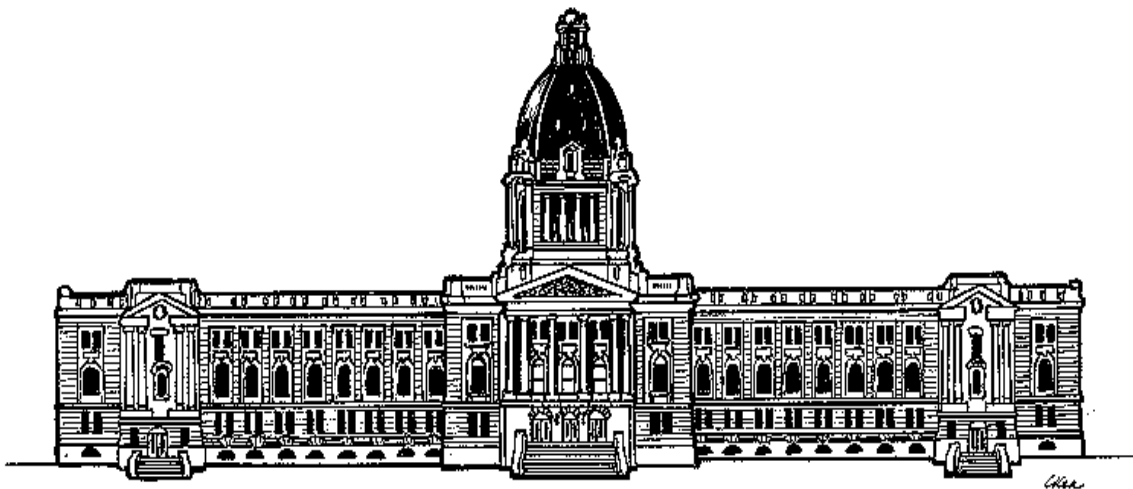




STANDING COMMITTEE ON THE ECONOMY

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STANDING COMMITTEE ON THE ECONOMY

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Ms. Victoria Jurgens
Prince Albert Northcote

[The committee met at 15:01.]

The Chair: — It now being 3 p.m. I will call the committee to order. We have before us this afternoon the Ministry of the Economy, Minister McMillan, and his officials. We'll be discussing vote 23, central management and services, subvote (EC01); and vote 174, loans under *The Economic and Co-operative Development Act* (AC01).

I will invite the minister to firstly introduce his officials and then make any opening comments that he would have to share with us this afternoon. Joining us are committee members Fred Bradshaw, Victoria Jurgens, Jennifer Campeau, Larry Doke, and Bill Hutchinson. And sitting in for Mr. Wotherspoon, Cathy Sproule and Mr. Nilson. Welcome committee members as well, and now I'll turn it over to the minister.

**General Revenue Fund
Economy
Vote 23**

Subvote (EC01)

Hon. Mr. McMillan: — Great. Thank you, Mr. Chair. And thank you committee members for going through these estimates with us today. I do have some brief comments and then we look forward to the questions. I'm pleased to be here today to consider the estimates for Energy and Resources as well as Tourism Saskatchewan.

Before I get started with my remarks, I'd like to first introduce my officials. With me is Deputy Minister Kent Campbell, deputy minister of the Economy; Denise Haas, chief financial officer for the ministry; Chris Dekker, associate deputy minister for the Economy; Hal Sanders, associate deputy minister of minerals, lands, and resources policy division; Ed Dancsok, assistant deputy minister of petroleum and natural gas division; Laurie Pushor, assistant deputy minister of performance and strategic initiatives. With Tourism Saskatchewan, Mr. Pat Fiacco, chief executive officer for Tourism Saskatchewan; Veronica Gelowitz, executive director and chief financial officer for Tourism Saskatchewan; Ken Dueck, executive director of industry and community development for Tourism Saskatchewan. With the Intergovernmental Affairs, Wes Jickling, the associate deputy minister for Intergovernmental Affairs, is joining us as well.

Mr. Chairman, today Saskatchewan's economy is one of the strongest in the nation. We have more people living here than at any point in our history, and businesses are some of the most optimistic in the country. We continue to have the lowest unemployment rate in the nation and some of the strongest average weekly earnings.

It was just announced yesterday that our average weekly earnings was up 1.8 per cent, ranking highest among the provinces, as well as well above the national average increase of point three per cent. We have seen steady growth for our natural resource sector. In 2013, our crude oil production hit an all-time high of 177.9 million barrels. That is almost half a million barrels a day. Horizontal drilling activity also set a new record with a total of 2,433 horizontal wells drilled in 2013.

To continue to support the growth, we are replacing 10 separate fees with a single oil and gas well levy. This will simplify the application process for the industry and for government by eliminating 20,000 financial transactions each year. This amendment will streamline the licensing and reporting functions associated with the levy and enhance our regulatory and monitoring of the oil and gas industry in Saskatchewan. The industry is supportive of these changes as the new levy will allow us to provide enhanced services. Brad Herald from the Canadian Association of Petroleum Producers said, "This positions us for the next decade of growth."

Last year was a good year for the trade side as well. Today we have free trade agreements with nearly a quarter of the world's countries. These trading agreements represent more than half of the world's gross domestic product nations and more than half of the entire global marketplace. We export a record of \$32.9 billion worth of goods out of Saskatchewan last year making us the largest per capita exporter in Canada. This is up a whopping 70 per cent over exports in 2007. With new trade agreements with the EU [European Union] and Korea, we can export our exports and continue to grow.

Specifically, CETA [Canada-European Union Comprehensive Economic and Trade Agreement] will modernize uranium investments, removing restrictions on investment for European companies based in European countries. Rio Tinto, one of the world's largest mining firms, can now proceed with their proposed uranium mine in northern Saskatchewan. In total, this means 2.5 billion more in uranium investments over the next decade.

Last year we unveiled a new uranium royalty system that was more competitive and would accurately reflect the investments companies were making in our province. The previous uranium royalty structure had gone out of date, grossly underrepresenting actual industry costs and was acting as a disincentive to investment. This budget reflects the full implementation of the new uranium royalty structure.

Forestry is another important industry for Saskatchewan's economy. Last year forest products exported were up 13.3 per cent. Today, seven of the 11 mills have returned to production. There is increasing demand around the world for our forest products such as lumber, pulp, and oriented strand board.

While the US [United States] remains an important market, the forest industry is expanding to markets across the world including Asia. All of this has resulted in over 650 million in forest product sales last year. This is why I, along with the Minister of the Environment, were happy to introduce the new streamlined timber dues system that is competitive, fair, and sustainable in this year's budget. This streamlined system was developed in consultation with the industry. It takes effect on July 1st, 2014 and combines five different dues systems into one. This change will help to ensure that we can sustainably manage our Saskatchewan forests and generate revenue for our province and for our forest industry.

Mr. Chairman, in closing, this is a budget that we're very proud of. It is based on . . . Many of the revenue generating parts of government come through the Ministry of Energy and

Resources. I am confident that the members will have several questions on the new forestry due system, on the effects of the uranium changes, both on the royalties and through the trade agreements, and in general on our ministry including tourism as well. And we look forward to those questions. Thank you, Mr. Chair.

The Chair: — Thank you, Mr. Minister. The floor is now open for questions and I'll recognize Ms. Sproule.

Ms. Sproule: — Thank you very much, Mr. Chair, and thank you, Mr. Minister, for your opening comments. Certainly a broad range of activities happening in Economy and I look forward to the discussion today. For the committee's reference I will be asking questions on tourism for the first part.

The first question I have — and this is just a one-off— when I go and type in Tourism Saskatchewan, it's difficult to find the web page for the organization. We see that Tourism Saskatchewan relates to the tourism side of it where people are wanting to come and visit. But why did you choose Industry Matters as the name of your web page for the board and the corporation itself, instead of Tourism Saskatchewan?

Hon. Mr. McMillan: — Mr. Chair, I think I understand that if you google Tourism Saskatchewan, you should get the tourist-facing web page. There is a web page called Industry Matters which is intended for and purposely built for the industry partners. It dates back to before Tourism became a Crown, but we still are partners with the industry, and it is still a useful tool for them.

But the members would likely be interested to know that over the last several months, we have kicked off the new Tourism identity project. It is under way today. Through that we are redesigning the website and ensuring that we are putting our best foot forward digitally as well as here on the ground in Saskatchewan.

I would also highlight for the members that last year Tourism Saskatchewan kicked off their events page, Saskatchewan events 2013 I believe it was called, which was very successful and utilized by communities putting on great events here in Saskatchewan. That is going again this year and will again be imbedded into the tourism identity project as it rolls out, but it's up and running today as well. It is just called Sask events?

A Member: — Saskatchewan events.

Hon. Mr. McMillan: — Saskatchewanevents.com. So we have multiple channels. The Industry Matters channel is specifically for the industry partners here in Saskatchewan, not necessarily a public-facing website.

Ms. Sproule: — Yes. Thank you for that explanation. And I have Saskatchewan events up here in front of me and certainly have been there a few times. I guess as a Crown corporation, when you're looking for Crown corporations, you want to find information about the Crown itself, it would be helpful in the name. Industry Matters is not helpful in finding a Crown corporation. So I leave that with you as you carry on with your tourism identity project.

When I was looking at, I think this is the 2013 . . . I'll be referring to the annual report quite a bit from 2013 because it's the most recent one we have. And there was an indication there, as you made the transition over to the new Crown corporation, that there was four staff transferred from the tourism initiatives branch of the ministry. Now I was trying to find out today, are there any staff still remaining within the ministry or have they all been transferred over to the Crown corporation?

Hon. Mr. McMillan: — The transfers were all completed last summer, so that's complete.

[15:15]

Ms. Sproule: — Thank you for that. So in terms of FTEs [full-time equivalent] and all of that, that all rests within the Crown corporation now, and all that your ministry is involved in directly is that amount of money that gets transferred to the Crown?

Hon. Mr. McMillan: — That's correct.

Ms. Sproule: — I note that this year there's an estimate, in the estimates there's about \$1 million more being provided than '13-14 and yet that really brings it back to where it was in '12-13. So could the minister provide some information on how you determine the amount for the grant funding to Tourism Saskatchewan and why it's up \$1 million this year?

Hon. Mr. McMillan: — The member will notice that over different years tourism funding will go up and down. Last year we had the Junos. It's come out. The North American Indigenous Games is getting \$1 million a year over three years. It was there last year; it's again this year. So I guess the commitment to tourism isn't necessarily reflected every year according to the budget line. Some years we have multiple events that stack up.

Ms. Sproule: — The North American Indigenous Games, I think that's three and a half million over the lifetime of that project. Are you saying that's funding in addition to the grant transfer from your ministry?

Hon. Mr. McMillan: — It is part of the core budget.

Ms. Sproule: — The variables would depend on what events are being hosted and what projects are in place depending on that particular year.

Hon. Mr. McMillan: — Yes.

Ms. Sproule: — So just so I understand the process then, I assume then that the Crown corporation would prepare its materials and make its submission to your ministry prior to budget time, and then your ministry would make your case to the treasury board, at which point the allocation would be determined and the Crown would find out how much they actually get. Is that about a good layperson's summary of it?

Hon. Mr. McMillan: — Yes, that is the general case. But in most cases, the bidding process is for something like the North American Indigenous Games. We have been a part of . . . Our commitment to that agency and those games has been over

several years. We knew that the Junos were going to be a budget item last year well in advance. So the big events, really all events — I shouldn't say all events — more community-based events are sometimes more year . . . There's funds allocated. But the big million-dollar ticket items are usually . . . We know about them years out.

Ms. Sproule: — And most of the big events require several years planning, so that would make sense. Does your ministry have a policy or criteria by which you determine which of these major events you will fund or provide funding to Tourism Saskatchewan for?

Hon. Mr. McMillan: — Yes. It's something that we have spoken about and been very deliberate about for several years, is hosting events. We think that one of the true advantages Saskatchewan has is our ability to host events and host them successfully. And we have done that historically. We have wanted to be more deliberate about it, and Tourism Saskatchewan has worked very hard over the last year, year and a half putting together an events-hosting strategy, which takes largely what we're doing and ensures that we do have an appropriate framework around it, and that we can build upon this aspect of tourism.

Within that we have four categories: a national- and international-type event much like the World Juniors would fall into that; a marquis event category, something like Craven; community events that you might see more regional-based, bringing tourism in for rodeo, kite festivals, and something of that nature; and the fourth is a special projects, something that will highlight our province in a favourable way, something that might not fall into the traditional three categories but something in the past like the Saskatchewan pavilion at the Olympics, something that really showcased our province in a non-traditional way but truly has benefits we think in profiling our province and driving tourism.

Ms. Sproule: — Thank you. Just on the event hosting program, I'm just looking at page — I can't really see the numbers here — I think it's 20 of the 2013 annual report, and there's a listing under the event hosting program of the awards that were given. That's where we see the future commitment for 3.5 million to the Indigenous Games. And I'm just curious, there's a couple festivals in that list, both Back to Batoche Days and SaskPower Windscape Kite Festival. And I know that those events are also eligible for funding under other ministries as cultural events.

And I guess we were talking earlier about, historically, tourism has been reflected by Parks, Culture and Sport because those are the three main activities that usually encompass much of tourism in Saskatchewan. I know that Alberta and Manitoba have retained that structure in their province and BC [British Columbia] has gone the route that Saskatchewan has gone. Are you finding that this is a good fit, that tourism is fitting within Economy as purely a marketing product, or do you think that there would be some view of looking at tying it more closely to Parks, Culture and Sport, again where traditionally the events take place like these cultural events?

Hon. Mr. McMillan: — I guess what we've seen in the last year is, and to clarify, it's not within the Economy. It's a stand-alone Crown. And I think in the last year we have seen

that from that position it has the flexibility to make partnerships where it makes sense to operate in a strategic way as well. So I think it is well positioned. When we see tourism, you're absolutely right. Much of the Tourism Saskatchewan is cultural-based, history-based. Much of it is also family-based. We see a lot of business tourists that are here on business today. Hotels in small towns in southeast Saskatchewan that are crammed full, eating in restaurants, are there for business. So tourism has many different faces, and I think having the structure we do today gives substantial flexibility to go where the opportunities are.

Ms. Sproule: — You indicated of course it is a stand-alone Crown, but you are the minister responsible, whereas, you know, it might be a better fit for Tourism, Culture and Sport to be the fit for the responsibility. So I'm just wondering if that's working for your ministry.

Hon. Mr. McMillan: — I guess as minister, I'm very comfortable being minister of this Crown.

Ms. Sproule: — Mr. Fiacco is the CEO [chief executive officer]. And in your opening statement in the 2013 annual report, you mentioned some data that you're getting from Statistics Canada for visitation and travel, and because there was some difficulty to compare to 2010, you sort of had your 2011 stats. I'm just wondering how things are stacking up. Have you had a chance to look at the 2012 statistics, and how are they looking?

Hon. Mr. McMillan: — Positive news to report there. We are up, second only to Newfoundland on the increase, so some very positive numbers.

And I know it's somewhat anecdotally, but I think that's somewhat reflected in almost every town and city I drive through in Saskatchewan. There's new hotels being built in Lloydminster on the Saskatchewan side. There's one that opened in the last month, and another one that will be opening in the coming month. Weyburn has got new hotels. I know in Saskatoon, they have one of the hottest hotel markets. And that is just one piece of the tourism industry, but it is being reflected in the numbers we're seeing as well.

And Mr. Fiacco informs me that we are up not just on number of visitors, but on revenue, on spends as well.

Ms. Sproule: — Are those statistics going to be posted on the Facebook . . . or on the web page? I didn't see them there this time around.

Hon. Mr. McMillan: — Going back to our earlier conversation about the website, as we're moving forward on our digital identity, on Tourism Saskatchewan's identity, when people go to the Tourism Saskatchewan website and want to know where is the best lake, hotel, fishing spot, we want fairly sales-driven data. Something like statistical data is important and would be of interest to many people. But it is something that likely would be of interest as well.

So we will be endeavouring to find . . . It will certainly be reflected in our annual reports, which people can access. But we will endeavour to find an appropriate place to put that data

forward as well. But we will be very conscious to have a very customer-facing environment for people trying to find tourism information.

Ms. Sproule: — Certainly the annual reports are already a little bit dated by the time they come out, so it's a lot easier these days to get things on the web right away.

But I was looking at your online marketing report in the marketing communications section of the annual report, and I was impressed by the numbers. But Facebook, we see 1.7 million impressions. That was in the report from that year. And then we see *SaskSecrets*, which was 24,000 readers. And in my mind, that's a big difference. And I know Facebook and an online newsletter are two different things. But it seems that . . . I know the way I surf the web these days, you know, Facebook is certainly playing a huge role, and it's free, which is really kind of nice, although you can spend money on it as well.

So I'm just wondering, what do you spend on *SaskSecrets*? What's your annual budget for that? And then how much do you spend on the Facebook maintenance and update of the Facebook page?

Hon. Mr. McMillan: — I guess to walk through this, the *SaskSecrets* is a subscription-based newsletter that people would sign up for. They can do that on the website. So that would be certainly a more specific and more interested group of people than the impressions we'd be looking to make on Facebook. But Facebook is a place where we do spend on advertising and actively get the message out through paid advertising on Facebook, which ultimately can be linked back to our webpage. If people are interested and click on it, that would give them access to *SaskSecrets*.

So the two are linked in that way, but one is for a customer that's likely seeking information about a trip to here or is looking for some fairly in depth. The other is a more higher level type of outreach.

Ms. Sproule: — You don't have any figures.

Hon. Mr. McMillan: — And I apologize for that. We will endeavour to get you the exact dollar amount that we're spending on the Facebook and our web-based advertisement in general. We'll try and break those both out for you.

Ms. Sproule: — Thank you. Moving on then. My time is quickly going. In the report it referred to an effort with, a collaboration with the province's airports and city tours and marketing organizations on a long-term plan to improve air access. And I tracked overseas routes to Saskatchewan. And certainly as someone who often is booking performers for cultural events, it's a pain in the butt to get to Saskatchewan. And I think, I just wonder if there's any progress on that long-term collaboration.

[15:30]

Hon. Mr. McMillan: — The group that we are a part of with both the Saskatoon and Regina airports, both Saskatoon and Regina tourism agencies, and us, yes, are very engaged in this. We do view this as a barrier for performers, for people that are

trying to host events that you would know very well but also for people that want to come here and utilize our hunting, our fishing, to visit family, to take advantage of all the great opportunities we have. It is a barrier that we have identified.

This group has engaged the federal minister. There are some federal challenges, federal policy challenges to the airline industry, and it's a problem for Saskatchewan, but it is a problem that is shared really across Canada. And at the FPT [federal-provincial-territorial] meetings, it is something that is talked about around the table. And there are different points of view, I can tell you, from the different provinces as well, but this group has engaged federally as well. They have also engaged the airlines directly, meeting with major carriers here in Canada and some of the major carriers in the US which are currently flying in and out of Saskatchewan today.

So more work to be done in this regard and is something that not just Tourism Saskatchewan but the Minister of Tourism, is something that I have been working with my federal counterpart to try and find some solutions that would make access freer here in Saskatchewan.

Ms. Sproule: — Thank you very much. Just a quick question now on the lean methodologies that we hear a lot about throughout the government these days. And is Tourism Saskatchewan planning any lean events? Have there been any lean events? Is that methodology being used in any way, shape, or form in Tourism Saskatchewan?

Hon. Mr. McMillan: — I guess in regards to Tourism Saskatchewan and lean, the direct answer to your question is they are looking at doing some process reviews in the coming year that they will utilize the lean methodology through. The expertise for that will be from two sources: (1) where available from executive government; but (2) we have some expertise in-house, training that was acquired through the health region from the officials that had formally had experience at the health region, is now leveraging the training that they got in that role for the benefit of Tourism Saskatchewan and I think will be of benefit to this agency as well.

Ms. Sproule: — And can you tell me how much Tourism Saskatchewan plans to budget for those process review exercises, including staff time?

Hon. Mr. McMillan: — As the member would know, Tourism Saskatchewan became an entity less than a year ago. It has transitioned extremely well and has been adding value in the short time in which it's been operating, but they are at the stage in their growth that they're looking at improving.

And the first one and the one that they have scheduled for this year is their accounts payable process. As to what will the costs be, it will be the staff's time, the front-line staff looking at ways to do this better, which is the fundamental premise of lean, is listening to those that are doing it and trying to find efficient ways to go forward. So that will be the cost. At this point we can't give you a hard number, but my expectation is the costs, the time, the salaries that it will cost will be more than compensated for in the coming year or possibly years in the savings that we would hope to find.

Ms. Sproule: — Thank you. I was just wondering, to hear some thinking about the major event hosting strategy. And I would use, well a few examples maybe. But for example last year I was involved with a group of volunteers who brought a national event to Saskatchewan. It was a sellout. It was a great event. And it was done based on the talent we have within the community to host these events. And as you know, event hosting, Saskatchewan's all over that in terms of volunteers and communities who want to host events.

So I think the talent is certainly within the communities, and the experience and the expertise and the passion, so I'm just wondering why it is that a Crown corporation would get involved in event hosting like the Junos when we know if you put out an RFP [request for proposal], you would find a number of communities and groups that would be very able to produce an event like that.

Hon. Mr. McMillan: — I would agree with the member most certainly. But the expertise and the talent we have of hosting in Saskatchewan is based on the welcoming nature of our citizens, on the organizational capacity of our citizens. The Tourism Saskatchewan role is to enable those communities to host great events, and largely with financial commitments, somewhat measured. But to enable us to have a robust tourism event-hosting strategy, that is why we put together our deliberate plan.

But there will also be a certain amount of helping hand co-ordinating that, if a community wants to host a certain type of event, being able to say, we were involved with another group from another community that hosted a similar event, and you should talk to them if you are having trouble in one regard, but it most certainly is not to take on the role of hosting the event. We know that really passionate citizens and passionate communities are what hosts the greatest events.

Ms. Sproule: — So if I understand correctly then, under the event hosting strategy then, it's not that Tourism Saskatchewan will be leading events, but rather it's acting in a financially supportive role. Or are there other roles that Tourism Saskatchewan will play?

Hon. Mr. McMillan: — The CEO of Tourism Saskatchewan has pointed out our very mission in our events hosting strategy, and I'll read it for the committee. The mission is, "To assist stakeholders in attracting and hosting events through promotion, collaboration, advice, and financial support." So that is the mission statement of why and what we think we can do to enable communities to host great events.

Ms. Sproule: — So who hosted the Junos? Who was the host of the Junos then?

Hon. Mr. McMillan: — The Junos, for an example, put out . . . A group of citizens that thought this would be a great event for our city went forward. They had support and involvement from the municipality, the city of Regina. They had support from the Government of Saskatchewan, but largely it was community leaders — people involved in the music industry, people involved in facilities — that came together, put forward a package that attracted it. And when they were successful, they created a not-for-profit organization, again a membership,

board-driven organization.

Ms. Sproule: — Thank you. On page . . . I don't know the page numbers. I'm sorry. But it's in your strategic planning process that's in your 2014-2016. Is that your strategic plan? I forget the name. Yes, the strategic plan.

There's a reference in there to a request for proposals that was issued, and a group called Tourism Planning Group was contracted to lead the process. Where is that company from? And how much did that process cost?

Hon. Mr. McMillan: — The process was through an RFP. The successful proponent was based out of Thompson Okanagan, British Columbia, and led a extensive consultation process with a two-day session with the board of directors of Tourism Saskatchewan, consultation sessions with the employees of Tourism Saskatchewan, engagement directly with the industry members. And the cost, we don't have the exact figure with us, but it was less than \$50,000, and we will provide shortly here for the committee the full dollar amount.

[15:45]

Ms. Sproule: — Thank you very much. I just have one final question I want to ask. And this is in regards to Mr. Fiacco. I know you're the chief executive officer of a Crown corporation, and I think you just recently announced that you're moving on to greener pastures. But in terms of your Twitter account, I was looking up, you know, Pat Fiacco, and it says, @TourismSkPat. And so I don't know if that's your personal account or if you're reflecting your role as CEO.

And my concern I guess is there's a number of retweets of a restaurant here in Regina called Fortuna, which I think you have a business interest in. And as a CEO of a Crown corporation, I'm just wondering if that's something you're comfortable with or, you know, if you're going to reflect one restaurant, maybe others would be appropriate.

Hon. Mr. McMillan: — The account that the member is speaking of was Mr. Fiacco's account when he was mayor. At that point, that same account, he had the handle @mayorpat. He transitioned it into his new role at Tourism to @TourismPat. And when he moves to his new role, the same account will move with the person, and he can change the handle to reflect the new role or something different, which is a relief to us because we would have to have a hiring process only to hire someone named Pat to utilize the handle. So I think we should be good.

Ms. Sproule: — Thank you very much, Mr. Minister, and the officials that came. Mr. Chair, those are the extent of my questions for today.

The Chair: — Now I recognize Mr. Nilson.

Mr. Nilson: — Thank you, Mr. Chair. Good afternoon. I'm looking forward to discussing a number of issues in this very varied portfolio that you have. My first question relates to the uranium royalty restructuring, and the question relates to whether this restructuring has any effect on the issue involving Cameco and their Swiss subsidiary and how they do the transfer

of their uranium to that subsidiary.

Hon. Mr. McMillan: — There is no effect whatsoever. The two would not be linked in any way. And in fact the way we collect royalties is based on the value of the royalties at the point they're mined and shipped, not at the point they're sold, so there's no effect on royalties or relationship to the royalties we collect in relation to what the federal government and Cameco are working themselves through now.

Mr. Nilson: — Was there any discussion between the ministry here in Saskatchewan about this issue when the royalty rates were changed?

Hon. Mr. McMillan: — No.

Mr. Nilson: — So there was no discussion about that. And was there any discussion between the ministry and the Minister of Finance around these issues as it relates to the revenues for the province?

Hon. Mr. McMillan: — We regulate the industry. We collect royalties from the industry. The royalty changes we made were very deliberate to make us competitive for investment. But as I said, there was no discussion with regards to our royalties and the engagement between Cameco and the federal government. That's not related to royalties in any way.

Mr. Nilson: — Okay. Well it's related to the type of money that we receive from our resources in Saskatchewan, which I think is the responsibility here. Okay. Well basically what you're telling me then is that this is an income tax issue, and it's not an issue that you're dealing with within your department.

Hon. Mr. McMillan: — Our department does royalties.

Mr. Nilson: — Okay. Well I just know that the history of royalty taxation and income tax are so intertwined in the history of Saskatchewan that I was a little taken aback by your answer that there wouldn't have been discussions around that. But thank you for your answer.

Next question relates to orphan wells. I looked at the Provincial Auditor Saskatchewan, their report, volume 2 of 2013, and on that page it states:

On October 30, 2013, the Ministry provided us with a position paper that states the liability for orphaned wells resides with the oil and gas industry and not with the Ministry. We will review this position paper and report on our findings in a future report.

Is it possible to get a copy of this position paper?

Hon. Mr. McMillan: — So to this issue, there was a letter co-authored between our officials and the officials of Finance. From our point of view, we would have no problem letting the committee have the letter. We would have to confer with the comptroller at Finance to ensure that there's nothing, no industry-sensitive information that would be in it. But largely it restates our position that the liability for an orphan well lies with the industry.

We also provided at that time Hansard material from 2007 to the auditor to review that . . . With it was when industry was here in the legislature and was asked and reported that in fact they acknowledge that the liability lies with them as well. And we have not heard back from the auditor since we've provided this information, but they're looking at it and I'm certain will respond in a timely manner.

Mr. Nilson: — Thank you. If you would arrange to table that for the committee, I think that would be very helpful because this issue is one that has environmental concerns obviously, but it also has some of the financial concerns, which is why the auditor is reporting on that. So I'll look forward to receiving that in due course.

Right now there's a pipeline that the National Energy Board has where they've approved the replacement of line 3 for Enbridge. And there are a number of concerns about how this project is going ahead, and basically it relates to the decommissioning of the old line. Can you explain what role your ministry might have in this particular issue?

Hon. Mr. McMillan: — For the member, we have responsibility for all pipelines within Saskatchewan, a similar principle when we talk railroads. We regulate all railroads within Saskatchewan. Any rail line, any pipeline that crosses a provincial border becomes a nationally regulated entity. Pipelines again follow this rule as well. Line 3 is a pipeline that crosses both the Alberta border and the United States border in and out of Saskatchewan, therefore falling into federal regulation.

So do we have a role in the regulatory process here? No. But are we fully abreast and understand and comfortable with the federal regulatory oversight that they provide on their national pipelines? We are very much so engaged in and following what they do, and comfortable with the work that they do.

Mr. Nilson: — Thank you for that explanation. If the pipeline is decommissioned and cut into sections so that there's a big section just in Saskatchewan, does that responsibility then revert to the province as a pipeline or decommissioned pipeline wholly in Saskatchewan?

[16:00]

Hon. Mr. McMillan: — For the member that comes from a legal background, you may be venturing into an area where you're looking for a legal answer to your question, and we can't give you a definitive answer in that regard. But our understanding is that, on line 3, that the federal government is responsible for the process of oversight and regulation and that our understanding is that that is where it will remain, that there isn't an expectation that this pipeline is likely to change.

Mr. Nilson: — Well the reason I ask the question is that I know that all of the regulation of shortline railways in Saskatchewan are actually remnants of national rail lines that now, all of a sudden, are just pieced in Saskatchewan. So it's I think a question that's a live option, especially if it ends up costing the federal government some money to decommission some kind of an abandoned line. I'm sure they'll work hard to pass it over to the province.

Hon. Mr. McMillan: — Just on that, on the rail line, if either of the rail lines wanted to decommission their whole line, I think the federal government would have the responsibility through the decommissioning process. Where value was added and somebody wanted to take on a piece, it becomes a shortline, a stand-alone interprovincial rail line with our oversight. Potentially, if the principle still applied, a similar thing could happen conceivably.

Again I'm not a lawyer and can't give you a definitive. But there may be examples where a chunk of this infrastructure could be used for something within our province even if it was no longer utilized outside, and then we would likely have the oversight. But we're getting into somewhat hypotheticals, and on this specific one our understanding is that the federal government is responsible and are working through their processes which we're comfortable with.

Mr. Nilson: — And basically then the answer for Saskatchewan people who are concerned about this is that they should look to Ottawa and not to your ministry. A quick question: helium was mentioned I think only yesterday when we were talking in committee. What is the status of the helium industry in Saskatchewan? Is it possible to just give me a brief update?

Hon. Mr. McMillan: — So a bit of an update on the helium front here in Saskatchewan is we have a diverse set of resources in our province, and we do have substantial helium reserves. There is a number of dispositions, substantial acreage-wise, in southern Saskatchewan which have been taken up in the last five years. Some of them are moving forward and are potential projects. This I understand is largely being driven by . . . Texas has traditionally been the large supplier of helium and that their supplies are running out, and Saskatchewan finds itself again at a fairly enviable position and some potential projects that may occur. None have transitioned from exploratory to project yet, but some are certainly moving in that direction.

Mr. Nilson: — Thank you for that update. I thought we might get it in a high voice, but . . . Yes. So another quick question relates to the Agrium Vanscoy mine project. I think PCL's the contractor there. Can you have an update on that project and, you know, whether it's on time or what's happening there?

Hon. Mr. McMillan: — I guess on a project of that nature, I wouldn't be of liberty to share anything that wasn't publicly reported. And that's probably the most appropriate place or with the company that's making the investment themselves as to the state of that project.

Mr. Nilson: — Okay. The reason I asked the question is we've had some concerns raised with us that this project is at least a year, maybe a year and a half behind schedule, and that was my specific question.

Hon. Mr. McMillan: — And that would be of concern to the company as they move their project forward, that in a timeline that they are driving.

Mr. Nilson: — Okay. We know in the potash industry that K+S and BHP are not going to be part of Canpotex. Is that an issue that's one where the government is taking a role in trying to sort

out how that moves forward, or basically are you just letting it sit or what's happening? Perhaps you can give a report of government policy around that particular issue.

Hon. Mr. McMillan: — Yes. At this point, K+S is moving forward with their project. BHP hasn't, just hasn't got final board approval from their board to ultimately turn their project into a mine, however they are continuing to invest here in Saskatchewan. K+S is a company that has produced potash for a long period of time, has customers of their own around the world, and has, I understand, publicly said that they are looking to service their customers traditionally and directly. But that's a decision that they have made. Beyond that, not much to report.

Mr. Nilson: — You talked about part of this budget being the new timber dues system and so obviously it's going to go into effect on July 1st. I noted when I read your Ministry of the Economy plan for 2014-15 and you looked at sort of the timber harvest numbers, it has gone up a little bit in the last year, but it's still only about a third of the allowable cut in Saskatchewan. So obviously a huge potential. Can you maybe give a little bit of a policy perspective on the new dues structures as to why this might change some of the access to the resource in Saskatchewan?

Hon. Mr. McMillan: — I guess I'd like to thank the member for the question. This is something that I have felt is a fundamentally important piece of this budget. For this industry, this is certainly an important piece of work that they were heavily involved in which positions them very well going forward.

And I know last year we did the royalty changes in uranium, which was very important for the uranium industry. We did oil and gas levy this year, which got a certain amount of interest from the media and the public, but for the forestry industry this is as big as either of those two items for their industry. So thank you for your question.

This, we think and industry believes, positions them very well going forward. Until this comes into effect, there's five different royalty structures in our province based on FMAs [forest management agreement] and they aren't particularly, or aren't as market driven as the one that will be coming into effect now.

This has been several years worth of work looking at the entire business cycle of the forest sector, which is a very cyclical sector, and ensuring that we have the right incentives in place based on the market in each, the highs and the lows, to give stability and to give Saskatchewan the competitive advantage or let it take advantage of the competitive advantages we have with such a vast volume of forest.

And we believe that we're there. Industry believes that we're there. And ultimately over the business cycle it's . . . The modelling shows that the people of Saskatchewan will raise more revenues, more stumpage fees, based off of this new system as well. So there are few times that there truly are win-wins, but this is one where both industry and government believe that over the entire cycle both will be better positioned. And I think that serves both industry, but the citizens that work in and rely on this industry, very well.

Mr. Nilson: — So the net effect of this was to amend all of the FMAs so that they had the same royalty structure, I mean our timber dues structure going forward. How will it change the incentive for harvesting the trees?

Hon. Mr. McMillan: — There's a few different fronts in which I would want to highlight about the changes. The one is at a granular level of the log, that the new system will break an individual log down on how we collect dues and royalties from it to make sure that we get the most efficient use out of the log and that industry gets the most efficient use of each log, that they're not using high-quality logs for a low-quality product. Everybody gains there.

It also allows industry, between themselves, to swap logs and timber back and forth to where it suits each party best. It takes into account, as I said earlier, the market cycle to ensure that when the economics are poor in the cycle, that there's a little more protection for the industry, and we don't see necessarily the vulnerability to the communities of the entire industry shutting down as we did when the American housing collapse happened. I'm not saying that any industry is insulated from calamities like we saw south of the border, but this will give a slightly more benefit in the low times, but will charge a higher premium in the high times as well.

It also, in this new dues system, puts an incentive for northern cutting that historically we've said — and as you said — about a third of the allowable cut is currently going on, with 7 out of 11 mills operating. Historically, we've seen the bulk of the cutting that we are seeing happening in the southern half of the forest. We have great resource to the north as well, and this new dues structure recognizes and puts in place incentives that we hope to get a broader utilization and a fuller utilization of our allowable cut.

[16:15]

Mr. Nilson: — Is this new structure compliant with the Canada-US softwood lumber agreement or does it trigger some other kinds of payments that are in that whole situation?

Hon. Mr. McMillan: — Yes. That was one of the key pieces of, if we go forward with any type of change, how will that affect the softwood lumber agreement which has been so contentious and has I think truly been a problem for the Canadian industry in general? But Saskatchewan I think needs to continue to fight to ensure we are treated fairly under it as well. But with that as one of our starting principles, to defend against a softwood lumber challenge, if we had a vulnerability in the past, it was that our dues system wasn't based on market conditions. It was more arbitrary. With the new system which is very much based on market conditions and market driven, it makes our system now far more defensible if we ever were to be challenged. So we feel we've built in protection. Whether there's ever truly protection in that realm, we don't know. But this position does better to defend what we have.

Mr. Nilson: — The incentive that you have for the northern forest harvest, can you explain how that works?

Hon. Mr. McMillan: — The way the northern incentive is structured is that there is a line, a northerly-southerly division,

and north of that line an adjustment factor is put on the dues system. So the integrity of the system, the way we treat logs, the way everything is handled, is still the same. It's just a factor is put on north of a certain line. When the regulations are passed, we'll be able to make public the specific details which go into this.

Mr. Nilson: — And I assume that you will also reveal where that line is then, and you can't do it now? Or are we . . .

Hon. Mr. McMillan: — That's correct.

Mr. Nilson: — Okay. The Ministry of Environment is effectively the landowner for all of northern Saskatchewan, so what's the role of the Ministry of Environment in the forestry industry other than maybe the signator of the forest management agreements? And the reason I ask that is that there are concerns about forestry, as you move farther north, related to many other activities that take place say along the Churchill River and lakes in the North. So is there any provision in this whole timber dues structure to deal with some of those issues, because they are tied together?

Hon. Mr. McMillan: — My brief separation of responsibilities would be that on the sustainability, on being the stewards of the forest, that's clearly in the Environment's camp. There is work in the middle on developing the new DEW [distant early warning] system. It was something we did jointly. And then when we're talking about business development, working with industry to look at their business models and where they see their province or their investments going, that would fall purely within the Ministry of the Environment.

So we would be the developers of the industry. They would be the stewards of the forest. And in the middle there's some joint work that's done as well.

Mr. Nilson: — Thank you for that answer. Given the announcement you made earlier today about the trade ruling, I was wondering if that was a signal that maybe the New West Partnership may include Manitoba as everything moves forward. Can you give a report on that?

Hon. Mr. McMillan: — No, there was no signal there whatsoever. We felt very strongly that our canola producers and farmers were being disadvantaged in Quebec, and made the case. Alberta, British Columbia, and Manitoba shared that point of view and joined with us. But it wasn't a New West initiative. It was purely a trade issue that they shared our point of view.

Mr. Nilson: — Are there any plans to develop trade offices in US cities or in Japan or other parts of the world? Because I noticed there was some reference to that in some of the documentation we've looked at over the last few weeks. Perhaps you could lay out the plans for development of trade and whether there is going to be an expansion in this area.

Hon. Mr. McMillan: — I guess I can speak to what we had in the growth plan, but if you have something more current than that you'd like us to comment on, I'd be pleased to. In the growth plan we speak of the supports and the export, the targeting of exports, that we want to do. Today we have an office in Shanghai. It's been in place since 2010. We have one

government employee based there. And we also in this budget and in budgets past have had a strong commitment to STEP [Saskatchewan Trade and Export Partnership], which is a mobile presence for our industry and our exporters based out of Saskatchewan, but with expertise that stretches around the world. We are always looking for ways to ensure that we have the capacity as a province and that our industry has the tools they need to continue to increase our exports, which has grown dramatically to this point. But we've put some pretty aggressive targets in the growth plan going forward that we are very committed to as well.

But specifically to your question, no, we are not planning on opening an office beyond the Shanghai office at this point.

Mr. Nilson: — Thank you for that answer. No, I think I was looking through some of the legislation and some of the . . . that wasn't necessarily changes, but giving specific powers to different parts of the government, and the trade-off aspect was part of that. And we know obviously Alberta has quite a few of those offices around the world and maybe some, I think, Quebec as well. But I think that's an area where prudence and use of STEP has served us well here in Saskatchewan.

As it relates to trade with the US Midwest, those are some of our, obviously our biggest trading partners, and the federal initiatives with the Prime Minister and the President of the United States have attempted to set some goals to improve that process. And so I'd be curious what is happening within your department as it relates to facilitating and improving I guess the ease of trade over the Canada-US border because it's really a major issue for everyone.

You know, most of us, it only affects us in our travelling, but for businesses there are many costs. And well I guess we all travel as individuals, and we see the costs. I was at the Regina airport annual meeting last week, and you can see the kinds of costs that it's putting on their business because people go to Williston and Minot and Bismarck to take US flights. So I'm just wondering if there's any work being done in your ministry around this issue.

[16:30]

Hon. Mr. McMillan: — Yes. You know, to our earlier conversation with your colleague, that something as simple as flights, that we think having more access to and from Saskatchewan with airlines would enhance our business, enhance our ability to trade, as well as on the tourism side. That's a fundamental piece that we have and will continue to work on.

When we look at the exports out of Saskatchewan, a large amount of them head south of the border. Something like cattle, and the difficulties that we have at our border sending calves to the south to be fattened in feed yards or fat animals to be slaughtered has been a major issue in the last 5, 10 years with the federal government. There have been improvements, but that is something that is still an issue for our producers and our exporters. And we continue to work with our federal counterparts to try and find solutions. It takes two when we talk about streamlining border issues, and that has been at times frustratingly slow, but something that continues to work.

When we look at our other major export being oil, we have again 70 per cent of Saskatchewan oil flows south of the border; 30 per cent is utilized here in Saskatchewan and in Canada. But we have a very good record of sending our oil south, a great customer. But in recent years we have had difficulties with new pipelines, Keystone XL being the most obvious one. And we have, our Premier has, along with our colleagues from across Western Canada have worked proactively with legislators in the United States and Washington to try and move that project forward. And as you asked about line 3 earlier today, it's a pipeline that crosses a provincial boundary, a federal boundary. So officially it is a federally regulated pipeline. With Keystone XL we're comfortable with, understand fully the federal role that they go through, the oversight they give, and we're comfortable with that.

In the US it's largely on the federal administration's desk to approve it with presidential permit or not. So we have tried to be a force for good, putting forward solid arguments for why we think the pipeline is important, why we think it can and will be done safely, to the point in recent years our Premier has had governors of the states that the pipeline will pass through sign a collective letter from Democrat, Republican, and the Saskatchewan Party in support of this pipeline. So I guess, yes, we think that our role is in that regard as well, and we will continue to do that work.

Mr. Nilson: — What about the European trade agreement, and what new tasks are on the plate of the ministry as a result of the European trade agreement?

Hon. Mr. McMillan: — With the European trade deal, it is something that we were very positive on. We went to the table, as all provinces did, as contributors. And we had an aggressive stance. We wanted as free a trade as possible. We felt our producers, certainly our agricultural and machinery producers could compete with anywhere in the world, and we wanted to have the access.

And when ultimately the draft came out, it wasn't maybe as much as we wanted, but it was one of . . . It provides real and meaningful access for Saskatchewan products and Saskatchewan agricultural products that we haven't had in the past, so we were pleased to support it. We think it is very meaningful for us. They're now at the stage where they're working through the final details at a fairly granular level. We hope in the very short term that that is concluded. Then there will be a legal scrub, translation into several different languages, and it will move forward.

One item that we are following very closely is the NROP [non-resident ownership policy] provision and how that will be applied to companies from Europe. And that is the non-resident ownership policy that the federal government put in place that disallowed any non-Canadian-based or -owned company from owning more than 50 per cent or owning 50 per cent or more of a uranium mine. With Rio Tinto that has bought the Roughrider property and a couple of other properties that are very keen on investing in Saskatchewan, this will remove a major roadblock.

For Areva who was here before the NROP provision was ever put in place, who had developed mines and was early investors in our province, they then got this new set of rules imposed on

them. With this trade agreement, they will then be free to make investment decisions, to have partnerships or not have partnerships, but on their investment terms. So we will, as a province, be following this very closely as we work through these last few stages.

Mr. Nilson: — Will it mean an increase in your budget as we go forward to have more specialists in this area working with you?

Hon. Mr. McMillan: — On the regulatory side of the uranium industry?

Mr. Nilson: — Well I'm just thinking about all of the trade issues that arise both, you know, obviously in North America, North American free trade area, but also as it relates to European trade area. I mean clearly we've had people working on this. But it strikes me that it's, you know, it's something we're going to need some more money and some more people to do the work.

Hon. Mr. McMillan: — On the trade side, we have a very ambitious team that has worked very diligently through CETA, has been forces for good in the Korea free trade deal. More work to be done on both of these, but they are looking ahead at Trans-Pacific Partnership and how that will affect Saskatchewan. We again will be very aggressive that we, through the growth plan, have targeted Asia as where we think Saskatchewan commodities and products we should be targeting for the next 10, 15, 20 years. So TPP [transportation partnership program] is something that is of high importance to us, and our officials are pursuing that and supporting that wherever possible. So at this point we have a very good team, a very focused team, providing support to the federal government with Saskatchewan's perspective. And at this point we're comfortable with the size of the team we have. But with the growth plan targets, this is a real focus for our government, no question.

Mr. Nilson: — That's good to hear because that's how our province is going to work in the long term, is to be a trader with every part of the world. So in this whole trade area, it's obviously shared as a responsibility between your ministry and I guess Intergovernmental Affairs, and Justice has a piece, and Finance. And so is that the team that you're referring to, or is there just a team within your ministry?

Hon. Mr. McMillan: — The Intergovernmental Affairs and Trade would be the two that would utilize the officials that are doing the work in regards to intergovernmental work and trade. So that would be . . . If there's an overlap, that would be where the team would be working from.

Mr. Nilson: — So is that, doesn't include the Justice advisers, civil law lawyers at all then? Okay. I guess the last sort of area of questions relates to some of the changes that were made structurally within government. I think what happened was that a lot of the communications staff were moved into a central operation. How did that affect the work that you do in your ministry?

Hon. Mr. McMillan: — I guess the changes we had within government about a year and a half ago, you speak of? It I think

has aligned very well for our ministry. We feel it's very important to put out a positive message about Saskatchewan on the trade side, on the energy and resources side, that we are a great place to invest. And we need to communicate that.

For too long I think we had great opportunities here in our province and we didn't get the word out. And when I travel and speak to groups across Canada, Saskatchewan is close to the front of their mind. Even into oil and gas or into mining, we're seeing the investments follow that as well. And just an example I would share with the committee is at the prospectors and miners, PDAC [Prospectors and Developers Association of Canada] . . . Is it in Vancouver?

A Member: — Roundup.

Hon. Mr. McMillan: — Roundup. It's a roundup in Vancouver for mining companies and prospectors. Really the hot topics were two major strikes, and both of them were in Saskatchewan. One was a Patterson Lake South strike, a high percentage uranium found at a very, relatively low depth and outside of what was traditionally thought of as the Athabasca Basin hot zone. And it has led to a dramatic staking rush in that area that we hadn't seen in years.

The other one was the diamond discovery east of La Ronge. And people at that conference and at many others were talking about Saskatchewan and that finding visible diamonds in the core sample, where you would normally find indicator minerals that would give you the excitement you need, really had people talking about Saskatchewan again. That one again led to a substantial staking rush in a very large area around it where there's potential for more strikes.

Ultimately those are important, but we want to see the follow-on investment and ideally new mines and new jobs. But as a government and as a Energy and Resources ministry, telling that story and enabling that story to get out is part of the work. So the communication staff with their reorganization has truly enabled that.

Mr. Nilson: — Okay. I appreciate that. And I agree that getting the information out is important. Also a factor in this discussion I was having in committee last night with the people involved in the finance industry and the securities areas, basically it's how do we raise sufficient capital for all of these projects? And is there any role within your ministry around providing advice or direction to people who are trying to get the money into big enough masses to, you know, build mines or other facilities?

Hon. Mr. McMillan: — Absolutely. And at the Vancouver mining show, we host a breakfast and we sit down with industry players that are already invested in Saskatchewan, some that are interested. And we tell the Saskatchewan story, and then we open it up to questions from the crowd. You know, how do things work in Saskatchewan? And those are very informative.

Also we have opportunities to speak at . . . CAPP [Canadian Association of Petroleum Producers] put on their investment forum in Toronto this year and invited the investment community to it, very well attended. Saskatchewan, we spoke at their breakfast, to the crowd, and again we've got a great story to tell. We're breaking records in oil production. The new

technologies are truly unlocking the types of oil we have, and there was substantial interest there.

But throughout the year, we get asked and I get asked to speak to investment bankers and groups across Canada, and that is an important part of enabling our industry to tap into the funds they need to do the development that benefits us all.

Mr. Nilson: — So I appreciate that answer. My question I think was also about how some of the smaller businesses that are Saskatchewan, you know, located here that would like to get involved, whether it's in oil and gas or in the mining, if there's any assistance that you provide in your ministry for I guess what you would call the junior oil and gas companies or start-up mining companies. Because many of these opportunities shouldn't just go all across the world; they should also be here for Saskatchewan people.

[16:45]

Hon. Mr. McMillan: — In regards to how we enable the small developers, project developers here in Saskatchewan, when we are speaking to groups in Toronto or in Calgary about opportunities here in Saskatchewan, telling that story I think enables everyone that wants to invest here in Saskatchewan to get one step closer. They maybe don't have to tell the story an extra time to their potential investors.

For tools that we have, we have the mineral exploration tax credit which is of benefit to people that want to develop projects here in Saskatchewan.

But when we are going to different places, telling our story, the one place that we went this past year was China, to mineral investment forums hosted in China. We go as accompanying our juniors that are looking for funding. It is a forum for them to sell their companies or to sell stakes in their companies to develop projects.

My role and our role is to give potential investors a certainty that the Government of Saskatchewan has a set of rules and regulations which are applied fairly and evenly, and if you want to invest in our province, this is how you would be treated, just like every other company would be treated. And we have had substantial interest in our junior companies for that sort of approach, and they have had substantial success with moving projects forward and with finding investments.

And it's an interesting time here in Saskatchewan as we see potash projects with investment from around the world. We see uranium investments from around the world. And we see oil and gas, it is being developed from new technology and new investments, again from around the world.

Mr. Nilson: — In this process, do you involve any of the First Nations leaders and others who basically have the . . . We have the obligation to consult as we move forward in many of these resource projects. So how do you include them in this kind of positive projection of what is happening here in Saskatchewan?

Hon. Mr. McMillan: — To your point, I guess, on the duty to consult, that is an absolute. There's clear rules established that need and must be followed, no matter where the investment

comes from.

There's also First Nation companies that want to develop projects as well. And they are partners here in Saskatchewan and are, just like many other companies, looking for investment. So in their involvement, they benefit as everyone does.

Mr. Nilson: — Are there any specific programs that you have within the ministry around this or any specific, I guess, positive or special treatment for people? Not in any sense of an advantage, but just making sure that there's a clear understanding of that. Is that part of the role of the ministry?

Hon. Mr. McMillan: — There's very much unique circumstances, if you're talking about a project on-reserve, in which it would be officially federal responsibility. The royalty structure would be different. But if we're talking about off-reserve investment, which is a case as well, they would benefit from the mineral exploration tax credit, as all citizens would.

We do have potential projects on-reserve that, as I said, would fall under federal jurisdiction in some regard. But we have been asked by the federal government if, as Saskatchewan is the experts in Canada for regulating potash mines, would you expand your role to . . . if a mine were to move forward? We've been working with the First Nations, with the federal government, to find a way forward, that if that would move forward, that this would be in place. And we think that that's our role, yes.

Mr. Nilson: — I assume you're referring to the Cree Lake project in that last reference about possible projects going ahead. There are some, I think, proposals around Cree Lake. Is that right?

Hon. Mr. McMillan: — On the potash side?

Mr. Nilson: — No, on the uranium side.

Hon. Mr. McMillan: — I was referencing a potash project where we have the expertise and understanding of how a potash mine, you know, what the risks are and how the regulations should apply. But I wasn't speaking of a uranium project, but conceivably the same would apply.

Mr. Nilson: — Okay. Well, just the reason I asked that is I know, when you go other places in the world, people are always curious about the treaties and how they apply on resource development. And that's obviously an area of continual discussion, both in negotiations in projects that go forward and also in litigation. And I know especially, given some of our contacts with the people in Western Australia, they are having some really interesting challenges in making sure that projects have the long-term security that you talk about.

So that's why I asked the question, is if we're doing anything specifically around some of these issues to basically make sure that investments, both of the taxpayers but also of businesses that come here, have long-term protection?

Hon. Mr. McMillan: — The rules around the duty to consult

are something that I think gives certainty to all parties. They're clear and understood for the most part, and I think are an important reason that Saskatchewan is a preferred investment climate, that there is a responsibility and an obligation, and it's clear. And people know what is expected and what their responsibilities are.

Mr. Nilson: — Okay. Well thank you for that. The types of projects that you have in your ministry are quite different than many of the other ministries because you're working as a facilitator and, as you say, a regulator.

Have there been some of the lean processes used within your ministry to examine how you do particular processes? And I'll ask that question . . . I guess I'll see what the answer is, and then I'll ask some more questions.

Hon. Mr. McMillan: — As the member stated, we can go where you want, but I'll give you the background. We have one FTE that we hired into the ministry that had gone through a substantial amount of training. We have spent about 150,000 since 2010 on lean consultants. We've invested about 64,000 on training.

And we have several projects, but one that I would highlight for you at this point — and if you'd like more, we can certainly go into more — would be the horizontal well approvals. Before we put it through our lean process, it was up to six weeks companies would have to wait before they would get their approval for their horizontal well. After we put it through the first lean process, we got it down to two weeks.

And when we look at the costs to put a rig on standby for a day is \$40,000, industry has seen substantial savings. Saskatchewan's competitive positioning, just by moving from six weeks to two weeks, has improved greatly, and it's somewhat immeasurable. How much of a benefit is that to our province? I would say substantial.

Through the well levy and the enhanced services, we're looking to provide industry with the improvements we've made to the horizontal well approvals. We're looking to go from two weeks now down to one day and still give it the appropriate oversight. So we are utilizing lean to make ourselves more efficient but certainly to make Saskatchewan a better place to invest.

Mr. Nilson: — Thank you. Given all the other things that you've described that your ministry has done over the years, strikes me that what you've just described would have been done anyway without lean because that's just how your staff work. Because you talk about how they've gone systematically through all the different royalty structures and basically sorted out where the problems are with industry. So I'm, you know, I think these are good things that you talk about, but I think maybe to label them lean, may be the flavour of the day, as opposed to the traditional history of your ministry. They have that history for a long time.

Hon. Mr. McMillan: — Yes, you know, no question. I would agree with the member that the staff at Energy and Resources is motivated, service-orientated individuals that take a lot of pride in their work. I think in general they view lean as a tool to — when they are looking at how can we improve a process for

ourselves, for industry — is a valued tool that can be utilized. When we're going through these improvements, it provides a structure. And can improvements be made without a structure? Yes. But I think that, under the former government, we saw a continuous improvement matrix. There are different tools. This is one that has been used effectively in the last few years, and at this point we are finding real benefits out of it. But going from six weeks to two weeks is a substantial improvement.

The question would be, if it was just common sense, why was it ever at six weeks? Why wasn't it always just at two weeks? So I think it's a tool that has been utilized, we are utilizing, and we are seeing the benefits of it.

[17:00]

Mr. Nilson: — Well I think that's a good thing to do that, but I think sometimes the lean hype gets a little bit too high on this because it deflects away from the good work that people do.

And it sounds to me, just having observed the ministry for many years, is that there is that ability to focus in certain areas and make improvements, and then go back and start over again. And so anyway, that's a good work plan for all of the people who work within the ministry, and that's a job well done. So now I'm not sure we have a 5 o'clock deadline today?

The Chair: — There is one more minute.

Mr. Nilson: — I'll just say, thank you to the minister and to all the staff for the information that you've provided, and there's a couple of items that you'll give to me later. And I appreciate the explanations that you've given, and keep up the good work. So thank you.

Hon. Mr. McMillan: — Mr. Chair, if I could I'd like to also, I'd like to thank the members for their questions. Please pass along to your colleague, thank you for the questions she asked earlier. I'd also like to thank the officials that have done a substantial amount of work in preparing for today and for the work they do throughout the year that makes answering questions very, very easy for the minister. Both at Tourism, Energy and Resources, and Trade, they run very efficient and appropriate operations. So thank you.

The Chair: — Having reached the agreed upon time of debate for Committee of the Economy this afternoon, and it being now past 5 o'clock, I want to extend my thanks as well to the minister, his officials, and the members of the committee for joining us this afternoon. And the committee now stands adjourned to the call of the Chair.

[The committee adjourned at 17:02.]