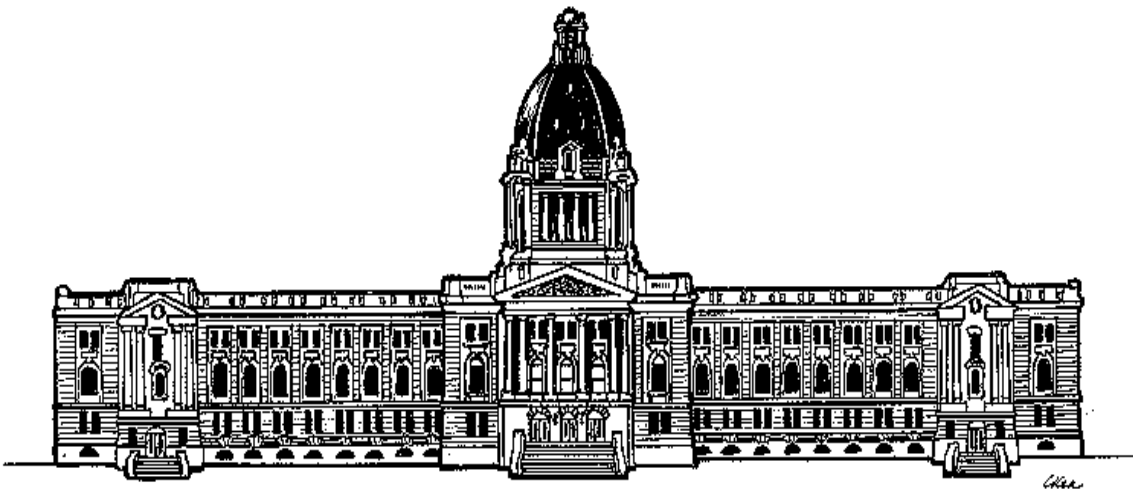




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

Mr. Lyle Stewart, Chair
Thunder Creek

Mr. Len Taylor, Deputy Chair
The Battlefords

Mr. Rod Gantefer
Melfort

Ms. Nancy Heppner
Martensville

Hon. Darryl Hickie
Prince Albert Carlton

Ms. Sandra Morin
Regina Walsh Acres

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 19:02.]

The Chair: — Welcome. Seeing as it's now 7 o'clock, the chosen hour for the committee to begin its meeting, I will call the committee to order. Welcome everyone and good evening. I would like to welcome you all to the deliberations of the Standing Committee on the Economy.

We have Mr. Gantfoer in attendance, Mr. Brkich sitting in for Mr. Hickie, Mr. Taylor, Mr. Iwanchuk for Ms. Morin, and Mr. Wyant. Mr. Wyant is sitting in for Ms. Heppner.

I'd like to table the following document HUS 28/26: Answers to questions raised during the Ministry of Environment appearance at committee re: Legislative Expenses and Churchill River Missinipe. The document will be tabled at the next meeting, which is tonight. And I table that document.

**General Revenue Fund
Enterprise Saskatchewan
Vote 83**

Subvote (ES01)

The Chair: — We are now here to consider the estimates and supplementary estimates for Enterprise Saskatchewan, vote 83 (ES01) and (ES02), operations, and later this evening to consider Bill No. 166, *The Renewable Diesel Act*. We are now considering vote 83 (ES01) and (ES02), operations. Mr. Minister, would you like to introduce your officials and, if you wish, make any opening comments?

Hon. Mr. Harrison: — Sure. Thank you very much, Mr. Chair, and thank you for the opportunity of being here this evening. I look forward to addressing, responding to questions put by members of this committee. It's obviously a very important part of the legislative process, what we do here during the estimates process.

In terms of my officials: on my left, Chris Dekker, the chief executive officer of Enterprise Saskatchewan; on my right, Denise Haas, our chief financial officer; behind me, Neil Cooke, our senior manager, investment and corporate services; Ernest Heapy, the vice-president of regional enterprise; Angela Schmidt, the vice-president, competitiveness and strategy; Tony Baumgartner, vice-president, sector development; Mr. Ron Kehrig, sector manager, biofuels and bioproducts; and Jessica Benjamin, our intern working with competitiveness and strategy.

In terms of an opening statement, Mr. Chair, I only have I guess a brief overview of what we're going to be discussing in a factual sense, that being the vote 83 and vote 43 this evening. The 2011-12 expense budget for Enterprise Saskatchewan is \$69.2 million. This level of funding will maintain ES's [Enterprise Saskatchewan] core programming operations, including the development and implementation of Saskatchewan's long-term growth strategy; establishment, monitoring, and reporting on key indicators of economic growth; collaborative engagement with stakeholders to make strategic economic recommendations; enhancement of regional economic development initiatives; and coordination of business

attraction and marketing campaigns that promote Saskatchewan as the best place to live, work, invest, and operate a business.

The 2011-12 expense budget provides 21.6 million in operating funding for the staff and in-house operations of Enterprise Saskatchewan; \$15.2 million in increased funding for the ethanol grant program; \$9.7 million for the Western Economic Partnership Agreement program that funds innovation and commercialization projects that increase Saskatchewan's competitiveness; \$4 million to maintain funding for enterprise regions' regional economic development; 2.9 million in contribution funding to the Saskatchewan Trade and Export Partnership for programs that assist Saskatchewan exporters to access international trade markets; \$3.6 million for the final phase of the Community Development Trust Fund or CDTF program that provides financial support for communities affected by the global economic downturn; \$2.6 million in new funding for a biodiesel grant program; and \$747,000 for the Small Business Loans Association program.

And with that brief introduction, Mr. Chair, I'm happy to respond to any questions that members may have.

The Chair: — Thank you, Mr. Minister. Before we move on to questions, I would ask the officials other than the minister to introduce themselves the first time you speak for the benefit of Hansard. We'll now invite questions from committee members. Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. And to the minister and the officials, welcome to the committee tonight. I know we have a couple of hours set aside to review the estimates for Enterprise Saskatchewan. I appreciate the opportunity that you have provided with us tonight to do that.

First before I get into some of the specifics about the numbers that the minister has outlined, I'd just like to ask a few general questions that kind of put the budget into perspective. It's been an interesting three years for Enterprise Saskatchewan. I'd just like to ask the minister if he might provide us with some of the background that would show us how Enterprise Saskatchewan has evolved. The minister will remember that before the 2007 election, the then opposition leader, now Premier, touted a change in the way the province should do economic development. In fact at one point in one of his speeches back in October of 2004, he talked about using Enterprise Saskatchewan to seed, that's his word, seed economic development to the private sector, take it away from government.

When Enterprise Saskatchewan was first introduced after the election, it was Enterprise and Innovation, had one minister for two departments. Then over the course of the years Enterprise Saskatchewan has now had three ministers, two deputy ministers, and to a certain extent the focus has changed somewhat.

I'd like the minister just to comment about this evolution that has taken place, to give us an idea of how to proceed with the budget or estimate questions.

Hon. Mr. Harrison: — Sure. And thank you very much, Mr.

Taylor, for that question. And I think you laid out the genesis of Enterprise Saskatchewan in a vision of our Premier now who in 2004 — I think at the time I was, you know, a young law student at the University of Saskatchewan; I think he actually introduced this at the University of Saskatchewan — the vision for a new economic development agency that would be something different, something that not necessarily had been tried before. *The Promise of Saskatchewan*, the document that laid out his vision for this, was first introduced at that point.

As I said, this is a new agency that hasn't been tried in this model before. And we've been, over the short course of three years now or thereabouts of existence, been evolving as an organization. I think that we're, you know . . . There's been changes obviously. There's going to be more changes going forward as there are and have been in other government departments and other agencies of government as well. We're going to continue to evolve, but I think that we've seen some significant results. I think that we've seen some major steps forward.

And in terms of the focus change, I guess I would somewhat disagree with the premise of that assertion in that I think the focus of Enterprise Saskatchewan is very much what it had been from the beginning, which is to foster economic growth in Saskatchewan by identifying and removing barriers to that growth. And we, for that purpose, have a very impressive board of directors in place providing recommendations and direction to the agency. I'm honoured to Chair that board of directors.

We also have some very committed individuals who have served on sector teams. We of course had 18 sector teams initially. We've evolved now to eight sector teams. I want to thank all of those that have been willing to serve on those sector teams. It's basically a volunteer role for individuals that have served in that capacity.

We've seen some important recommendations I think coming out of sector teams, one of which just jumps to mind which was a regulation that had previously been in place that didn't allow oil rigs to move on Sunday, just as an example. It was a recommendation from a sector team that that regulation be amended, which it was. So that's just one example that jumps to mind.

But you know, obviously the organization has evolved. And I'm confident in saying that we're going to continue to evolve as we go forward.

Mr. Taylor: — Thank you for that. Just continuing along that line, I appreciate you mentioning some of the latest evolution, which is actually reflected in the estimates in front of us. And I'll get to some specific questions about that shortly.

However the minister will remember that when the agency was first created, it was created by legislative authority, Bill No. 2 in the legislature actually. I think the government wanted it to be Bill No. 1, but the Minister of Finance stepped in and had a Bill No. 1 that had to go in front of it. So it came in as Bill No. 2, providing the legislative authority for Enterprise Saskatchewan to come about.

But the first minister was responsible for the Uranium

Development Partnership. The first minister was responsible for Innovation Saskatchewan. The original proposal, the Premier's original idea was to contain all of this under one roof. It changed relatively quickly over the course of that first year. Can the minister give us any indication about what was taking place at the time that created those changes that separated Innovation Saskatchewan?

[19:15]

The legislation actually says that under Enterprise Saskatchewan that there's the ability to create Innovation Saskatchewan, but it was created before the legislation even came out as a part of the ministry. So there were a number of changes, and now the Uranium Development Partnership and functions like that have been removed from Enterprise's mandate and a few other things like that. Could the minister outline sort of what was taking place, why the changes took place so early in the mandate of the ministry?

Hon. Mr. Harrison: — Sure. Well thank you very much for the question, Mr. Taylor. Well firstly, one thing I want to acknowledge is the work that was done, the great work that was done by the first minister responsible for Enterprise Saskatchewan who we're privileged now to have as our Chair of this committee. He was the individual responsible for putting the legislation together, for giving birth to the vision that the Premier had. And I would be remiss if I didn't acknowledge the great work that our Chairman did on that front.

In terms of the kind of the detailed knowledge as to the member's question why certain things changed in certain directions, honestly I wouldn't be able to give any sort of detailed response to that, simply in that I wasn't a minister of the Crown at that point and obviously not privy to any deliberations as to changes in machinery in government which are traditionally the, a prerogative of the first minister in any jurisdiction.

Mr. Taylor: — Okay. Thank you very much for that. I'm going to come back to the legislative authority shortly, but I'd like to take a look at the mandate letter that the minister was provided when he was named last year. Actually I have the last two mandate letters in front of me: the mandate letter for the previous minister, Mr. Cheveldayoff, dated May the 13th, 2010; and I have the new mandate letter for the current minister, dated June 29th, 2010. Is the minister aware, off the top of his head, what the differences are between the two letters?

Hon. Mr. Harrison: — No. Thanks for the question, Mr. Taylor. I can't say off the top of my head that I am.

Mr. Taylor: — Okay. There's not much difference. But there's one, I think, critical difference in the two letters. If we look under on page 2 of the letters, the Minister Cheveldayoff letter of May 13th of 2010 has eight bullets under Enterprise Saskatchewan. The letter dated June 29th, 2010 to yourself has nine bullets under Enterprise Saskatchewan. That means there's been something added to the minister's letter from the previous one, which means the Enterprise Saskatchewan continues to evolve.

The bullet that's missing is, and I quote. This is in the current

minister's mandate: "Work in collaboration with [the Ministry of] First Nations and Métis Relations . . . to explore and pursue opportunities to generate employment, expand capacity, and create economic opportunity for First Nations and Métis people." That bullet in the mandate letter was missing prior to this minister's appointment. Does the minister have any comments on why First Nations was missing previously and now on his appointment it shows up?

Hon. Mr. Harrison: — Well again on the machinery of government issues, I know the member's served, served well as a minister of the Crown in the past and I know he knows that those sorts of matters are decided at a different level than the individual minister. That being said, I think that Enterprise Saskatchewan has always endeavoured to work with First Nations and Métis people on economic development issues. I know even one of the first matters I did as Minister of Enterprise actually was to launch or announce a couple of projects under the Community Development Trust Fund, one of which was in Green Lake, Saskatchewan, which of course is a Métis community east of the city of Meadow Lake. And also there was an initiative on the . . . Yes, and there was, as a part of that same tranche of announcements under CDTF, an economic development initiative on the Big River First Nation. So I think that there's always been that willingness.

I know Minister Cheveldayoff had a very strong desire to work with First Nations and Métis people to do what we could to advance economic development in particular areas and areas that they had interest in. I know that's something he's continued along with now that he's Minister of First Nations and Métis Relations. We have the Clarence Campeau Development Fund as well. That's not something Enterprise is responsible for administering, but also, you know, we've worked with First Nations Power Authority in the announcement which just was made very recently. I met with MLTC [Meadow Lake Tribal Council] just on Friday about it, actually, back in my constituency office.

So you know, there's a number of initiatives that we have undertook that we're going to continue to undertake even if it's in a role of facilitating, not necessarily as the agency responsible for those. But in terms of the member's specific question again on machinery of government, I'm just not in a position to comment.

Mr. Taylor: — Okay. The reason I asked, because of course I think the minister is aware and I believe that the addition to the mandate is to try to deal with some difficult times, whether it's perception or not, but the government was criticized by FSIN [Federation of Saskatchewan Indian Nations] and others that there wasn't enough attention being paid to First Nations issues — in particular, duty to consult — and as a result of that I think there was a conscientious effort made to ensure that at least in writing there was a clear indication that Enterprise Saskatchewan was prepared to move in that direction. It hadn't been mentioned before. Now it shows up shortly after the significant criticisms appeared. I was just hoping that the minister might recognize that there were some challenges facing Enterprise Saskatchewan and the government on First Nations issues, and that by recognizing this in the mandate, take some responsibility for trying to fix some of those problematic issues that were being enunciated by First Nations and Métis people.

Hon. Mr. Harrison: — Well you know, as I'd indicated, Mr. Taylor, in my previous answer, I think there'd always been the commitment on the part of Enterprise Saskatchewan and previous ministers to work with First Nations and Métis people on economic development issues. I think we saw that manifested in a number of initiatives that were undertaken in the past. I mean the fact that it was put in the mandate letter, I think, was a positive affirmation of the work that had been done previous by the agency in terms of work with First Nations and Métis leaders and people and organizations. We're continuing that work, as I said.

In regard to the First Nations Power Authority, just last Friday I had a very positive meeting in my constituency office with MLTC Chief Eric Sylvestre and Mr. Ben Voss. You know, we worked very closely over the course of the last number of months, and we're going to continue to work as an agency in a collaborative fashion with First Nations and Métis leaders.

Mr. Taylor: — Thank you very much for that. When we sat in estimates just a year ago, the previous minister, Mr. Cheveldayoff, on April the 30th was defending the estimates. And at that time, he was talking about the expectations that government had about reports that were being done. And he specifically referred to the McNair report, and he indicated at that time that the McNair report, and I quote:

. . . it's very near completion — will come to Enterprise Saskatchewan and give us an overall view of what should be done and certainly recommendations that will involve other ministries.

And then Minister Cheveldayoff says:

Then Enterprise Saskatchewan will take its role as a coordinating agency and work with all other ministries that are involved or recommended to be involved, and discussions and a game plan will be worked out, coordinated by Enterprise Saskatchewan. Certainly extensive consultations will take place with First Nations and Métis Relations, and then further consultations will take place with Aboriginal industries in the province.

So my question in this regard is, a year ago we were told the McNair report was close to completion, that it was coming to the board, that there would be a game plan worked out, extensive consultations take place, and Aboriginal industries could expect some report back from government. Can the minister provide me any update where we are a year later?

Hon. Mr. Harrison: — Yes. No, sure. Thanks, thanks very much for the question. I guess I'd just briefly reiterate. Maybe I'll ask Chris to maybe provide some additional comments. But, you know, obviously as a government we are, we're committed to working with First Nations and Métis people to ensure the bright economic future that we have in the province is going to be shared by all those that live in the province. And that's something that we're committed to as a government. It's something that we're committed to as an agency: work with everybody to make sure that that bright future becomes a reality.

In terms of the specifics of the member's question, I guess I'd

first preface it by saying that I wasn't the minister at the time that this particular report was initiated or conducted. And maybe I'll ask my CEO [chief executive officer], Chris Dekker, to provide some additional comments.

Mr. Dekker: — Thank you, Minister. It's Chris Dekker, CEO Enterprise Saskatchewan. As the minister noted in a previous answer, Enterprise Saskatchewan and many of our programs and services that we undertake for everybody, are certainly applicable to the First Nations and Métis communities.

In addition to that we have a number of very specific programs including many sponsorships for Aboriginal and First Nations economic, that have an economic development focus. We distribute grants totalling anywhere from 70 to 100 K that are specific to Aboriginal and First Nations. We host the Aboriginal business directory, which is an Internet-based directory of about 252 businesses registered as Aboriginal owned. And the intent of the directory is to assist Aboriginal businesses to take advantage of Crown corporation procurement opportunities.

We have one employee assigned to work with Aboriginal businesses specifically. And FNMR [First Nations and Métis Relations], as was noted in the minister's mandate whom we work collaboratively with on these particular issues, has an additional employee who is dedicated to economic development and has an economic development background dedicated to First Nations and Aboriginal issues.

In addition to that we work very co-operatively with a number of non-government organizations including, as was mentioned I believe by the minister, the Clarence Campeau Development Fund, the Saskatchewan Indian Equity Foundation, the Saskatchewan Métis Economic Development Corporation, and a number of others including the BRIDG [business ready investment development gateway] program at Westcap, which acts as a form of venture capital for Aboriginal-based businesses and helps business with the governance policy and capacity.

As relates to the McNair report, as was noted, we had a good discussion with, about that in previous estimates and we continue to review the findings of that report which was at that time draft. And we're reviewing its findings, and we're considering and looking at it with a view to establishing the final strategy. So we're not just there yet.

First Nations, as was mentioned by the minister and by Mr. Taylor, is a fairly significant issue. It's fairly complex. It can be a challenge for economy, but also can be a solution in many ways if we engage them in our significant need for labour, but also as business people in the community. So as we're all aware, FN [First Nations] issues are deep and complex, and the solutions need to be carefully considered. We need to weigh this against the needs of the First Nations community, the First Nations agencies that are out there that represent them. So we continue to work with officials in the First Nations community, Métis relations, FNMR, to develop strategies and address these challenges and take advantage of the untapped labour pool in the First Nations community.

We have a really good relationship with Chief Lonechild and his executive. We meet on a fairly regular basis. We should

meet more often, mind you. But we're making progress towards a final strategy as it relates to Aboriginal economic development.

Mr. Taylor: — Thank you very much, Mr. Dekker. So the McNair report or at least the recommendations of the report are still very much under consideration. The McNair report which the minister just a year ago and only . . . Would that be the change in cabinet? So it must have taken place mid-June.

Hon. Mr. Harrison: — Late June.

[19:30]

Mr. Taylor: — Yes, your mandate letter is June 29th, so it must have been mid to late June.

So within two months of the last set of estimates, the McNair report was handed over to your responsibilities, Mr. Minister. So there was some indication last year, the last that we had heard about it in estimates, that the report was nearing completion and that extensive consultations would take place. I didn't read the next paragraph attributed to Minister Cheveldayoff, but he says that it wouldn't take long till a report would then be prepared for cabinet for discussion at cabinet.

I take it that we aren't at that point yet, the consultations. Let me ask this: are consultations still occurring on the McNair report? So we are not at a position of presenting any recommendations to cabinet for consideration?

Hon. Mr. Harrison: — As I had indicated, Mr. Taylor, in my first response, the quotes you reference obviously were from a time prior to me being the Minister Responsible for Enterprise. And I think as my deputy indicated, the recommendations are under, continue to be under review.

Mr. Taylor: — Okay. Just for clarification, the minister knows I did sit in that chair at one point in a couple of ministries. I've had some very good working relationships with my officials, not in Enterprise Saskatchewan obviously, but in other ministries. But I have a great deal of faith in the bureaucracy of the government, whether it was ours or the current bureaucracy, and I think you're well served by your officials. But I think we know ministers don't make up things when they sit here in front of the committee. They are advised by their officials, and so if Minister Cheveldayoff said something to the committee and gave us an indication that something was happening, he was not doing it on his own; he did it with the benefit of his officials' advice. And so it's . . . I accept the fact that the minister can say that he wasn't the minister, etc., etc., but you still have the advice of your officials who can bridge that gap from one minister to another.

So just for the record, I want to state that I feel that you are well served by your officials and, should you need to be reminded of what took place prior to your appointment, there is somebody sitting around the table with you that can help you in that regard.

Hon. Mr. Harrison: — Oh, I appreciate that, Mr. Taylor, and I know you, having served for a lengthy period of time as a minister in some very senior portfolios, know the wonderful

civil service that we do have. I completely agree with you. My father was a 37-year civil servant, only retiring a little over a year ago, actually, in the Environment ministry, and I know the dedication, the hard work that officials put in day in and day out in serving governments of all stripes in a professional fashion, providing unvarnished and unbiased advice to their minister. So in that regard I would, I would very much agree with you.

Mr. Taylor: — Okay. Thank you very much. I will come back to the mandate letter a couple of times in my questions. However, I do have one question and it's very pertinent to the estimates in front of us now. I believe that there is a paragraph in your mandate letter that likely appears in all of the ministers' mandate letters, and I'd just like to ask you how you are responding to this. It is the last page, page 3 of the mandate letter, in which the Premier says to you:

An important initiative for our government will be the implementation of the workforce adjustment strategy to reduce the public service by 15 per cent over four years. My expectation is that ministers will actively support and monitor this transformation of the public service. Targets will be established through the Office of the Deputy Minister to the Premier to guide your ministry's efforts in the following priority areas [etc., etc.].

So overall, the public service is looking at a reduction of 15 per cent over the next four years. What does this mean for Enterprise Saskatchewan?

Hon. Mr. Harrison: — Thank you very much for the question, Mr. Taylor. That's, in terms of the workforce adjustment strategy being put into place, that's absolutely correct. The goal of this government is to reduce the size of the civil service by 15 per cent over four years to reduce the footprint of government in the economy. We feel that this is something that is very much achievable, something we're very much on track to complete successfully, and something that I think is being done in a fashion that's responsible and respectful as well.

In terms of the details for Enterprise Saskatchewan, obviously we're participating in the workforce adjustment strategy. In terms of the details from this budget year, maybe I'll turn it over to Denise Haas to provide some additional detail for you, Mr. Taylor.

Ms. Haas: — Thank you, Minister. Denise Haas, chief financial officer, Enterprise Saskatchewan. So as the minister has stated, we, like other ministries and agencies, have developed with considerable thought a workforce adjustment strategy for our agency, which for us it's the equivalent of 17 positions over four years. Last year you will recall in the budget that we gave up five positions, all vacant. This year we gave up three FTEs [full-time equivalent], again through attrition, and the budget that goes with them, of course, of which this year was \$339,000.

We have two years remaining, as does every other ministry, on our plan. And we are still on target, and expect to meet our targets that we have through attrition, retirements, vacancies created by people leaving to go to another job, whether it's in another ministry or a Crown or whatever. So for us it's the total of 17 positions, and we're happy to say that it's actually

planning to be done through attrition and retirements and such.

Mr. Taylor: — I'd like to ask how difficult this is to monitor, simply because, as we talked about off the top, Enterprise Saskatchewan continues to evolve. Certain areas have been moved to other jurisdictions. For example, the Uranium Development Partnership file now belongs elsewhere. Innovation Saskatchewan completely removed from the circumstances of the way Enterprise Saskatchewan was originally set up. So just given the fluidity and the changes that are taking place within Enterprise Saskatchewan itself, how easy is this to monitor and manage? You've identified a number that you're working with currently, but how did this get set up?

Hon. Mr. Harrison: — No, thanks very much, Mr. Taylor. As I think you know, Enterprise Saskatchewan is an agency, a separate agency; Innovation Saskatchewan is a separate agency. As well, the UDP [Uranium Development Partnership] was a separate process. So in terms of the workforce adjustment strategy targets of Enterprise Saskatchewan, I think there's been a very clear, a very clear direction from the very beginning of the implementation of the WAS [workforce adjustment strategy]. And maybe Denise can give some additional details, but I think we've had a clear line of sight right from the beginning as to what our objective was and as to how we were going to achieve that objective.

Ms. Haas: — And just further to that, some of the changes that have been made within the agency actually allow us to revisit and examine things, because really that's what this whole exercise is about, is relooking at for us the agency as a whole and how we can achieve this and how we can achieve it through attrition and retirements. It requires some projections. It requires some assumptions. I mean there's no doubt about it, but I think we feel that we've done a very good job at making some very good projections and really using some solid assumptions to arrive at our plan for the future.

Mr. Taylor: — Okay. Thank you. Just one more question along those lines. When Enterprise Saskatchewan was originally set up, the officials and staff primarily came from other ministries. I think Industry was rolled in. A number of different economic development groups, whether they were housed in Agriculture or in I guess Industry and Energy, were all moved into Enterprise Saskatchewan. Was that starting point difficult to fully identify or again how did you build that starting point?

Hon. Mr. Harrison: — Sorry. Just to clarify, the starting point in terms of the number of FTEs from when Enterprise was constituted?

Mr. Taylor: — Yes, because you know, there was so much . . . Things got moved together with some uncertainty and then things changed around rather quickly after people had coalesced under Enterprise Saskatchewan. So you're looking at a target number, but is that based on a starting point, I guess is a better way of putting it. You had to arrive at a starting point to identify an end point, and I'm wondering what that starting point was.

Hon. Mr. Harrison: — Sure, no. Thanks, Mr. Taylor. I think you're correct in saying there were civil servants from different areas of government that came into Enterprise. And I think

Denise will probably be best positioned to give some background on that.

Ms. Haas: — And as the minister said, that is true. The formation of Enterprise Saskatchewan, the staff were rolled in from the former ministry of Enterprise and Innovation. And that ministry was formed from a culmination of staff transferred in from the old Regional Economic and Co-operative Development and the old Industry and Resources, primarily. When we formed Enterprise Saskatchewan there was, the number of FTEs were rolled into Enterprise Saskatchewan. And that was of course in August of 2008.

When the workforce adjustment strategy was brought out last year, the target and the percentage of positions that we had to find was actually based on the FTE count at the time that the strategy was introduced. So that would have been last year, at the beginning of last year, as I believe was like that across the piece for all ministries and agencies. It didn't go back through the historical numbers. It started with what the current day numbers were at the time that the strategy was introduced.

Mr. Taylor: — Okay. Thank you very much. That's very helpful.

I want to shift gears now for a minute. I'd mentioned earlier I wanted to take a look at the legislative authority that established Enterprise Saskatchewan, Bill No. 2, again to work through this evolutionary process. Bill No. 2, cited as *The Enterprise Saskatchewan Act*, says that, clause 3, "Enterprise Saskatchewan is established as a corporation."

Is that in fact the case? Is Enterprise Saskatchewan a corporation?

Hon. Mr. Harrison: — Yes. No, legally Enterprise Saskatchewan is a corporation.

Mr. Taylor: — Just in the sense of the word? Not like a Crown corporation, but it's a corporate entity.

Hon. Mr. Harrison: — Yes. No, that's right, Mr. Taylor. Legally Enterprise is a corporation with the features that go along with the corporation, including a board of directors and other corporate structures within the ministry as well.

Mr. Taylor: — Okay. In the interpretation of the Act just above that, the Act states under interpretation, "'agency' means Enterprise Saskatchewan established pursuant to section 3." So Enterprise Saskatchewan is referred to as an agency. The minister did that in his opening remarks as well. We know that Innovation Saskatchewan when it was rolled out was specifically created as an agency. Are Innovation Saskatchewan and Enterprise Saskatchewan defined as agencies exactly the same? Is agency, the word agency apply to each of those entities exactly the same?

Hon. Mr. Harrison: — Yes. No, the Innovation's a corporation as well from a legal perspective, but they're special operating agencies, which are corporate entities.

Mr. Taylor: — So is the answer yes, they are the same? The interpretation of the word agency is the same in both?

Hon. Mr. Harrison: — Yes.

Mr. Taylor: — Now I'll just jump ahead a little bit, because under powers of agency, section 5(1), "The agency may," but then later it goes down to section 5. It says, "The agency may establish a division of the agency to be called Innovation Saskatchewan." Is that clause no longer relevant?

[19:45]

Hon. Mr. Harrison: — No, that clause is still obviously a part of *The Enterprise Saskatchewan Act*. I think the key word there though, Mr. Taylor, is "may." Sorry, Mr. Taylor, I should clarify. I'm informed by officials that there were legislative amendments done in terms of the innovation Act, which . . . And there were consequential amendments then to the enterprise Act which dealt with that particular section.

Mr. Taylor: — Okay. So the consequential amendments Act would have removed that subclause (5)?

Hon. Mr. Harrison: — I'm informed that that subclause (5) was removed.

Mr. Taylor: — I apologize for my failure to have caught that. That having been said, I do have a couple of other questions. May I ask if additional legislative changes are in the works?

Hon. Mr. Harrison: — Well I mean, as you would well know, Mr. Taylor, there is always work being done by officials on improving legislation. I think that there's, well I know that there's been some thought given to how we can make the legislation more streamlined, how we can make the agency even more functional.

In terms of where those amendments are at particularly, obviously there's going to be nothing introduced in this session of the legislature, and we'll be looking at potential amendments subsequent to the next election. And I mean that's assuming there's not a change in government. If there is, I'm sure that your party would be considering amendments to that legislation or others as well.

Mr. Taylor: — Okay. The reason I asked that question is because — and I will get to this again with another set of questions in a little while — but the minister has just announced a considerable change in the sector teams. He alluded to that in his opening remarks as well. Section 4 under part II of the agency, purposes of the agency: to establish sector teams. And the legislation is very specific. It has 14 specific sector teams listed, and the 15th bullet is any other prescribed sector. Nothing in here about removing sectors.

So we now have advanced education, research and development, no longer a sector team. We have environment, no longer a sector team; construction, no longer a sector team; financial services, no longer a sector team; co-operatives, no longer a sector team; and trucking, no longer a sector team although it's probably rolled into highways. So I'm just wondering from a legislative perspective, how does the minister justify the significant change in the reduction of sector teams when he has the legislative mandate to do specific sector teams, and his only option appears to be to add, not subtract, from that

list.

Hon. Mr. Harrison: — No, that's a very good question, Mr. Taylor. And from a legislative drafting perspective I think it's an interesting, it is an interesting question. What section 4 . . . Section 4 isn't a prescriptive section. It doesn't say that Enterprise Saskatchewan must establish the following sector teams. What section 4 says is:

4 In keeping with the principles set out in the Preamble, the purposes of the agency are as follows:

(a) to establish sector teams to . . . identify barriers to growth in the following sectors of Saskatchewan's economy . . .

Then you have the number of subcategories.

In terms of a legislative-drafting perspective though, it's not prescriptive that there have to be single sector teams in each sector. What that section means is that as long as you have sector teams that deal with and cover each one of these as a part of their broader mandate areas, the legislation would be fully complied with.

Mr. Taylor: — Well I suppose this is subject to some debate, which to a certain extent is what we're here for tonight. Your estimates do relate to the operations of the sector teams as they have changed. The purpose of the agency as you described — you read it absolutely correctly — indicates that the following sectors need to be dealt with. Advanced education is one that appears to me not to be dealt with in the new sector initiatives. I think I could say the same with co-operatives do not appear to be dealt with in the new sector listings. Can the minister explain how these matters are to be dealt with again from this legislative perspective?

Hon. Mr. Harrison: — No. Again, I think that the member raises . . . It's an interesting question. It is. As I kind of, as I indicated in my first answer, section 4 isn't prescriptive in that particular areas have to be sector teams. What section 4 is mandating is that those areas be included within the mandate of certain sector teams. So in terms of the reduced number of sector teams, all of those areas are going to be included in the mandates of the new teams whether it's in their title or not. They're going to have the mandate to deal with particular areas as enumerated in section 4 of the Act.

Mr. Taylor: — Well I mean, section 4 is quite extensive. It's not just dealing with establishing sector teams. It's dealing with exactly how the agency functions. When the Act was brought in front of the legislature, the purpose of bringing the Act forward is to ensure that the legislature gives you, your predecessors, the government, the authority to do certain things.

And we don't necessarily look at the purposes of an Act as being a maybe circumstance. We expect that Enterprise Saskatchewan will provide recommendations and advice for removal and reduction of barriers to economic growth; will provide recommendations and advice respecting the enhancement of the competitive position of Saskatchewan economy; will establish, measure, monitor, and report on goals and targets on the Saskatchewan economy; will provide

recommendations and advice to undertake programmings with respect to developing the labour force, enhancing the immigrant nominee program, etc.

This came to the legislature so you have the authority to do certain things. So when it says there will be sector teams, whether we agree or disagree . . . You will remember I disagreed with the number of teams to begin with. So don't assume that I'm arguing that all of the sector teams should be there. I argued previously that they shouldn't. There were too many. But it was prescribed. You say it wasn't prescriptive, but it was outlined in the legislation that these sectors would be dealt with.

So I accept the minister's argument that each of those sectors will be rolled into a team. I accept that. Have there been any representatives of the previous sector teams appointed to the new sector teams — for example, financial services? The team of individuals that served on the financial services sector team, have any of those been moved to the new sector team groupings?

Hon. Mr. Harrison: — Yes. No, first I just do want to address the point on the sector teams and really stress the point in terms of the section 4 provision that enumerates a number of sectors, in that that section isn't prescriptive in saying that there shall be the following sector teams. That's not what the section says. All of the areas referenced though in the Act are represented on the current eight sector teams and the issues councils as well, so that's covered off.

In terms of the specific question the member asked, of the new members of sector teams — of which we have approximately 96 or thereabouts approximately — my officials tell me approximately half or so of the individuals on this currently constituted sector teams previously had served on one of the sector teams that had been in existence.

Mr. Taylor: — Okay. Maybe before I go on with the legislative stuff, while we're on the sector teams, let's just stay there for a minute. Can the minister give me his rationale for why the reduction in number of teams?

Hon. Mr. Harrison: — Well you know, as I indicated in some of the earlier remarks that I made, this is a new agency. This is a brand new way of going about economic development. It's a brand new way of looking to remove barriers to growth, a brand new way to look at review of regulations. And there's going to be evolution. There just is.

And I'm not going to apologize for that. I think it's natural in any new organization that's breaking new ground that you're going to have evolution. You're going to find ways of doing things perhaps more efficiently. And I think this would be an instance of that, that by reducing the number of sector teams perhaps we'll be able to move forward in a fashion that will serve the people of Saskatchewan more effectively.

And for that reason . . . You know, that was a part of the feedback we had received too, from people serving on sector teams — not all necessarily supporters or anything like that. We were looking for people that were prominent in their particular fields, and the input we had got from a number of these highly

respected individuals who, basically doing this on a volunteer basis, was that perhaps there might be more effectiveness by reducing the number of teams. So we responded to that.

And we're going to continue to respond to instances where stakeholders or officials or those serving in the capacities — volunteer or otherwise with Enterprise — make recommendations. We want to be a responsive organization, and this was an example of it.

Mr. Taylor: — Prior to the change, New Democrats of course had been arguing that this organization, Enterprise Saskatchewan, had become unwieldy. It was very heavy with regards to teams and time that was being allocated. We were saying that because we were getting messages from members of the teams who had indicated that they felt they were spending a lot of time in meetings, and they just weren't getting anywhere.

The minister is probably aware as well of the editorial in the Regina Chamber of Commerce magazine of June of last year, the *Chamber Link*, the editorial written by Andrew Rathwell of the Regina Chamber of Commerce. And this is what Andrew Rathwell had to say at that time. He said:

The awkward issue at hand is Enterprise Saskatchewan. At the Saskatchewan Chamber's recent conference in Prince Albert, I was struck by the number of people who both publicly and (to a greater extent) in private raised . . . concerns about the government's flagship Enterprise boldly going where no one really wanted it to go.

He talks about a number of things, about things not working out internally. And then he says: "In isolation these grievances may seem a piffle, but put them in a pile and they start to have an impact." In other words, he's saying, I've heard lots of little things, but the little things add up and they have quite an impact.

And then he says: "The Enterprise Saskatchewan brand needs some managing." So shortly thereafter, there are changes. There are significant changes that reduce the bureaucracy of Enterprise Saskatchewan, narrow down the team component of it.

Does the minister acknowledge that the Regina Chamber may have had some impact on the decisions that were being made with regards to fixing some of these piffle-type grievances that were starting to pile on and were having an impact in the business community?

[20:00]

Hon. Mr. Harrison: — Well I'd like to thank the member for the question. You know, as I said in two previous responses now, including the response immediately preceding this one, Enterprise is a new organization. It's a new way of looking at economic development. It's a new model and, you know, there is going to be an evolution as there are in any new organizations, particularly new organizations that are looking to do things in a different fashion and in a different way.

And, you know, I think the worst thing you could do in a situation such as that would be to disregard advice that you

might be getting from different quarters, disregard advice and just plow ahead. And that's not what we did. You know, we've taken to heart some of the advice we've gotten from sector team members, from members of our board, from stakeholder groups, from third parties, and adjusted course. And we're going to continue to do that.

And as I said earlier, you know, there is going to be further changes — without question there will be — simply to make the organization run more effectively and efficiently to fulfill our mandate of identifying and removing barriers to economic growth. So I don't think that's anything that's to be, be sorry about. I think it's something that reflects positively on the agency, on the civil servants that we have working for Enterprise Saskatchewan, and positively as well on those willing to offer their constructive advice on how things might be able to move forward in a more effective fashion — who believe in the agency, who want to see Enterprise Saskatchewan succeed.

And one thing I would point out and I think it's important to note is that, you know, we really do value the constructive advice that we get from third parties, but I would note that if it had been up to the New Democratic Party, Enterprise Saskatchewan would not be in existence, period. And I think that's something that should be put on the record.

So you know, we've made some significant progress on sector teams. We had a very exciting summit of Enterprise sector teams only three weeks ago or two weeks ago here in Regina which included members of the sector teams and issues councils, an incredibly positive meeting. I was genuinely really encouraged and excited about how things are moving in that direction. I think that if you talked to sector team members as well, I think you would find a real sense of renewed optimism about how this process is going to be moving forward in the future. And it, you know, it is a reflection of the fact that we listened very closely to advice that we received from sector team members and also from others.

Mr. Taylor: — I think partly some of the criticisms that Mr. Rathwell refers to that were discussed privately were concerns that recommendations were being made; some were being accepted but many were not. The process seemed fairly simple when then opposition leader Brad Wall, now Premier Brad Wall, said prior to the creation of Enterprise Saskatchewan, and again he used the word, ceding responsibility for economic development from government, from politicians to the private sector. He gave business the idea or corporate Saskatchewan the idea that folks would sit down, they would consult amongst each other, would provide some recommendations to government. Government would deliberate. If the dollars were available that they would, government would proceed on those recommendations. The process originally seemed very simple.

My understanding is that the process got bogged down. And I read from the minister's news release of January 29th when the Enterprise Saskatchewan changed the number of sector teams. The minister says in the news release: "The changes will streamline the important process of providing government with recommendations." So the minister's own words give us reason to believe that it's the process that was being dealt with here.

Two questions coming out of that: the first one is simply relating to my comments about business was concerned about the process. And so is that indeed all that has been changed here, is the process of providing government with advice? And secondly, can the minister identify what he means by streamlining? Because it just doesn't seem like there's a whole lot of problem with the processes that originally existed. People talk; they make recommendations; they pass them on to government; then they get some immediate feedback. The slowness of the process doesn't appear to have been in the sector teams themselves. The slowness appears to have been government's response and reaction to those recommendations.

Hon. Mr. Harrison: — Well you know, one of the . . . Firstly I would disagree with the premise that the reorganization of the sector teams had only to do with process. Obviously the fact that there was a significant realignment of teams, a streamlining of the number of teams, I think would speak to changes in substance additionally, not that process isn't substantive as well.

In terms of the process, one of the changes we're going to be making is that there is going to be a responsibility on the part of line ministries to provide responses to sector team recommendations. That was something that we heard from sector teams, a desire we heard from sector teams. We're going to be moving forward on that.

One of the items I'd like to stress, and this goes for the board as well as for sector teams, is that, you know, government and boards and sector teams aren't necessarily always going to agree. I think the fact of having perhaps a conversation back and forth is a healthy thing. I think that's something to be encouraged. You know, obviously there's been a number of recommendations from boards and sector teams that have been implemented by government. But that being said, that's just not going to always be the case. There are going to be instances where government isn't necessarily going to agree with recommendations coming from teams or boards. And one example I would point to on that is the HST [harmonized sales tax]. There was a recommendation from the Enterprise board that we move forward with an HST. And as a government, we're just not going to be doing that. And that's something I would suspect that the opposition would agree with.

Mr. Taylor: — Yes, I certainly agree with that. There were a number of recommendations that we are aware were made, a number of recommendations also that we are not aware were made. But we're also aware, for example, that there was a recommendation about a moratorium on school closures or something that I'm aware of that didn't get followed up on either. And I notice in reviewing some minutes of the energy sector team that one of the recommendations that was made was that the government take onus of duty to consult on First Nations.

That's not a recommendation that seems to have moved anywhere as well. The government has indicated on several occasions that duty to consult is often the responsibility of industry. But first and foremost, industry has been saying, duty to consult rests with government. The minister's shaking his head. Will he clarify that for us, please.

Hon. Mr. Harrison: — Yes if I could, Mr. Taylor. I do want to clear something up on that. Court decisions have been very, very clear that the onus on . . . Not the onus. Duty to consult applies to government. That's where duty to consult applies to. And that's why government has taken steps in terms of a very comprehensive duty to consult policy, which I mean I'm not in a position to speak to the details of that. That's obviously better put to the minister responsible. But I tell you from a legal perspective that the jurisprudence on this is very clear that duty to consult is on government.

Mr. Taylor: — I'm very glad to hear that. Duty to consult and accommodate was the language of the courts. But the energy sector team apparently didn't fully understand that, because their recommendation was fairly clear that they felt that government was downloading the responsibility to them, industry. And they were communicating up the line that that's how they felt. So it's not, this isn't me saying that's what you're doing; it appears that it's the energy sector team that was concerned that too much emphasis by government was being put on industry to consult with local bands and work through employment agreements and that sort of thing as opposed to the FSIN argument about duty to consult being government to government.

Hon. Mr. Harrison: — Yes. No, as I'd indicated in my previous response, duty to consult is a responsibility of government. That being said, I think that there's been some wonderful examples, and I think it's very good corporate practice as a matter of practical reality for corporations to work in a collaborative and consultative fashion with First Nations when operating on traditional territory of First Nations.

And I think we have examples of some very, very good corporate citizens in this province that take that responsibility or see it as being worthy of undertaking some of the responsibility for doing so. Cameco Corporation I think is a great example of that; Areva a great example of that. I mean we could go down the list. I think there's a heck of a lot of very, very good examples of good corporate citizens in Saskatchewan operating in not just the resource sector but others as well who, as a matter of good business practice, work in that collaborative and consultative fashion with First Nations.

In terms of the legal perspective though, obviously government has a duty which we take very, very seriously, and I know the Minister of First Nations and Métis Relations would love to talk about that at length.

Mr. Taylor: — Okay, thank you very much. I want to come now to the makeup of the board itself. There were a number of new appointments to the board made at the end of March. In fact, three new individuals were appointed — David Dube of Saskatoon, Chief Darcy Bear of Whitecap Dakota First Nation, and Anthony Marino of Calgary, Alberta. Could the minister give us some of the rationale and the biography of Mr. Marino of Calgary?

Hon. Mr. Harrison: — Yes. Well I think the three individuals that were appointed to the ES board are very good additions that we can be proud have agreed to serve in this capacity on the board. Chief Darcy Bear I think is familiar to all of us in this room as being one of the leading First Nations leaders in

Saskatchewan with a wonderful record of advancing the interests of his people and also being one of the foremost experts on economic development for any First Nation in Canada. David Dube, a very good example, a prominent business person based in Saskatoon. I don't know Mr. Dube well at all on a personal basis, but I know he has a very, very distinguished record and is very well thought of in the business community in Saskatchewan.

Mr. Marino also I don't know on a personal basis, but somebody who runs a company that is one of the most successful and with the biggest footprint, Baytex Energy here in Saskatchewan — very, very significant operations here in Saskatchewan. And he was felt, I think, felt to be a very worthy addition from the energy and resource sector, nominated by the energy and resource sector, nominated by the Canadian Association of Petroleum Producers actually, to be a member of the Enterprise Saskatchewan board.

[20:15]

Mr. Taylor: — All right. Thank you. I have no objections, by the way, to Mr. Marino. His reputation is very strong. I just wanted some clarification for the record and I appreciate the minister's response.

Let me now turn to a couple of matters that are raised in the strategic action plan for this year that accompanies the estimates.

And before I get to that point, because I know these matters are very much related, we take a look at the mandate letter which I'd referred to earlier. The mandate letter makes reference to labour force. I just can't find it in my quick reading here. But the strategies and actions in the action plan refer to labour force development, and for some reason that's not jumping out at me either. Oh there it is, right on the first page.

E1.5. Assist the Ministry of Advanced Education, Employment and Immigration in creating a provincial labour market strategy that builds partnerships among industry, labour, First Nations and Métis people and organizations, Enterprise Regions, and training institutions to help close labour market supply and demand gaps.

I've noticed that a couple of things have occurred lately. Number one, we are all familiar with the fact that the Labour Force Development Commission was terminated in the last session of the legislature, the Labour Market Commission. And the work of the Labour Market Commission, we were told at the time, was going to be taken over by Enterprise Saskatchewan.

Since then we have seen the province strike up, for lack of a better word, an agreement with the provincial chamber of commerce launching a task force to ensure skilled workers will be there to meet the demand. Chamber CEO Steve McLellan said the labour market task force will build on the work of the Labour Market Commission, and he says this is looking at ways to deal with the skills shortage.

A number of recommendations from the sector teams have talked about the need to address labour shortage, have talked

about the need to develop a strategy to deal with labour shortage. I was just at the Heavy Construction Association meeting. Their focus is actually on a pending labour shortage. They are most concerned about when they look out that the biggest barrier to their growth is labour shortage.

Can the minister outline what is being done and what funding is currently available to support this effort with regards to labour force development, replacing the commission, establishing a task force with the Saskatchewan chamber, and addressing the recommendations that are coming forward from the sector teams with regards to labour force development?

Hon. Mr. Harrison: — Sure. Well thank you very much, Mr. Taylor, for the question. We know definitely that we are going to be facing a labour shortage going forward. This is a challenge. That being said, there is jurisdictions in other parts of Canada and North America that are facing challenges that I think are much more negative in that they have 16 or 17 per cent unemployment and have a labour surplus.

You know, we obviously have a growing economy here: fastest growing economy in the entire country, forecast to lead Canada not just this year but next year by most private sector forecasters; the lowest unemployment rate in Canada, 5.2 per cent. That's not to say that it isn't a challenge having labour shortages or having labour shortages going forward in a projected sense. But these are problems I would rather be grappling with than problems associated with our young people leaving for Alberta — which had been the case for many, many years in Saskatchewan — to find work.

So we've been working very closely with the Saskatchewan Chamber of Commerce. A number of partners have been involved as well in terms of coming together on the labour market task force, which is considered an issues council, is an issues council of Enterprise Saskatchewan, but done in a very consultative and inclusive fashion with the Saskatchewan Chamber and others, and also, I should point out very clearly as well, with the Ministry of Advanced Education, Employment and Immigration.

In fact the deputy minister of AEEI is one of the Co-Chairs of the labour market task force, Clare Isman. We have a number of other very prominent members serving on the labour market task force: Vern Bachiu of course, who had been involved with the Labour Market Commission before; Michael Fougere; Cheryl Knight; Randell Morris; Bob McCulloch; Bill McLaughlin; Daphne Taras; Doug Elliott. And Angela Schmidt also serves, who's one of our vice-presidents with Enterprise; and of course Holly Hetherington who's the other Co-Chair along with Deputy Minister Isman.

So you know, we take this issue in a very serious way. We know that this is going to be a challenge as we move forward. We as a ministry have taken steps to work with other ministries but also as a ministry on our own, obviously with the support of other elements of government to address this issue; one of the, I think, most clear examples being the recent ad campaign that Enterprise Saskatchewan has initiated, running outside of Saskatchewan of course on networks that we feel have a good reach in terms of attracting new people to the province, telling the Saskatchewan story but also making the point what a great

place that Saskatchewan is to live, work, and do business, and the fact that we have tremendous opportunity here in Saskatchewan.

So I think we've seen some very positive examples of people coming to Saskatchewan, or people coming back home to Saskatchewan to work, to find opportunity. And it is because of the very, very strong economy that we have, the very strong labour market that we have. That's not to diminish the concern though in terms of a labour shortage going forward and we, as a government, are committed to addressing it.

Mr. Taylor: — Okay, very nice words, didn't answer my question though. Because I did ask what finances and support were available to assist the task force and the other pieces of this to ensure that we're actually addressing it. The minister gave a pretty good reason why we need to address it. And in fact to quote Steve McLellan, when the task force was created, he says, Steve McLellan says:

Enterprise Saskatchewan, the province's economic development agency, was also asked to continue some of the Labour Market Commission's work. But the efforts to date are "not enough, and it's not combined . . ."

The reason the chamber got involved is because what was being done wasn't good enough in Steve McLellan's words. So now the task force is set up. Obviously they'll make some recommendations. Something is going to have to be done going forward. Are the resources available, human resources and financial resources, to address these particular issues? Hopefully we're not just talking about it.

Hon. Mr. Harrison: — No, thanks for the question. In terms of the . . . I thought I did address some of the specific items. The member had a number of issues he was addressing in his, in his question.

In terms of the issue, the specific issue the member's raising of support, the labour market task force is going to be supported in a similar way that other strategic issue councils are supported, meaning there will be staff support. Angela Schmidt, one of our vice-presidents, as I indicated is a member of the committee, but also I think will be providing additional staff support as necessary.

In terms of implementation of recommendations we will, you know, we'll work with the task force on what recommendations come forward. You know, obviously I'm not going to prejudge any of the work that they are going to be doing on this. All I can prejudge is I know that it's going to be very valuable work that they're going to be doing on this particular issue. We're committed across government to supporting the labour shortage that we expect to be facing and, you know, we're going to be working closely with the task force on recommendations that they may come forward with.

Mr. Taylor: — I notice Bob McCulloch's name sitting on the task force. Bob of course understands the training component, I think, quite well. I didn't notice anybody specifically who could speak for the regional college sector there unless there's an assumption that Bob would do that. I met recently with the regional colleges. They are concerned that there's no real

strategy yet in place. The colleges argue that they have a great deal of success in providing training and, well labour market training for Aboriginal people, First Nations and Métis people in Saskatchewan. They are well positioned to provide that.

Part of Enterprise Saskatchewan's coordinating efforts with regards to First Nations and Métis people and specific to this strategy and action working with the Ministry of Advanced Education, Employment and Immigration in regards to labour force strategy, can the minister give me any commitment that he, Enterprise Saskatchewan, and the task force will ensure that the expertise offered by regional colleges to First Nations and Métis training will be well articulated to those who may have to fund and deliver those programs — in other words, Advanced Education, Employment and Immigration?

Hon. Mr. Harrison: — Yes. No. Thanks. I'm not sure if the member had seen all of the names on the list, but Bill McLaughlin is a member of the labour market task force, who's the CEO of Northlands College. So that should address the college issue. And in terms of the Aboriginal component, Randell Morris is a member of the task force, who's the president of SIIT [Saskatchewan Indian Institute of Technologies]. So I think that's an important consideration as well.

You know, in terms of the kind of the training part, if the member, I think where he's going with some of this or has already gone with some of this, a lot of those questions would be better put to the Minister of Advanced Education, Employment and Immigration. I think he'd be in a better position to address some of the details on that front. So I would encourage him to take advantage of that opportunity when it arises.

Mr. Taylor: — I appreciate the advice. I worry about the chicken and egg situation. If Advanced Education and Employment is waiting for Enterprise Saskatchewan to make a recommendation, if the community is waiting for the regional colleges to find some funding from Advanced Education and Employment, and I just wonder how long all of this plays out.

The mandate of, or the strategy and action for 2011-2012 for Enterprise Saskatchewan is to assist the Ministry of Advanced Education. And I'm just looking for the commitment of the minister to not just assist them, but to be there to support them when they make their request for funding to see that the recommendations can be carried out.

Hon. Mr. Harrison: — Yes. No, I thank the member. And in terms of the composition of the labour market task force, you know, as I indicated, Bill McLaughlin's a member of the committee from Northlands. Clare Isman, deputy minister of Advanced Education, Employment and Immigration, serves as a Co-Chair of the labour market task force.

You know, I think this is a good example of working together across ministries. The member talks about the chicken and egg. You know, I have great confidence in our officials to be able to work in a collaborative way together. And I know that there's going to be a first-rate job done on the part of the members of the labour market task force to take into consideration all of the issues before them and to make good recommendations which

are going to be worked on with one mind by government.

Mr. Taylor: — Okay. And again, I'm glad to hear that. One of the directions to Enterprise Saskatchewan is to provide clear guidance and to remove barriers to growth. And I think it's becoming very obvious that the sector teams are concerned that labour force shortages is a barrier to growth — significant. And so if there's clear advice coming from Enterprise Saskatchewan, we all benefit at the end of the day.

[20:30]

A couple of other things while we're on the strategies and actions. I noticed an interesting one here, and I just want some clarification. It's E1.2, again on the first page of the 2011-2012 Actions:

Work in collaboration with other ministries and agencies to ensure Saskatchewan's resource royalties, new growth tax incentives, utility rates, corporate, personal, and property tax structures support continued economic growth and investment.

It's interesting, to ensure Saskatchewan's resource royalties, etc. The fact that that's mentioned there just begs the question, Minister. I'm assuming that Enterprise Saskatchewan is constantly reviewing the resource royalties in the province of Saskatchewan. Or is this just here for some other purpose?

Hon. Mr. Harrison: — Well I can tell you, Mr. Member, what we're not going to be doing, which is raising royalties on potash, raising royalties on uranium, raising royalties on oil and gas. That's something that this government is absolutely not going to be doing. That's something that this government sees as being very detrimental to the growth of the province of Saskatchewan, which obviously is not the position of that opposition party. We know that. The leader has committed repeatedly to raising royalties on potash, on uranium, on oil and gas. That's something that we just do not, fundamentally do not believe is the right direction for the province of Saskatchewan and something we are absolutely not going to be doing.

Mr. Taylor: — So I didn't hear an answer to my question. The strategy and action page indicates that you ensure Saskatchewan's resource royalties etc., etc., support continued economic growth and investment. I'm assuming to ensure that, that there must be constant review of resource royalties. Are you telling me that in Enterprise Saskatchewan, its sector teams and its officials are not looking at resource royalties on an ongoing basis?

Hon. Mr. Harrison: — We have been very, very clear that resource royalty stability is an absolute cornerstone of our policy going forward. We're going to continue to make sure that we have resource royalty stability going forward. We are not going to be increasing, massively increasing royalties.

We had the Leader of the Opposition only last week saying that he thought that an 80 per cent increase in royalties for potash was something that he would be very willing to move forward with and indicated further to that if the potash companies up and left, well he would renationalize them. And we believe that that would be an absolute disaster for the province of

Saskatchewan. We believe that such policies would be disastrous. We're not going to be moving forward in that way. We believe that the position of the opposition, an 80 per cent increase in royalties for potash and goodness knows what other sectors — we know he's named oil and gas and also uranium for increases — would have a devastating impact, and we're not going to be moving forward in that fashion.

I know the Minister of Energy and Resources, who obviously is the minister responsible for legislation of that nature, is of the same opinion. And the member, if he has specific questions about particular royalty regimes, I know the Minister of Energy and Resources would be happy to address those specific questions. But I know his position is identical to mine, which is that massive royalty hikes as contemplated by the opposition are not in the interests of the people of Saskatchewan.

Mr. Taylor: — I can certainly see that the minister wants to debate me on this issue, but he didn't answer my question. The strategy and action section, first page, the very second thing that the Enterprise Saskatchewan is saying they're going to do is ensure Saskatchewan's resource royalties continue economic growth and investment. The minister's mandate letter says, work in collaboration with Energy and Resources to ensure Saskatchewan's resource royalties, etc., etc. Is the minister telling me that they are not reviewing royalties? That they have a mandate, a strategy and action plan to review resource royalties, but they are not doing that? That there's a team of people within Enterprise Saskatchewan whose job it is to work in collaboration with other ministries to ensure the resource royalties are doing what they're supposed to do, that those people are not doing their job?

I mean I'm happy to engage in a debate about the value of resource royalties for the people of Saskatchewan, but that's not my question. It's what is Enterprise Saskatchewan doing with its mandate to review royalties and its action plan to review royalties?

Hon. Mr. Harrison: — Well as the minister, obviously I can speak for Enterprise Saskatchewan, and I can say that we are very comfortable with the composition of the current royalty regime. We are very uncomfortable with the direction that the opposition is proposing, which is a massive royalty hike. An 80 per cent hike, as proposed as early as last week by the Leader of the Opposition, is not something that's going to have a positive economic impact for the people of Saskatchewan. That's not something that's going to grow our province. That's something that's going to lead to massive flight of capital. That's something that's going to lead to massive job loss. That's something that's going to lead to economic stagnation. And the policies of the opposition on royalty review, oil and gas, potash, uranium, who knows what else, are wrong-headed and we don't support them.

Our position is that we're very comfortable with the royalty regime as it's currently set up across sectors and we are going to maintain royalty stability going forward.

Mr. Taylor: — Thank you very much, Mr. Minister. I just say to the Chair, who's been very kind in allowing the debate to continue, I say to the Chair that indeed I'm not going to get into a debate about resource royalties. The minister may want to

engage me in a debate about resource royalties, and I'm happy to have that debate, but I'm dealing with the strategies and actions that the minister has set out and delivered with the estimates that we're discussing tonight in front of us.

The very second action plan for Enterprise Saskatchewan is to review resource royalties. And on three times now the minister has refused to answer my question. He says, we want stable royalties. How does he know they're stable in the environment in which we live in that changes weekly? How does he know we have stable resource royalties in an economy that needs to ensure that it has continued growth and investment, if there's no review being done on a regular basis within Enterprise Saskatchewan? That's what the action plan states. The minister says they aren't doing it. I have to take him on his word for that, and I'll move on to another area of interest.

Hon. Mr. Harrison: — If I could just clarify briefly. As I said, the position of the ministry is that we are very comfortable with the royalty regime as it's currently constituted and we are going to be moving forward with the stability in that royalty regime going forward.

Mr. Taylor: — Well I'll just say that I don't understand how you do that without reviewing the royalties, and I don't think the people of Saskatchewan would understand that the minister, his department that's given the mandate to review royalties, would say that they're very comfortable where things are at and there's no need to conduct any review. Sooner or later, if that's his stance, he's going to be embarrassed because something will change. Something will require him, and he won't have the resources to do it because he's allocated those resources elsewhere.

Hon. Mr. Harrison: — No, I think, you know, I've been clear. We are . . .

Mr. Taylor: — You haven't been clear.

Hon. Mr. Harrison: — I have been clear. We are very comfortable with the resource royalty regime as it's currently constituted, and that policy is obviously in stark contrast . . . And the opposition members don't like to hear it, I guess, with their position of a massive royalty hike.

Mr. Taylor: — Let's just jump forward to something that I think we can agree on and try and get some clarity on before we run out of time tonight. If we look at the allocations part of the estimates and we take a look at Saskatchewan Trade and Export Partnership, there's about a \$300,000 difference from last year to this year. What cuts have been made at Saskatchewan Trade and Export Partnership?

Hon. Mr. Harrison: — There were no cuts made. There had been one-time funding provided in the last fiscal year of, I think in the neighbourhood of \$325,000 one-time funding. And that one-time funding wasn't provided again owing to the fact that it was one-time funding in this budget year.

Mr. Taylor: — What was that one-time funding used for?

Hon. Mr. Harrison: — Yes, no, thanks for that question. I know we had briefly spoke trade before we sat down. I can

undertake for the member to provide a breakdown from STEP [Saskatchewan Trade and Export Partnership] as to what that \$325,000 had been used for in the previous fiscal year, but we don't have that information with us.

Mr. Taylor: — Okay. I take it that when the budget request of Finance and Treasury Board was made that Enterprise Saskatchewan specifically requested that that one-time funding not be carried forward. I'm assuming therefore that there is no . . . when you provide me with the information it will not show that that one-time funding had not been requested by STEP to continue for another year or for maybe inclusion into their core budget.

Hon. Mr. Harrison: — You know, obviously we don't comment on the budget deliberation process, and I know the member understands and respects that. The fact is though that that was one-time funding provided to STEP for that last fiscal year. I undertake to provide for the member the information as to precisely what that one-time funding was used for, but it was one-time funding and it was not obviously included in the subsequent budget year.

Mr. Taylor: — Okay. I'll look forward to that. And perhaps the minister would make an undertaking to provide the answer to that question to the committee so that it can be tabled with the committee and circulated to all members.

Hon. Mr. Harrison: — Yes, no, I'd be happy to provide that undertaking and we will provide that information as to what that funding had been used for.

Mr. Taylor: — Okay. And as quickly as possible?

Hon. Mr. Harrison: — Yes, we'll move as expeditiously as possible.

Mr. Taylor: — Okay. The reason I had said at the beginning of that question something we could all agree on, I think the minister is very supportive of Saskatchewan Trade and Export Partnership. I know that I have been. During my time in government I had what I hope was a close working relationship with the folks at STEP, and I would like to think that the agency, the organization is being supported as much as possible because they are doing very good work.

In the action plan, section E2, which is where STEP appears, E2.3. of the action plan reads, "Organize investment attraction missions to priority markets in partnership with key stakeholders including Saskatchewan Trade and Export Partnership."

Obviously the strategic plan of Enterprise Saskatchewan is to work closely with STEP. Underneath that, E2.7. — something that STEP would be very actively engaged in, I'm sure — the action plan is, "Attract eight to 12 new corporate investments and at least two major head office expansions."

Can the minister provide me or the committee with any indication of how we're doing on that action plan attracting 8 to 12 new corporate investments and at least two major head office expansions?

Hon. Mr. Harrison: — Sure. No, thank you very much for that question. You know, first I do want to address STEP, and I agree with the member of the very, very good work that STEP has done. STEP's been intimately involved with a number of government ministries on a whole number of missions that have been undertaken around the world. I know before I was a minister of the Crown, I had the pleasure and privilege of serving as the legislative secretary to the Minister of Energy, and undertook a trip to China — an investment attraction trip to China with a number of companies — that was very much supported by STEP, who did a fantastic job, I can say on that trip from personal experience. They've also been very, very involved in the recent trip that the Premier undertook to India, which by all accounts was a very, very successful mission, not only to India, but also to Bangladesh — one of the first foreign visitors of a first minister status, even a subnational jurisdiction, to Bangladesh in a long, long time, and I know very much appreciated.

[20:45]

We know the great importance of these, of STEP particularly, who in a lot of ways pioneered the lentil industry, the export market for that, and that was so important for our producers here in Saskatchewan. Over 40 per cent — it's a really astounding figure — over 40 per cent of the entire nation of India's trade with Canada is with Saskatchewan, owing to the great work that not just STEP, but others have done. But STEP's played a very major role in developing that export market. Turkey is another example. I know, Mr. Chair, you had the opportunity to visit Turkey — again, a market pioneered by the good work of STEP, particularly as it relates to our European lentil export market. We've made some very good headway in Kazakhstan.

I know Minister Cheveldayoff had visited Kazakhstan as well. STEP had been involved in that mission.

So I think there's been some very, very positive results from investment in STEP. And I know they've worked in a very astute fashion, in very close fashion, with the private sector. Their membership I know has grown significantly over the year since STEP had first been brought forward, and I give credit to the previous administration for having taken the initiative in moving forward with this sort of organization.

Of course it's evolved over the years as all new undertakings and organizations have, but I think overall we've just seen a very positive result from our investment — which in the grand scheme of the Government of Saskatchewan is a pretty small proportion of overall expenditure — and seen significant return on that investment.

Mr. Taylor: — Thank you. Does the minister know off the top of his head or can any of his officials give us an indication for STEP in this budget year, how many trade missions are accounted for?

Hon. Mr. Harrison: — In terms of the details of all of the trade missions STEP undertakes, again I can undertake to provide that information for the member. I know there's always . . . I think they have a poster in STEP's headquarters, kind of, where in the world is STEP? They're all over the world. And I think

they undertake — I know they undertake — dozens and dozens of missions a year. I can undertake to provide that information for the minister. I know STEP would be pleased to provide that and the, you know, obviously significant results they've brought home or benefited for both their members and also for the province as a whole.

In terms of the number of government missions, I can collect that information as well where STEP's been involved. But in terms of the absolute detail, the final dollar figure, if that's what the member is looking for, I'll have to provide that at a later date.

Mr. Taylor: — Thank you. I appreciate that. I know that STEP is a partnership and that the funding available from the province is not its entire budget. But I would like an indication of what amount of the provincial funding actually ends up in trade mission work, that sort of thing.

Changing gears again in the interest of time, what can the minister tell me about the Business Mentorship Institute of Saskatchewan?

Hon. Mr. Harrison: — No. Thank you very much, Mr. Chair, for your indulgence in consulting with officials. What I'm told is that we weren't directly involved with the, a particular institution that the member is referencing.

Mr. Taylor: — Okay. Well let me refresh the memory of the minister and his officials. The Business Mentorship Institute of Saskatchewan was founded in 2006, with financial aid from the province, to promote business mentorship as a way of increasing economic growth, helping young entrepreneurs, and increasing youth retention.

Enterprise Saskatchewan looks after the provincial government's Western Economic Partnership Agreement money, and Enterprise Saskatchewan's decided not to forward funding from WEPA [Western Economic Partnership Agreement] to renew the funding of the Business Mentorship Institute of Saskatchewan. This had a domino effect and the other funder therefore of BMI [Business Mentorship Institute of Saskatchewan], the Counselling Foundation of Canada, also withdrew their money. The result is that BMI, Saskatchewan's only business mentorship organization, was forced to shut down.

The bottom line is that the Saskatchewan government, which calls itself business friendly — and I support that description — is now not engaged in promoting business mentorship for young people in the province. So apparently Enterprise Saskatchewan influenced the funding of Western Economic Partnership Agreement money and did not renew funding for BMI. The minister is not aware of this?

Hon. Mr. Harrison: — Well I think what the member has to, and I think he is aware of how federal-provincial agreements work. WEPA is a agreement between the Government of Saskatchewan and the Government of Canada that provides a certain amount of funding per year. WEPA III is approximately \$25 million over five years. Yes, \$25 million from each funding party over five years, and WEPA is designed to fund projects that will advance the economic interest of communities. The

WEPA agreement, the way it works in practice is that there is a joint decision by federal and provincial officials as to whether projects are going to be recommended for funding. So that's how kind of the program works at a high level.

My understanding is, and I'm informed, is that WEPA III was, both on the part of the federal and provincial government, not designed to provide core funding for organizations of this nature.

Mr. Taylor: — But would the minister not agree that the Business Mentorship Institute of Saskatchewan, which had developed after three years of operation, had developed a good infrastructure, a network, an expertise that was valuable to the retention of young business people in Saskatchewan, would he not agree that the BMI history was developing very nicely and that Enterprise Saskatchewan should have had an obligation, whether it was through WEPA or not, to assist the institute to maintain its presence in that market?

Hon. Mr. Harrison: — Well I'd again like to thank the member for the question. In terms of Enterprise Saskatchewan's commitment to the retention, expansion of businesses, I think we've demonstrated that commitment in spades. I think the work done by enterprise regions on the business retention and expansion strategy in each enterprise region has borne some very real fruit.

Hundreds, literally hundreds of consultations have been held between enterprise regions and businesses, small- and medium-sized enterprises almost exclusively in rural and urban Saskatchewan with an eye to obviously making that business more successful. And that's something that, you know, our Enterprise regions have worked diligently on with the support from Enterprise Saskatchewan obviously.

We've had some great work done by one of our issues councils — entrepreneurship — a team who have done great work in putting forward some, just some great work in terms of a five-pillar approach to entrepreneurship here in Saskatchewan. I really do want to congratulate those members. I've done that in person a number of times already, but I think it's worth publicly acknowledging, very worth publicly acknowledging the work that they've done on fostering an entrepreneurial climate in the province. And you know, I think we've seen success on that front.

Again, we cut the small-business tax, for instance, in this budget from 4.5 to 2 per cent, the lowest small-business tax rate in the new West. We've taken numerous initiatives to encourage additional expansion of the economy, whether that be income tax cuts, whether that be raising the basic personal exemption, the child tax credit. The measures go on and on, and I would contrast that very, very starkly with some of the measures undertaken by the opposition when in government for a 16-year period of time in which we saw people leaving in droves, young people not being able to find opportunity. So I find it somewhat interesting that members opposite now would be holding themselves out as champions of free enterprise when we know that the record points to something different.

Mr. Taylor: — Well again, Mr. Chair, the minister tries to engage me in debate about what my commitment to small

business and business enterprise in Saskatchewan is. However, I'm going to stick to my questions because we don't have a great deal of time available to us.

It strikes me as somewhat strange that the Business Mentorship Institute of Saskatchewan— whose goal was increasing economic growth, helping young entrepreneurs, increasing youth retention; who had built up an infrastructure and an expertise and networks — would have been a useful tool for the province of Saskatchewan. Members of BMI included representation from Saskatchewan Young Professionals and Entrepreneurs.

Interesting, the key 2011-12 action plan under section E.6.4. states, "Implement a youth entrepreneurship promotional campaign in partnership with Saskatchewan Young Professionals and Entrepreneurs and community partners." Which is exactly what BMI was. So we've lost three years of hard work, alienated individuals who had been members of BMI for three years, had devoted a lot of their time building networks. We've lost that. And in the action plan for the coming year, Enterprise Saskatchewan says, we need to rebuild this. What's the deal here?

Hon. Mr. Harrison: — You know, as I've indicated, there's been some very significant work undertaken by Enterprise Saskatchewan and by our government with regard to business mentorship, with regard to business retention, business expansion. In terms of even the Saskatchewan Young Professionals and Entrepreneurs, which the member referenced, I'm going to be speaking to SYPE [Saskatchewan Young Professionals and Entrepreneurs] tomorrow afternoon.

And one of the very exciting things, which we've actually undertaken just a short while ago, has been support for SYPE in moving forward with the Volta Award, which is I think a very exciting program where young entrepreneurs, you know, are eligible for winning this award. They submit a video, I believe, and the video and the content are judged. And this is an example, I think, a tangible example of the support that Enterprise Saskatchewan has shown for entrepreneurship.

The Youth Engagement Council has done some very good work, which is a strategic issues council as well. So I think the commitment that Enterprise Saskatchewan has shown to the development of the next generation of entrepreneurs is crystal clear. We value our young entrepreneurs. We want to see them succeed in business. We want to see their small business become a medium-sized business, become a large business. We want them to have opportunity right here in Saskatchewan. And that's precisely what's going to happen under this government over the coming years.

[21:00]

Mr. Taylor: — Thank you very much. I wanted to ask a number of questions about the enterprise regions. I think the Chair's going to cut me off very shortly, so we can go to the matter of the biodiesel, which I've stayed away from in my discussion here because we're going to deal with it all under the auspices of the new legislation. But maybe a couple of short questions on the enterprise regions.

First, northwest enterprise region Chair Peter Kingsmill last year wrote me a letter in which he was outlining a number of the things that the northwest enterprise region is up to. One of the things that he highlights, northwest economic region continues to provide support to North Central Rail in its effort to purchase and rehabilitate the Meadow Lake-Speers shortline railway. This action is certainly one that is supported strongly in the northwest part of the province. I think the minister would understand why the RM [rural municipality] of Meadow Lake is very much involved in this as other RMs are.

There are some challenges in front of the efforts to get that rail line back into use. Can the minister provide any update at all as to what the circumstances are facing North Central Rail? And what can we do to get some of that heavy truck traffic off of Highway 4 and back onto the rail lines?

Hon. Mr. Harrison: — Sure. Well I want to thank the member for that question and his interest in this subject. This is something that's, I'm very committed to personally, spent a great deal of time working on, which I think my officials can attest to as well. We've been working very, very closely with the North Central Rail committee, which of course is headed up by Ray Wilfing, the former reeve of the RM of Meadow Lake, a very good friend of mine, somebody who's deeply committed to northwest Saskatchewan.

We've also . . . And the enterprise, 55 West Enterprise Region has also been very involved in this, in addition to the northwest region. We've been working very, very closely, and I think that we've made some very significant progress on this file. I would love to get into extensive detail on this, I know our time is coming to an end, and I don't want to jeopardize any discussions that are under way. I guess what I would say is that I'm very encouraged — very encouraged — about progress that's been made fairly recently, and I think we're going to be moving forward on this file in a positive way.

And with regard to Highway 4 I would note as well that we have, as a government, done, nearly completed very significant upgrades to Highway 4, which I would say is probably now one of the finest stretches of highway in the entirety of Saskatchewan if not just northern Saskatchewan, something that the previous administration refused to do for 16 years, and something which I know is very, very much appreciated by residents of northwest Saskatchewan.

Mr. Taylor: — Well I think there's lots of people in Meadow Lake who will remember that the road from Glaslyn to Meadow Lake was once a dirt and gravel road. It isn't any more, and the work that's been done recently has certainly been done to improve the pavement that existed previously. Anyway I don't want to continue that debate.

I have two short questions: one on the rail line here. One of the biggest barriers to ensuring that this rail line is successful, I think, involves a negotiation with Canadian National. This rail line essentially ends at Speers. It doesn't connect with the North Battleford CN [Canadian National] line. And until there is some negotiation that secures an agreement that that line can deliver to the North Battleford depot area, there are going to continue to be problems there. Is Enterprise Saskatchewan, given your interest, willing to do those intergovernmental liaison

negotiations that are going to be required to secure and cement an agreement with CN?

Hon. Mr. Harrison: — Well I mean of course, the primary challenge here, as I think the member is aware of, is the purchase of the rail line and the rehabilitation of the rail line from Meadow Lake south. That's the issue that I think North Central has been focused on over the course of the last number of months, if not over, if not years. My understanding is that discussions have been taking place between North Central and Canadian National. I don't want to minimize the importance of that, but I think where support is and has been desperately needed and provided has been in the discussions with OmniTRAX who of course are the owners of the stretch of rail line currently under discussion.

The Chair: — Yes excuse me, Mr. Taylor. Our two-hours time allotment for these estimates now being elapsed plus a minute or so, I ask the minister if he has any final remarks regarding the estimates.

Hon. Mr. Harrison: — Sure. Well thank you very much, Mr. Chair. Thank for committee members. Thank you, Mr. Taylor for your questions. I appreciate them. I appreciate the opportunity to talk about the good work Enterprise Saskatchewan's been doing. And I really do want to thank my officials for being here this evening and reiterate again the great work that they do; the great work that civil servants in our province do and the real commitment that they have to our province of Saskatchewan. So thank you very much.

The Chair: — Thank you, Mr. Minister. Anything, Mr. Taylor?

Mr. Taylor: — Let me simply say to the minister, thank you very much for being available and for answering my questions. If we had more time, I would have enjoyed the debate about resource revenues and about business development in the province, both of which I have some expertise on as well. But I thank the minister. I thank his officials for their attendance. I look forward to the answers to the questions that the minister has promised to us. Well I conclude with that. Thank you.

The Chair: — Thank you, Mr. Taylor. In a perfect world I'm sure that we all would have enjoyed the debate. We will now take a brief recess to change officials if that's necessary and to stretch our legs. And when we return at 9:15, by that clock, we will be discussing Bill No. 166, *The Renewable Diesel Act*. I'd ask members to be back in their chairs by 9:15, and we now stand recessed for 10 minutes or so.

[The committee recessed for a period of time.]

[21:15]

Bill No. 166 — *The Renewable Diesel Act*

Clause 1

The Chair: — Welcome back, committee members. The Assembly has referred Bill No. 166, *The Renewable Diesel Act* to our committee. This is what we will now be considering. By practice, the committee normally holds a general debate during consideration of clause 1. Before we begin, Mr. Minister, would

you please introduce your officials to the committee.

And once again, could I ask officials other than the minister to kindly introduce yourselves the first time you speak for Hansard. A number of the officials may be the same ones as last session, but we have a different Hansard person so kindly introduce yourselves.

Hon. Mr. Harrison: — Sure. Well thank you very much, Mr. Chair. And I think I'll probably just introduce the officials to my right and left who are the relevant officials to speak to this particular piece of legislation. On my right, Ron Kehrig, our sector manager for biofuels and bioproducts. And on my left, Chris Dekker, the CEO of Enterprise Saskatchewan.

The Chair: — We will now consider *The Renewable Diesel Act*. Are there any questions or discussion? Mr. Taylor.

Mr. Taylor: — Okay. Thank you very much, Mr. Chair. I appreciate the opportunity to ask a few questions with regards to Bill No. 166, *The Renewable Diesel Act*. This is a piece of legislation actually that I've been looking forward to. In fact, I've been looking forward to it for some time. As I understand, Enterprise Saskatchewan's sector team recommended this in 2009. What took so long?

Hon. Mr. Harrison: — Well I believe this had been a recommendation of the board of Enterprise Saskatchewan. You know, we've been working on this for some period of time obviously. We needed to make sure that we had done the appropriate discussions with the appropriate stakeholders.

We've gone through that process. We've moved forward, and were able to announce the 2 per cent biodiesel mandate in this budget as the member well knows, as well as with an incentive program to facilitate the meeting of that mandate.

The Chair: — Well before I . . . Just to interject. I forgot one of my very important responsibilities, to introduce Mr. Bradshaw who is sitting in for Ms. Wilson. Please go ahead, Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. I think it is important that any time Mr. Bradshaw is here that he be introduced.

I want to come back to the line of questioning that I just got started. I was asking the minister about why it took so long. In his second reading remarks — I quote the minister's second reading remarks in the House the other day, April the 6th — the minister indicated that:

Saskatchewan is stepping up to the mark in developing a renewable diesel industry in the province. Biodiesel industries are already up and running in the rest of Western Canada. The federal government has also introduced a national mandate. Saskatchewan will now be on par with other Western provinces, and we'll be in concert with the federal requirement.

The reason why I quote that statement back to the minister is that industry was aware two years ago of what the federal government was doing, what was happening in the other provinces, what the need was in the province of Saskatchewan.

Industry had reviewed this need for a Saskatchewan mandate some time ago, two years ago, in actual fact.

I don't know what would have been involved in the ministry's consultations or in their review process that would have taken us this long to institute this mandate. Can the minister give me some idea as to what the department, the ministry was looking at that took two years to see this mandate brought into legislation?

Hon. Mr. Harrison: — Yes, no, in terms of the federal mandate, I think it's important to point out that that was announced in the fairly recent past and the federal mandate isn't taking effect until July of this year. So I mean we've gone through our consultative processes. The federal government, I think there was a bit of uncertainty as to precisely where the federal government was going to be landing in terms of their renewable diesel mandate. We know it's now 2 per cent and we know that it's going to be instituted in the near future, but that announcement was in the fairly relatively recent past that announcement was made.

Mr. Taylor: — The sector team was aware of a number of potential investments three years ago in Saskatchewan. Those investments were waiting on the declaration of a Saskatchewan mandate. I don't know the status of those investor decisions currently but as I understand, one of them in the North Battleford area has withdrawn since. Can the minister provide any indication of what investment, of how many approaches he's had with regards to investment, knowing that the mandate was approaching?

Hon. Mr. Harrison: — Sure. Thank you to the member. I think I have to point out for the record — not to be confrontational — but I think, I do find it interesting that the member's quoting with affirmation sector team recommendations, considering that if that party had still been in government, there would be no sector teams because there would be no Enterprise Saskatchewan. So I want to put that on the record first.

In terms of the investor decisions, we've been working with potential investors as we do at Enterprise Saskatchewan of all manner of industries. We've been working with a number of stakeholder groups. You know, this is, as with any major new initiative, these things take time to make sure you get them right. They take time to make sure that you have done your homework. And it was now that we felt that we had, we were in a good position to move forward with this, and that's why we did so in this budget.

Mr. Taylor: — I do appreciate the minister wishing to ensure we have some debate tonight. Just in response, to make the minister happy, I can tell him that he's absolutely right. Were a New Democratic Party to have been elected in '07, there would not be an Enterprise Saskatchewan today. But there would be continued consultation directly with industry, as there had been previously.

The ethanol program in Saskatchewan was developed with that direct consultation with the industry. We built a very fine ethanol industry in this province, which is continuing. There's no indication whatsoever that had government . . . had the New Democratic Party been elected in 2007 that we wouldn't be

having a mandate for biodiesel simply because there was no Enterprise Saskatchewan. And I think some members of Enterprise Saskatchewan who have now left would indicate that in fact had the process not been so slow, there would have been a diesel mandate sooner. That's all. We can have more of that debate should the minister wish.

Last year in committee, the previous minister indicated to us that one of the consultation points on the biodiesel mandate was the exchange rate, the value of the dollar. I asked the minister earlier what were the considerations in this decision. He didn't mention the exchange rate. I'm just wondering if he would corroborate whether or not the exchange rate was important in a decision to proceed with the legislation we have in front of us today.

Hon. Mr. Harrison: — Sure. No. Thank you very much, Mr. Taylor, for the question. I think Ron Kehrig would be best positioned to answer the particulars of the exchange rate issue.

Mr. Kehrig: — Thank you, Mr. Minister. Ron Kehrig, biofuels and bioproducts sector manager with Enterprise Saskatchewan.

The US [United States] industry in the last years had a tremendous amount of turmoil and flux as it relates to their biodiesel industry. They had a biodiesel blenders credit of essentially a dollar a gallon, and they were subject to a European Union tariff exporting that product. So there was a lot of flux in the industry south of our border. And imported product and the relative value of the dollar was certainly a competitive interest to what our producers and our investors were looking at, in terms of the competitive landscape to produce biodiesel and biofuels, as it is with many other exports that go south of the line or come up this way. So the dollar did impact things.

That biodiesel blending program in the States has been reinstated retroactively. There has been some consolidation of the industry south of the border, at least for the time being, with the renewable fuel standard in the United States going forward. There's a bit of a more stable policy environment that you make decisions going forward based upon at this time.

Mr. Taylor: — Okay. Thank you. I appreciate that. The information that we've received along with the legislation is that further consultation will be required as we go into the regulatory stuff. What further consultation is planned or under consideration?

Hon. Mr. Harrison: — Sure. No. Thank you very much, Mr. Taylor. I think Ron, again as a subject matter expert, will be better positioned to give you some of the details as to what those consultations are going to entail.

I think by reading the Bill, and I know you have, you can see that there was significant room left in the Bill for regulations to, you know, have an impact as to how the mandate is going to function. We felt it important that we continue with the consultative process. There's a number of issues that are still going to be under discussion, and maybe I'll turn that over to you, Ron, for some further detail.

Mr. Kehrig: — Thank you once again. Certainly the definitions

in the Act are going to be dealt with with stakeholder communities broadly, meaning the biofuels producers as well as the fuel and distribution companies. Members of the CPPI, the Canadian Petroleum Products Institute, and others that are in the business of marketing and selling traditional petroleum fuels that are obligated parties under the Act to blend renewable diesel are going to be part of that consultation on the regulations going forward but also stakeholders from the biodiesel and production industries as well, which will provide, you know, the blending product.

[21:30]

Mr. Taylor: — Okay. Do you have a timetable established for consultation and development of regulations?

Hon. Mr. Harrison: — If I could maybe just give one initial comment on that, and Ron can probably provide additional detail. But you know, we're targeting the commencement of the mandate July 1, 2012, so obviously by that date regulations will need to be in place. One thing I would offer is that this is an industry with, I think, some rapidly evolving technology and capabilities. But I will maybe ask Ron to maybe fill in a few more details as to the consultation.

Mr. Kehrig: — At this time, formal dates haven't been established for consultation sessions. I've had a number of discussions with the executive director of CPPI and other members as well as the biodiesel industry about the time frame for that. And I think on both sides of the industry they would like to get the regulations in a draft form out for consultation as soon as possible. And I expect that to occur later this summer.

Mr. Taylor: — Okay. I would think that the industry is anxious. The legislation will do two things. Number one, it will start to get some renewables into the diesel industry. And secondly it will, the legislation is aimed at fostering new investment and the development of the industry in the province. If the mandate is to take effect in 2012, July of 2012, what is the expectation that there will be additional investment prior to that time if in fact the regulations aren't fully in place well in advance of that time?

Hon. Mr. Harrison: — Yes. Well in terms of the investment potential, I guess I would say to the member, stay tuned. I think there's some good news on the horizon on that front. In terms of the regulations, I mean, we're going to be working closely, as Ron indicated, with the stakeholders involved in the industry and with the industry itself.

You know, I think when we're talking about regulations, there's a number of technical standards, things of this sort which I think that we have a fairly good idea as to where stakeholders want to go. And, you know, we expressed that willingness to work closely with them. But in terms of investment, I'm very confident that there's going to be a significantly expanded industry here in Saskatchewan, and that obviously was one of the two goals in this program. The other of course to reduce greenhouse gas emissions, which we now are going to be very positively impacted in a downward sense by the implementation of this 2 per cent mandate.

Mr. Taylor: — Okay. So we know currently, and the minister

referenced it in his second reading speech, there's only one commercial producer in the province currently. So given that there is only one producer in the province, is there a chance that if the investment that the minister talks about the good news that's coming — one would assume in the North Battleford area — if that good news is coming, on the date that the mandate takes effect, does the minister anticipate there will be another producer or more producers, commercial producers, in the province?

Hon. Mr. Harrison: — Thank you very much, Mr. Taylor. And again, I think Ron can probably put this better than I could.

Mr. Kehrig: — Thank you. Certainly the Saskatchewan mandate and the initiation of the mandate in 2012 is important. Currently mandates exist in British Columbia and as well in Alberta and Manitoba, so the producers that exist already or going forward could not only be supplying the Saskatchewan mandate but the other provinces as well. So it's a little hard to tie specific investments in this area around the provincial mandate as such, but we would anticipate that there would be, you know, further producers and further investment on that side of things.

Mr. Taylor: — Then can you tell me then what the production capacity for Milligan Bio-tech in Foam Lake is today? And with a 2 per cent blend, what is the current Saskatchewan capacity for diesel? In other words, how much blending, what amount of blending is going to be required? What amount of renewable fuel is going to be required to have a 2 per cent blend in the province? And I guess my question is, if we know the number, can Milligan Bio-tech currently meet that need, or will we be buying out of province?

Hon. Mr. Harrison: — Right now I believe the capacity at Milligan, you'd probably have to ask them for the precise . . . I think it's around 5 million. In terms of the provincial consumption, that varies to some degree depending on a number of factors, but it would be in the neighbourhood of about 40 million litres per year. So you know, in terms of speculating on what's going to be the case a year and a half from now, I would be a little reluctant to get into that speculative game as to who's going to invest what and where. But I think by putting in place this framework, by putting in place an incentive, we've done what we can as government and I think what we should do as government in terms of creating the environment for private sector investment to take up that production, potential production gap and fulfilling the mandate with Saskatchewan-produced renewable diesel.

Mr. Taylor: — Currently then, there is a considerable gap between the capacity to produce of Milligan and the consumption, the current consumption in the province. Did you say 5 million to 40 million?

Hon. Mr. Harrison: — That's kind of the current capacity at Milligan. But you know, as I just said, Mr. Taylor, though I think it would be irresponsible of us to comment on investments from particular companies over the course of the next year and a half in terms of how they're going to move forward, what we do as government is put in place the environment for that investment to be made. And I think we've done that with the institution of the mandate itself in this legislation. And couple

that with the incentive program that we've come forward with, this government will . . . I think the market's going to move forward in a fashion that will be I think acceptable to the people of the province.

Mr. Taylor: — Okay. Actually I'm not a lawyer, so I haven't read this into the Act yet, my question. But where is the onus in the Act for the blending? The mandate of 2 per cent is there. Who is required to ensure that the 2 per cent is at the retail level?

Hon. Mr. Harrison: — Well I mean in terms of the technical verification of how . . .

Mr. Taylor: — Is it the refinery? Is the delivery guy? Is it the . . . I just don't know where the onus is to ensure that the mandate is met. Who's buying? Who's buying the renewable fuel from Milligan or anybody else to ensure that the mandate is met?

Hon. Mr. Harrison: — Well I mean in terms of the mandate itself, there's requirements in the Act, Section 5, section 6, section 7 of the draft legislation deal with the duty to maintain records, the enforcement provisions, and reporting provisions. So I think if you, if you took a look through some of those provisions in the legislation, I think your questions would be addressed. There's compliance requirements and reporting requirements mandated by government onto distributors, so I think that's where you would find your answer.

Mr. Taylor: — Okay. But I think the key word there is distributor. The Act refers to distributor. And I'm trying to get my head around who is the distributor in the province of Saskatchewan.

Hon. Mr. Harrison: — Well the distributor's defined in the definition section of the Act, and I'll read it to you: "means a person in Saskatchewan who sells or provides diesel fuel to consumers and includes any prescribed person or prescribed class of persons."

Mr. Taylor: — Okay, I guess I was looking for something more specific than that. Is it the Co-op refinery? Is it trucked in by Petro Canada from Lloydminster? I don't know exactly where our diesel fuel comes from. And let me put it in another question. Who does the blending? Is this done at the refinery level? Is it done in a truck that pulls up to Foam Lake? I don't think diesel blends easily in a truck. There's a process. It's not like ethanol.

Hon. Mr. Harrison: — Yes, well in terms of kind of the technical blending, how technically the blending works, I mean I'm not a chemical engineer, so I would be hard pressed to give you an answer on that. But the distributor is the exact same as the ethanol Act. It's defined in the exact same fashion and will be dealt with in the exact same fashion as it is in the ethanol Act as it will be in the renewable diesel fuel Act.

Mr. Taylor: — I guess the reason I ask is I feel fairly comfortable in knowing who the distributors are for gasoline, for normal fuel. But for diesel fuel, I'm not as familiar with the distributing process and whether it's just the normal refiners, or are there other players in the marketplace, is what I'm asking.

Hon. Mr. Harrison: — Yes, thank you, Mr. Taylor. I'll ask Ron to maybe provide some additional thoughts.

Mr. Kehrig: — Sure. You know, as set out in the definition, and it is the same definition that's used in the ethanol Act, anyone who markets and distributes fuel in the province would be subject to the regulations to include at least that minimum renewable diesel content. So even a biodiesel plant that would distribute fuel would be subject to these regulations.

Mr. Taylor: — There's no requirement in the Act for purchasing in Saskatchewan if the distributor is an Alberta-based refinery that distributes in Saskatchewan. They could easily be distributing a blended product where the 2 per cent comes from out of province. Is that correct?

Hon. Mr. Harrison: — Well I mean it's dependent on where the biodiesel is produced. It has to be, to get the Saskatchewan subsidy, the biodiesel has to be produced in Saskatchewan. So if an Alberta distributor produced the biodiesel in Alberta, they wouldn't be able to collect the subsidy from Saskatchewan, obviously. They would be collecting the subsidy from the Government of Alberta which would, I guess, in essence mean that the Government of Alberta would be subsidizing biodiesel purchased by Saskatchewan consumers.

Mr. Taylor: — Okay. Or that until the gap is filled and Saskatchewan can produce enough to meet the full consumption on the mandate, we could also be, our distributors could also be buying US renewable diesel fuel?

Hon. Mr. Harrison: — Yes. No, that's the case. And you know, as I just said, until our program is fully subscribed, we could have situations where a 2 per cent blend biodiesel would be produced in Alberta or Manitoba or even Montana conceivably. And I mean the net result of that would be essentially that taxpayers from those jurisdictions would be subsidizing the purchase of that biodiesel by our consumers here in Saskatchewan which, I guess from an economic point of view, could be seen as a positive.

That being said, the reason we instituted the incentive program is that we wanted to make sure that we had a homegrown industry here in Saskatchewan that would provide a market for off-grade canola and also that would have an impact on greenhouse gas emissions here. So you know, that's why we came forward with an incentive program attached to the actual legislation instituting a 2 per cent blend. But I mean it's a possibility I think as to what, if I remember precisely, what your question was.

Mr. Taylor: — And I very much support the incentive that's being offered. I did under ethanol. And I also do in the housing market by the way. If we want to create some additional apartments, a financial incentive would do wonders to help along those lines.

In ethanol, the mandate started at 5 per cent. It went to seven and a half per cent. And there are many in the field, in fact I think members of the Enterprise Saskatchewan's sector team, that are talking about increasing the mandate on ethanol to 10 per cent.

What review mechanism is envisioned for the diesel, biodiesel mandate introduced at 2 per cent? What review mechanism is there that might envision this going to 3, 4, or 5 per cent in the future?

[21:45]

Hon. Mr. Harrison: — Yes. The current legislation will most likely be running to 2016 assuming a July 1, 2012 commencement of the mandate. You know, at which point we can look at whether the industry is to a mature enough stage that perhaps we could look at a higher blend. That's a possibility. But I think the fact that we're . . . You know, I think we've made a good start though with the 2 per cent number and an incentive program coupled to that to build the industry here in Saskatchewan.

Mr. Taylor: — Okay. I notice the Saskatchewan Research Council, supported by Natural Resources Canada under the national renewable diesel demonstration initiative, has done a lot of testing. Do you know offhand, was this done at 2 per cent, or was any of that SRC [Saskatchewan Research Council] testing done that would include blends higher than 2 per cent?

Hon. Mr. Harrison: — In terms of the specifics, I can undertake to provide that information. I think the SRC has recently released a report in the last month and a half or so on this. I know some of the testing that had been done showed actually a higher quality of fuel, of fuel that burned more cleanly and a fuel that was actually more reliable in colder temperatures, which I know had been a concern in some quarters, than regular diesel. So I think there's been some very real successes, some very real technological advances in terms of the quality of the renewable diesel.

Mr. Taylor: — Okay. The minister is correct and, as I read further in my notes, the SRC study indicated that biodiesel up to B10, or 10 per cent level, in warmer months and B5 in colder months had little impact on normal operation of agricultural equipment. So the study did take into account up to 10 per cent and is indicating that equipment functions normally. That would mean therefore that there is opportunity, from a technological perspective, to increase the mandate as other circumstances allow. So I would assume that even before the four-year mandate is up in 2016 that the potential exists for a call for an increase in the mandate should investment start to take place and further interest from the industry comes forward.

Hon. Mr. Harrison: — Well there'll be . . . Technological testing I know has been very successful there. I know in the past had been some concerns as to the cold weather, particularly cold weather performance, of higher blends of biodiesel, but I think there's been some very good work done. I know Milligan Bio-Tech for instance has I think done some very exciting work, research on higher blends.

That being said, I think, you know, I'm a bit reluctant to speculate as to time frames as to potential increases in mandates, other than to say that that's a possibility down the road. But I think the Bill we have before us right now is a very positive step in instituting a 2 per cent mandate.

Mr. Taylor: — Okay. And I agree. I think it's a step in the

right direction. And aside from the fact that I believe it could have been done earlier, I'm pleased to see the Bill in front of us now. The industry has been saying we need a mandate. The industry has been saying we need incentives. The response has been positive. The next step is regulations and a matter of the legislation taking effect. Is industry saying anything else at the moment to you? Is there anything else that the industry would like addressed in the coming months before July 2012?

Hon. Mr. Harrison: — No. I can say what we've heard from industry and industry groups, other stakeholders, the Canola Council for instance, has been very positive. The CRFA, Canadian Renewable Fuels Association, has been very positive about this. We're going to continue working with the stakeholders in the industry on this. And as I said, we've heard from stakeholders directly involved in the industry that are very, very supportive.

And one thing I wanted to clarify as well — I misspoke — the mandate doesn't end in 2016. The incentive ends in 2016. So I just want to put that on the record and clarify it.

Mr. Taylor: — Okay. Thank you very much. I support the effort in front of us. I appreciate the opportunity to get some of my questions answered, and I encourage the minister and the ministry to begin the regulatory consultation process as quickly as possible and to move this forward as quickly as possible, which is why we are expediting this Bill as quickly as we can to ensure that you have the legislative mandate to proceed.

So that's the end of my questions, Mr. Chair, and again I appreciate the opportunity to have the minister in front of us.

Hon. Mr. Harrison: — Sure. Thanks, Mr. Taylor. And here I thought that you guys forgot to agree to your own adjournment motion to have this Bill come to committee. I guess I was mistaken in that.

But I also wanted to acknowledge the good work done by the member for Arm River-Watrous on this. He's been a long-time proponent of biodiesel, and I think I'd be remiss if I didn't point that out. He's a member of the committee here tonight.

The Chair: — Thank you. Bill 166, *The Renewable Diesel Act*, clause 1, short title, *The Renewable Diesel Act*, is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 10 inclusive agreed to.]

The Chair: — Carried. Her Majesty, by and with the advice and the consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 166, *The Renewable Diesel Act*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 166, *The Renewable Diesel Act*, without amendment.

Mr. Brkich: — I so move.

The Chair: — Mr. Brkich. Agreed?

Some Hon. Members: — Agreed.

The Chair: — Does the minister have any concluding remarks? I'm sorry, carried. Does the minister have any concluding remarks? Mr. Taylor, any members?

Mr. Taylor: — Nothing further.

The Chair: — Thank you. Thank you to all committee members, officials, and those who tuned in on television tonight. Thank you and good night. I'd ask for a motion to adjourn.

Mr. Bradshaw: — I'll do that.

The Chair: — This meeting now stands adjourned.

[The committee adjourned at 21:54.]