think speaks. . . is a very good opportunity for our industry here in Saskatchewan. We know that we have an industry with a high level of expertise and a significant period of experience in operating ethanol plants, both large and small.

So I think there's a whole bunch of positive things that we can look at going forward. I hope the member would agree with that and wouldn't be looking for ways to make that not happen. I

think we have a tremendous opportunity. And again it speaks to the vibrancy, the forward-lookingness of our people here in Saskatchewan, the fact that things economically are going very, very well. We have tremendous opportunity and a very good present and future.

Mr. Taylor: — I do agree with the minister, and to express my bias, I've supported ethanol production in Saskatchewan for a large number of years. I believe the sector team's recommendation of increasing the mandate in Saskatchewan is a good recommendation and the government would be wise to follow that.

The minister in his response just talked about the federal program. The feds want this biodiesel mandate as well — 2 per cent — and the minister indicated that that was on the table. The sector team has also recommended that Saskatchewan do a biodiesel mandate. Saskatchewan hasn't responded yet. And the sector team has indicated that without that mandate in biodiesel, we're unlikely to have any investment. Is the minister prepared to work on that mandate, or that recommendation from the biodiesel sector team to put the biodiesel mandate in place?

Hon. Mr. Harrison: — Well again, Mr. Chair, this has absolutely nothing to do with the supplementary estimate that we're voting on. After the member had raised another matter prior to this which had absolutely nothing to do with the supplementary estimate, if he wants to talk about things that have nothing to do with the supplementary estimate and be partisan, I'm happy to accommodate him on that front. I don't think it's necessarily the most productive use of the committee's time or, I think, necessarily how those watching would like to see their officials move forward.

But, you know, I can tell the minister, the member about the fact that we have an industry that's doing quite well here in Saskatchewan. We have an industry that has a tremendous amount of potential going forward. We know that, you know, there's opportunities in a number of sectors. We'll explore those, but I would prefer to stay on the matter at hand which is the (EI03) investment program vote and keep it on topic.

Mr. Taylor: — I don't mind doing that, Mr. Chair. I say to the minister that we know that there'll be sector team members that are watching tonight. They know that the reinstatement of this program is a result of the work that they did. They've also made some other recommendations and I think they are interested in knowing where their recommendations are going. So if the minister wants to say to me on a partisan basis that he doesn't want to answer those questions, that's fine. The sector team is paying attention to the response of the minister on the ethanol and biodiesel programs, which are part of the estimates in front of us tonight.

Hon. Mr. Harrison: — Yes. No, that's precisely not what was said and the member might be trying to score cheap partisan points. And he can do that all he wants. He's entitled to. But sector teams know that we tremendously value their input. They know that there's, across government, a very strong willingness and desire to take that input and use it for the best possible purposes for the people of this province.

And frankly, Mr. Chair, the fact that we've set up Enterprise

Saskatchewan with sector teams to provide advice, to have the NDP [New Democratic Party] criticize and pretend to stand up for sector team members is pretty silly considering that they've criticized Enterprise Saskatchewan every step of the way.

The Chair: — Excuse me. I think I'll interject to ask the members to stick strictly to the investment program subvote (EI03). And the tone is getting a little out of hand here. Let's stick to the subvote. And I don't want my committee to be carrying on like this.

Mr. Taylor: — Thank you, Mr. Chair. Of the \$14 million requested here, the additional funding of 5 million provided for the full reinstatement of the ethanol fuel tax rebate program. Could the minister explain exactly how this \$5 million was arrived at and how it fits. Because the actual reduction was greater than \$5 million in the budget. So how are we having a full reinstatement of the program with fewer dollars than what had been allocated previously?

Hon. Mr. Harrison: — No. I thank that member for that question. That's a good question. And I'm going to have Denise Haas, our chief financial officer at Enterprise Saskatchewan, address it.

Ms. Haas: — Thank you, Minister. The reason why the first tranche of \$5 million was done as a special warrant is because that was the immediate need of money that was required for the program to do its quarterly payments. Payments are done on a quarterly basis. And with the reinstatement of the program, we couldn't wait for the full amount to be done in supplementary estimates because we had payments that would have had to have been made. So a portion of it was done as special warrant.

The remainder of it is being done as supplementary estimates. And that's mostly because under the definition of what you can do under a special warrant it's based on only that that is urgently needed.

Mr. Taylor: — Okay. And therefore the other \$9 million requested here is the final piece to bring this up. If you add this funding together, then we actually will have more money in the rebate program this year than we had last year? Is that correct?

Ms. Haas: — It will be slightly more. The actual amount will be 23 million. And last year it was about 22.1 or something . . .

A Member: — 22.6.

Ms. Haas: — 22.6, thank you.

Mr. Taylor: — Okay. I don't know why my number said it was 21 last year. Is that early numbers before reconciliation?

Ms. Haas: — The 21 is . . . There's two programs in this subvote. There's the ethanol program, and then there's the Small Business Loans Association program. So the ethanol was 21, and then there's the amount from the Small Business Loans Association that's added into the total of the subvote as well.

Mr. Taylor: — All right, thanks. I'm going to come back to that because of course in the Supplementary Estimates there's no reference to the small business loans program. So if that's

included in the numbers, I wasn't aware of that. It's not noted here.

Hon. Mr. Harrison: — No, we're not asking for additional funds under the small business loan program.

Mr. Taylor: — Okay. Well let me just ask for further clarification then on the numbers. So the 14 million-plus that is being requested here is all for the ethanol fuel tax rebate program. Is that correct?

Ms. Haas: — That is correct.

Mr. Taylor: — And just for further clarification on that then, you were projecting this to the end of the year now, or is this based on numbers that are already in? I didn't quite follow your argument there earlier.

Ms. Haas: — It's based on projections. It's based on what's been paid to date. And then there are projections that are done based on amount of ethanol produced as well as the amount of fuel consumed in the province and so there are projections to the end of the year that bring us to a need for a total of 23 million for ethanol.

Mr. Taylor: — Okay. That suits me just fine, Mr. Chair. I have no further questions.

The Chair: — Thank you, Mr. Taylor. Any further questions from around the table? Seeing none, vote 43, Enterprise and Innovation Programs found on page 13, investment programs, subvote (EI03) in the amount of \$14,053,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Enterprise and Innovation Programs, vote 43, \$14,053,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2011, the following sums for Enterprise and Innovation Programs in the amount of \$14,053,000.

Mr. Hickie. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 43 agreed to.]

The Chair: — Any final remarks from the minister or committee members? Minister.

Hon. Mr. Harrison: — Sure. No, thank the member for his questions. Thank officials for being here this evening and look forward to our next opportunity to have a discussion.

The Chair: — Thank you, Minister, and thank you, Mr. Dekker, Mr. Baumgartner, and Ms. Haas, and committee members for your questions. And I would now entertain a motion to adjourn.

Hon. Mr. Hickie: — I so move.

The Chair: — Mr. Hickie. This committee stands adjourned.

[The committee adjourned at 20:59.]