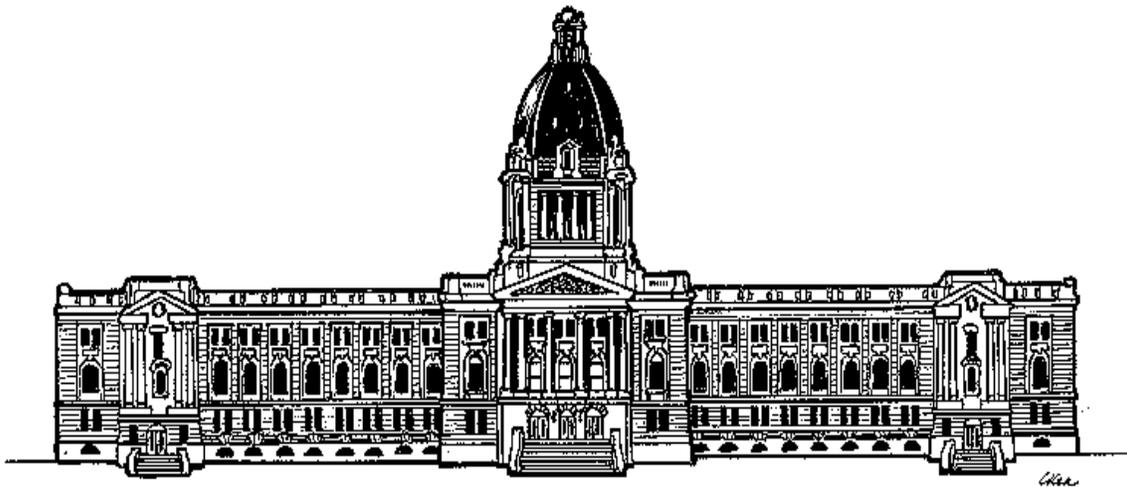




STANDING COMMITTEE ON THE ECONOMY

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**STANDING COMMITTEE ON THE ECONOMY
2007**

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Hon. Kevin Yates
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[The committee met at 09:04.]

Enquiry into the State of Internal Trade in Saskatchewan

Presenter: Beyond Factory Farming Coalition

The Chair: — Good morning, everyone. Thank you for your diligence to the task before us. We're back together for another full day. Our first presenter is here, and we're very thankful that she's patient and is able to be here in good order. So we welcome Cathy Holtlander from community organization and representing the Beyond Factory Farming Coalition.

This morning I would mention to you, we usually leave about 10 to 15 minutes to allow you to present your overview comments. Anything you would want to have on *Hansard* recording or audio streamed, if you would put that into your verbal presentation. The committee will then open up for questions and answers. We appreciate that you've taken time to present your information and bring it forward to us. And any time you're ready to begin, that would be great.

Ms. Holtlander: — Thank you. Good morning. I'd like to thank the committee for making the opportunity for people to bring forward their concerns and ideas about TILMA. It's an important discussion.

So I'll begin with broad observations and concerns that I have about TILMA from my perspective as a citizen, and then I will discuss some specific implications of the agreement for sustainable agriculture and particularly the livestock sector in Saskatchewan. Then I'll conclude by suggesting that instead of signing on to TILMA, Saskatchewan provide leadership in creating a genuinely sustainable framework, one that recognizes the three pillars of sustainability. Economic viability, social justice, and ecological health work together, and all are required for a healthy community.

So starting with the big picture, I wanted to just go over the concept of regulation. I am sure you are all familiar with it, but many people who hear the word regulation think red tape without understanding how regulations are made and what their purpose is. Regulations are a mechanism for giving laws a practical effect in real life. The law provides a framework, intent, and structure of an initiative and provides the authority for the government to create regulations to put the law into action.

The law is analogous to the body of a car, and the regulations are like the wheels. Regulations are developed by the department responsible for the legislation. The regulation is then approved and passed into law by cabinet. At that point regulations have the force of law. The civil service is given the responsibility to see that the regulations are followed. Municipalities create bylaws and regulations based on bylaws through a similar process.

There is a direct line of democratic accountability for regulations. The government is elected by voters. The legislature passes laws. The cabinet passes regulations, and the civil service implements them. Regulations can be repealed or changed by cabinet, and laws can be changed or repealed by the

legislature. Governments can be changed by the voters. Regulations are an essential and integral tool of government that provide a framework in which to fund programs, to create fairness in the marketplace, to protect public health, to set quality standards for products and services, and so on.

So since TILMA deals with the regulatory system at its most essential level, TILMA is about governance, not trade. Article 5 that sets out standards and regulations under TILMA requires governments, and thus citizens, in one jurisdiction to comply with decisions made in another jurisdiction. The line of accountability between the electorate and the lawmakers is broken. Furthermore under part IV, regulations that an investor believes impinge on its ability to trade or profit can be challenged and heavily penalized, even if the people who elected the government that passed the law support the measure in question. Not only does TILMA move an essential step in lawmaking from one province to another, but it takes it out of the political realm and into the realm of commerce.

In Canada our legislatures are tasked with providing peace, order, and good government for Canadian citizens whereas investors are tasked with pursuing economic gain on behalf of owners. This conflict is at the heart of TILMA. If the Saskatchewan government signs on to TILMA, it would abdicate the power to regulate on a wide and increasing range of matters and give that control to investors by setting up a mechanism that would allow investors to sue democratically elected governments for up to \$5 million per disputed measure if their regulations inhibited the company's capacity for profit. The \$5 million penalty, or even the threat of it, places governments in an inferior position to corporations. Under TILMA, governments could only regulate at the pleasure of unelected and unaccountable investors. TILMA represents a shift in government from one person, one vote to one dollar, one vote.

Generations of people through history have struggled and fought and died to build representative democracy, yet some in Saskatchewan would like to sign on to this agreement and take away the freedom of our elected governments to govern according to the needs and desires expressed by voters.

When I studied political science many years ago, our class in Canadian politics seemed to be about one subject: federal-provincial jurisdiction. The Canadian political system is a federal system, the source of much conflict but also much creativity. The Constitution Act spells out the exclusive authorities of parliament under section 91 and the exclusive authorities of the provincial legislatures in sections 92, 92A, 93, and 95.

I'm not a constitutional lawyer, but the first question that came to mind when I heard about TILMA was, how could the agreement be constitutional? TILMA attempts to usurp federal jurisdiction over interprovincial trade, and it interferes with each province's constitutional authority to regulate in the areas of agriculture, health, welfare, education, and natural resources by making important aspects of this authority subject to the dispute settlement mechanism.

I also believe TILMA stifles innovation. Canada is a mosaic not

only of many ethnic cultures but of different political and social cultures that have been able to emerge and develop their unique characteristics through the mechanism of self-government. The ability to regulate and set up programs for the benefit of residents is an important part of this historical process. Saskatchewan has shown that smaller jurisdictions can provide leadership if they have the power to regulate.

There are also municipalities today pioneering new community-based solutions to climate change problems, for example. These efforts require regulation, for example: building codes that ensure solar access; car-free, bicycle- and pedestrian-friendly housing developments; local food purchasing policies; and so on. This kind of innovation would be stifled by TILMA as property developers, car manufacturers, food brokers, etc., would argue the regulations impinged on their ability to make profits.

TILMA's standardization of regulations across provinces, right down to the level of municipalities, stifles public policy innovation as the new and different would be potentially punished if it was seen to inhibit even one large company's profitability. New regulatory initiatives could only be put into action if all signatory provinces agreed to all the provisions, unlikely to occur in provinces with such historical, cultural, geographic, and economic differences as exist among BC, Alberta, and Saskatchewan. Diversity is an important value worth protecting.

TILMA is also part of the smart regulation agenda. It is a larger agenda for regulatory harmonization for all of North America. In September 2004 the Chrétien government's smart regulation advisory committee report called on Canada to abandon our own regulations in favour of American regulations in order to promote trade with the United States. In their recommendations, the only specifically Canadian regulations justifiable were those required for constitutional or cultural reasons.

We've seen this agenda move forward with the recent announcement that Canada is adopting US [United States] pesticide standard, pesticide residue standards for food. The smart regulation agenda also promotes using guidelines, targets, performance indicators, and the like as does TILMA [Trade, Investment and Labour Mobility Agreement] in article 5.2. This form of regulation is difficult to enforce and is more accurately described as a form of deregulation.

Combining smart regulations, which would have Canadian regulations conform in style and substance with US regulations, with TILMA, which would have all provinces and their municipalities conform with each other, we end up with a uniform regulatory framework that is basically made in Washington, from immigration and international trade right down to building codes and zoning bylaws.

TILMA, I believe, gives investors rights without responsibilities. The media discussion about TILMA has mostly focused on the labour mobility aspect of the agreement though others have demonstrated that there are very few real impediments to labour mobility in Canada. There has been very little discussion about the investment mobility aspect of the agreement.

I would like to question whether investment mobility is such a good thing. Much of this investment is simply footloose capital, looking for the best deal at public expense. We've seen corporations playing off one jurisdiction against the other for tax breaks, public subsidies, and regulatory changes. The investments often do not create new wealth, but just consolidate, concentrate, and transfer wealth from existing small and local businesses to large multinational corporations.

For example Home Depot has invested by building a big box store in Saskatoon. Meanwhile several small hardware stores closed down. Managers and staff with a lifetime of experience and knowledge are replaced with a temporary, part-time workforce of just-in-time salespeople. And anyone who would like to go into the hardware business is discouraged, knowing it will not be able to compete.

TILMA's article 4, non-discrimination, means that a province would have to treat all investors alike regardless of their residency. The province with the largest treasury would not have to align its programs with other TILMA partners, but would only have to ensure that it treats investors from other provinces equally with its own. So TILMA does not balance out the differences between Alberta's oil wealth and other provinces. The likely impact of TILMA on investors is that they will go where the best deal is, and TILMA will make it easier for them to get there.

If Saskatchewan signs on to TILMA, we may be put in a position of having to use public money to match any programs Alberta might set up just to keep our homegrown businesses from leaving.

The dispute mechanism on paper is something that on paper may be available to anyone. However it is only the large corporations that will have the resources to mount a challenge against a government. Similarly it is more likely that a large corporation would seek to do business in more than one province at a time.

TILMA gives investors greater freedom and scope to invest and seek profit, and it permits these same investors to use their economic power to lever even greater concessions from the citizenry by challenging their regulations, costing the government money to defend itself, and finally by extracting a fine and punishment of the government's action. In our society we have a deeply held value that rights and responsibilities go hand in hand. TILMA goes against this value as it provides the right of investors to discipline governments through the dispute resolution mechanism, yet it does not impose any corresponding responsibilities on them.

So now I'd like to turn to some specific aspects of TILMA that impinge on sustainable agriculture and livestock. TILMA would undermine local food procurement policies for food. Article 14 of TILMA restricts the level of local preference for goods to \$10,000. Anything above that amount would require open tendering. However the \$5 million penalty for non-compliance does not apply, at least not yet.

Currently in Saskatchewan we import all but 10 per cent of the food we eat. Ironically as the most agricultural province of all, we export most of what we produce. Fruit and vegetable

production has dwindled. Saskatchewan Agriculture and Food has been tasked with setting up an emergency plan in the event of a pandemic. How will we feed ourselves if the just-in-time supply lines from California, Mexico, and elsewhere go down?

We currently lack infrastructure for local food processing and storage, making it impractical for farmers to grow fruits and vegetables. One way to support infrastructure development is to provide a reliable market. This is something the province can do by implementing local food procurement policies for government entities, including hospitals, nursing homes, prisons, schools, recreation centres, and so on. Such a local food procurement policy would exceed \$10,000 and thus violate articles 3 and 4 of TILMA.

Article 1 of TILMA also states that in the event of inconsistency between TILMA and the Agreement on Internal Trade, the provision that is most conducive to trade, investment, and labour mobility will be incorporated into TILMA. The AIT [Agreement on Internal Trade] guiding principles regarding procurement call for “Eliminating local price preferences, biased technical specifications, unfair registration requirements and other discriminatory practices for non-resident suppliers in order to ensure equal access to procurement for all interested Canadian suppliers.”

TILMA would also require harmonizing provincial meat inspection regulations. Currently each province has its own provincial meat inspection regulations. If meat meets provincial standards, it can be sold within the province. Provincial inspection has evolved along with farming in each province. Provincial inspection is a good fit with smaller scale abattoirs that process local and regional farmers’ animals for local and regional distribution. They are located near the farms and the markets so that neither the animals nor the meat has to travel a long distance.

If meat is to be sold across provincial boundaries, it must meet federal inspection standards, set by the Canadian Food Inspection Agency, for interprovincial and international trade. This is due to the interprovincial trade being a federal responsibility. Federal standards have been developed for high-speed, high-throughput meat-packing plants that process huge quantities at a central location and ship far and wide, such as the Lakeside Packers beef plant in Brooks, Alberta. Federal inspection measures must be capable of protecting Canadians and our foreign customers from the hazards inherent in the high-speed production process and from the consequences if food-borne illness occurs in massive batches of meat distributed over a huge geographic and population base.

In 2005 BC [British Columbia] made major changes to its meat inspection regulation. Formerly there had been no provincial inspection, but individual abattoirs were inspected by local public health officials. Since many BC communities were geographically isolated, this system worked well. The new inspection regulation now requires all abattoirs, no matter how small or remote, to meet federal inspection standards. This involves major capital expenditure and hefty inspection fees.

The CFIA [Canadian Food Inspection Agency] is contracted to conduct the inspections and may refuse to inspect a facility if it deems it too low-volume. The result is that many abattoirs

servicing smaller communities are going out of business. The farmers are faced with going out of livestock production or shipping their animals long distances for slaughter. Where local abattoirs have closed, residents must now get their meat shipped in from Alberta or the Lower Mainland. Farmers lose a source of income, and the local economy shrinks.

If Saskatchewan signs onto TILMA, we will have to harmonize our meat inspection regulations with Alberta and BC. Will Tyson, the beef-packing company, demand all three provinces adopt the BC regulation since it least restricts investment in meat processing and allows that company the most access to markets? If the BC meat inspection system is adopted in Saskatchewan, it may well result in the remaining small abattoirs in rural communities closing, further stressing livestock farmers and undermining local economies.

We have seen the damage and strife caused by the implementation of the BC meat inspection regulations and the harm it has done to the development of local sustainable food systems there. We would not like to see such a regulation imposed on Saskatchewan farmers and small-scale meat processors.

I’m also concerned that TILMA may eventually require harmonizing the supply management system. TILMA currently exempts egg, poultry, and dairy marketing board regulations under part V. However article 8.3 indicates “a Party may . . . remove any of its measures listed in Part V” without consent of other parties. Article 17 requires the annual review of exemptions “under Part V with a view to reducing their scope.”

If both BC and Alberta remove these measures from part V of TILMA, Saskatchewan’s egg, poultry, and/or dairy sectors might be open to a NAFTA [North American Free Trade Agreement] challenge from US agribusiness investors if they sought Most Favoured Nation status under the combined provisions of NAFTA and TILMA. The AIT’s principles regarding agriculture and food products call for examining supply management systems for dairy, poultry, and eggs; removing technical barriers between provinces, such as differing product and grade standards; and plant and animal health regulations.

Given article 1.2 of TILMA, would the marketing board regulations exemptions in TILMA or the AIT inclusion prevail? The likely impact of a Canada-wide supply management system, instead of one that goes province by province, would be a concentration of dairy, egg, and poultry production in densely populated Ontario, Quebec, and BC.

TILMA also impinges on municipal jurisdiction over community planning. Saskatchewan recently passed a new community planning Act which requires all municipalities to create a community plan. Saskatchewan municipalities may deem intensive livestock operations as a discretionary use and set out the parameters for making a decision on such a use. However in Alberta, the Natural Resources Control Board has the jurisdiction over ILO [intensive livestock operation] permitting, and it has essentially usurped municipal planning authority concerning siting and conditions required for ILO development. If Saskatchewan signed on to TILMA, our rural municipality zoning bylaws could be challenged if an ILO

investor felt that Alberta's regulations were more favourable.

TILMA would also affect Saskatchewan's agriculture support and development programs. TILMA includes financial assistance and support to the agriculture and agri-food sectors under part VI, transitional measures. That means Alberta and BC intend to bring these areas under TILMA rules in the future.

An investor could argue that Saskatchewan programs provide an unfair competitive advantage to farmers based in Saskatchewan. We would have to eliminate the program or offer the same benefits to farmers and agribusiness investors from other provinces. And there, I've listed several programs that may be affected by that measure.

If not TILMA, what could we do? In my opinion, the overarching policy question that TILMA poses is, does the economy serve the people, or do the people serve the economy? TILMA is designed to deliver customers, market, and resources to investors without consideration of the social and cultural values that constitute a society.

Instead of joining TILMA, Saskatchewan should develop an alternative proposal as the basis for an agreement among provinces to promote genuine sustainability, where economic activities are embedded in and support healthy social relationships and harmony with the world of nature.

Let's come up with an agreement to promote community development, rather than mere growth, as top priority. A genuine sustainability agreement would ensure that our public wealth — clean water; healthy soil; fresh air; healthy, secure, educated people; diverse ecosystems; and so on — is fostered. Enterprises would have to be accountable to the people affected by them including workers, neighbours, and the broader public. Democratic governments at the local and provincial level regulating in the public interest, using the precautionary principle would be a step in the right direction.

The way of the future is a diversity of people and communities working together to build the three interdependent pillars of sustainability: social justice, economic viability, and ecological health. Thank you.

The Chair: — Thank you very much for your thoughtful and thought-provoking presentation. I'll open up the speaking order now, and I'll begin with Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. You have raised a number of issues that we've heard throughout the last couple of weeks, but there are one or two new issues here that we haven't looked at. And we have, over the last two weeks, probably had more questions in our minds than what we had when we originally started as far as concerns, more unanswered questions than answered questions. And we're going to have the opportunity I guess a week from today or a week from yesterday to have the opportunity to meet with officials from Alberta and British Columbia and ask many of these questions.

You raised again an issue that was raised at one point about the combination of NAFTA and TILMA and the relationship between the agreements. And Most Favoured Nation status

under NAFTA could in fact result in US companies — agricultural and food products companies — gaining entrance into the market through the back door, which they would not have been able to do under the AIT or under other agreements. Could you flesh that out a little more for us or give us a little more detail as how you think that would actually work?

Ms. Holtlander: — Well there's the article 4. Yes, article 4. If an investor or, you know, person of the party, and the person includes businesses and that is any enterprise doing business in that territory is entitled to “. . . treatment no less favourable than the best treatment it accords, in like circumstances, to its own or those of any non-Party.”

Okay. So if there was an American agribusiness company, say, able to buy quota for chickens in BC as a result of, you know, any eventuality that might happen, and then TILMA resulted in having the marketing board rules between the provinces harmonized, and then the province would have to allow the enterprise that started out in BC to operate in Saskatchewan on the same basis as a Saskatchewan-based enterprise.

And looking at what the AIT seems to be saying is that rather than having supply management organized on a province-by-province basis so that each province has its own chicken marketing board, own egg marketing board, own dairy board and so on, that we would have that as sort of like a . . . something that wouldn't have borders. So we would have still maybe supply management with only so many eggs allowed to be produced every year in Canada according to our overall Canadian market demand, but where those could be produced would be open. It could go where the market was, where the best profit opportunity might be for the company.

Hon. Mr. Yates: — All right. To follow up on that, so the company would already in your mind have to have an existing standing in one of the provinces or territories of the agreement.

Ms. Holtlander: — I think that would be what would have to occur. And I'm not sure if there would be . . . I don't know all the rules of how quota is allocated in, say in BC or Alberta. But I believe it's a bid-purchase type of thing, and it may well be that a company could . . . There's some really big corporations that run dairy, run chickens and so on in the States. If they see this as a possible opening up of a market, they may well say, hmm, let's get in on the ground floor here, and let's buy some quota in BC.

Hon. Mr. Yates: — Thank you very much. I'd like to finish by asking you the question I've asked virtually every presenter. And that is, today in Canada we have the AIT agreement between the ten provinces and three territories. We now have a regional agreement between Alberta and British Columbia, the prospect of regional agreements elsewhere in Canada. Do you believe that the province should view the issues of trade on a national or a pan-Canadian basis or on a regional basis as far as in the best interest of the province of Saskatchewan?

Ms. Holtlander: — Are you saying would it be better to be in a national agreement or a regional agreement or . . .

Hon. Mr. Yates: — Exactly. Or are national agreements that take into consideration the needs of all the provinces better for

this province or a regional agreement?

Ms. Holtslander: — Well I guess what I would like to see is an agreement . . . I mean there's a possibility of having agreements either nationally or regionally, but good agreements, you know. I don't think TILMA is a good agreement. I think, you know, working together is something that people have to do, but let's work together for the purposes of building communities, increasing . . . you know, reducing income disparity among people and building the human values.

Hon. Mr. Yates: — Thank you very much. Madam Chair, that's all my questions.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Well thank you, Madam Chair. I just have a couple of questions. One, you refer to the fact that climate change action plans could be challenged through this TILMA procedure. And specifically the answer to that very question that was put to the, to the province of British Columbia, their Ministry of Economic Development, indicates that:

Article 6 of the agreement clearly states the government can pursue what are called "legitimate objectives" under TILMA. A "legitimate objective" is defined in Part VII as: protection of the environment; public security and safety; health and social services; conservation and prevention of waste of non-renewable or exhaustible resources.

And it goes on to say that "This means there is nothing in TILMA that would prevent either province from implementing a climate change action plan."

Ms. Holtslander: — Well what I was pointing out was that the action of TILMA in basically having harmonization of regulations makes it difficult to innovate. And I do think that if you look under legitimate objectives, 1. — article 6.1.b) — the party must demonstrate that "the measure is not more restrictive to trade, investment or labour mobility than necessary to achieve that legitimate objective." Now my example was more to show that small communities, small jurisdictions can have the ability to lead through basically running pilot projects in public policy. And one of the important mechanisms that people need to be able to use to do that is the ability to regulate and have their regulations actually different from another jurisdiction's regulations. So my point primarily was on diversity of public policy and the ability of smaller jurisdictions to lead and the importance of having regulation as a tool in order to do that.

And I think if there was a provincial climate change policy that was, you know, got through the whole TILMA process and a small community said, you know, we want to go a step farther; we think that, you know, all new development should have solar access and so that every home could be set up as a passive solar home. If that wasn't included in the provincial regulation, it could be challenged perhaps by a property developer and saying, you're restricting our ability to invest. So that was my point on that item.

Mr. Chisholm: — Okay thank you. A second . . . You mentioned about municipal bylaws and a concern about that it

would restrict municipalities from making bylaws. Again from . . .

Ms. Holtslander: — No. Making regulations under bylaws, regulations that differ from other regulations.

Mr. Chisholm: — Okay. TILMA does not restrict the ability of governments to make bylaws that are in the best interests of their citizens, such as zoning bylaws, height restrictions, or rules applied to signage. These have been items that have been brought up that have been suggested that they would all be challengeable. And I think . . .

Ms. Holtslander: — Well I don't know about the zoning bylaws. If a zoning bylaw was in one municipality, restricted certain kinds of development, in another municipality those types of development were allowed, and being as municipalities are a sub-level of government and the party, which is the provincial government, is required to stick to article 4, non-discrimination . . . And so, like, say in one RM [rural municipality] a certain type of development is allowed, the next door one it wasn't allowed, those two municipalities are not giving like treatment to the investor, the potential investor in each municipality. And so, you know, if the investor so wished, they could start using the dispute settlement mechanism and challenge the bylaw that wasn't to their liking. That's my reading of the mechanism here.

Mr. Chisholm: — Okay, thank you.

The Chair: — Further questions? Seeing none, I thank you very much for your very thoughtful presentation. I do have to say you are the first one who has said if not a TILMA-like agreement, you proposed an alternative in the framework that you put forward. And we thank you for adding to our debate and discussion.

Ms. Holtslander: — Thank you.

The Chair: — Travel safe. Committee members, we've had a cancellation from the Amalgamated Transit Union. There is a gentleman who's five minutes away, who's just determined that we're having hearings and would want a few minutes of our time. Viktor is trying to contact him to see if he could be here within the next few minutes and if not, we'll look at a recessing. But we'll wait to see what Viktor says.

All right. I would then, as Chair, say we'll have a short recess till 10 a.m. Might allow some checkout times and things.

[The committee recessed for a period of time.]

Presenter: Saskatchewan Biofuels Development Council

The Chair: — . . . agreed to move their presentation forward so we're going to now reconvene our committee and welcome forward Judie Dyck, who's the president of Saskatchewan Biofuels Development Council. And we thank you very much for being here in a timely fashion and agreeing to move your presentation forward.

I've mentioned to other presenters we're allowing about 15 to 20 minutes for overview of your presentation. And your

remarks that you would like to be a part of the audio streaming process and/or recorded in *Hansard*, if you'd be able to present those in a verbal way. Any written information is presented to all committee members — which I see we have before us — and if there's further information that you think of after your presentation that you want to forward, it could be through the Clerk. It'll be given to all committee members. So again thank you, and you can begin your presentation at any time.

Ms. Dyck: — Well first of all I'd like to thank the committee for the opportunity. So thank you, Madam Chair, and I look forward to this opportunity. And as you know, my name is Judie Dyck, and I'm president of the Saskatchewan Biofuels Development Council. Our organization of course was formed to promote and coordinate the efforts of all the member stakeholders in developing a strong and vibrant and sustainable biofuel industries in Saskatchewan.

Now the Saskatchewan Biofuels Development Council was sort of a reorganization of the Saskatchewan Ethanol Development Council, which many of you I'm sure have heard of, as well as the input and work from the Saskatchewan biodiesel development task force which was initiated by the Saskatchewan canola growers back in 2005. And I was Co-Chair of that report and presented a report to the province last June 2006. So of course our goal is going to be to develop inclusive and comprehensive biofuel industry that employs a diversity of feedstocks and technology. So this will be critical to our success and towards establishing Saskatchewan as a leader in biofuel production.

And interesting, I've been trying to find out but as far as I know, we are the only provincial, industry-led biofuel organization across Canada. Now I understand that there are some quasi-judicial government groups across Canada, and I know that Alberta and BC have a biodiesel association in each of their provinces. But as far as I know, we're the only comprehensive, industry-led organization in the biofuel sector. And of course our organization will continue, as the predecessors to this council, to work with, in liaison, with government, the scientific research communities which will help us to improve technologies, efficiencies, and economics in this sector.

Obviously the financial sector is a critical component of getting our plants up and running; network with the service providers, other stakeholders, and Saskatchewan communities to ensure that we develop this sustainable and profitable biofuel industry.

So I've been trying to do some work and analysis as I started this job and trying to give some kind of framework to where we are at. So currently our production in biofuels in Saskatchewan for this year is about 170 million litres which is really largely comprised of ethanol at 167 million litres from the three existing plants.

And of course, you know, with the initiation of a mandate it certainly helps to drive an industry and of course the largest being Husky at Lloydminster at 170, NorAmera at 25 million litres, and Pound-Maker, which has been around since the '70s, at Lanigan at 12 million. And of course the balance . . . And it's really hard to tell because most of the production at this point to date has been largely in the biolubricant side, such as those

products developed by Milligan Bio-Tech out of Foam Lake and to some extent Saskatoon Diesel Services, DSG [Diesel Services Group]. And of course now we're seeing the opening next week of Canadian Green Fuels in Regina which will have a capacity of 25 million litres per year.

So production will increase as these various existing biofuel proponent groups increase capacity and these new plants come on stream. As we increase production of course, we are going to have to look at necessary markets because we currently have met the seven and a half per cent Saskatchewan mandate for biofuels. So if we want to increase capacity, we have to find some other marketplace to sell the ethanol.

So one of my mandates in my position is to work with the proponent groups to ensure that we develop a marketing strategy. Some of the suggestions have been is to look at, for some groups, a marketing co-op just simply because many of those plants are going to be at the 25 million litres. To qualify for the provincial government, 30 per cent has to come from plants less than 25 million litres. So there are some challenges certainly there.

So the goal of course in Saskatchewan at 2015 is to produce 1 billion litres of ethanol and some 400 million litres of biodiesel. And of course Saskatchewan is in a good position to do that because we have 45 per cent of the arable acres in Canada, and so we are going to be a significant supplier of feedstock regardless even to some extent where production is. I mean, I would expect that Alberta is going to be looking at Saskatchewan, at least on the western boundaries, to fulfill some of their feedstock requirements. However I guess it remains to be seen.

If you look at ethanol, as I mentioned we started out in 2005 at the 1 per cent ethanol in gasoline and this year, in January, it's seven and a half. So I've been working with and talking with some of the proponent groups, and of course many of them attended at Tisdale at the Northern Plains ethanol symposium. And so if all of those 13 to 15 ethanol proponent groups who are at various stages from, you know, conceptual to feasibility studies to sod-turning to construction, we could be looking at an additional 325 million litres. And of course with the completion of the expansion of Pound-Maker's, which is an additional 6 million litres, and the completion of Terra Grain Fuels at Belle Plaine this December, that's another 323 million litres for next year.

So of course ethanol production is wheat-based in Western Canada. And if we are looking at 323 million litres next year, it's going to require some approximately about 30 million bushels of high-starch wheat such as AC Andrew. So if we look at 2015 and 1 billion litres, we're going to be looking at 2.7 million tonnes or 20 per cent of the wheat production in this province.

If you look at biodiesel in Saskatchewan and even across Canada, it's more in its infancy stage than ethanol. And with the exception of British Columbia, there are no mandates across Canada. British Columbia announced this year a B5, and I would like to see a mandate for biodiesel. If we're going to drive the industry, we're going to need a mandate. And I would hope that the Western provinces could lead by each province

having a mandate in biodiesel and to encourage the rest of Canada.

The renewable fuel standards set out by Minister Strahl and Minister Ambrose in December talks about minimum of 2 per cent of renewable content in ethanol and a minimum 2 per cent renewable content in diesel fuel. So while I understand the federal government does not want to be technology specific, which they would have to do if they outline specifically ethanol and biodiesel, it will be critical that we have a mandate to get the industry going because there's no assurance by the petroleum industry that they're going to play and they're going to distribute the product. So that's going to be a challenge.

So in the interim we're going to have to look at how we're going to distribute it and build some demand in this province, but if we want the petroleum industry onside, clearly, I think Saskatchewan has demonstrated a mandate's the only way to go. But clearly we do not want to have different mandates all across the country. I think from the petroleum industry, I mean we don't want to make their life more difficult. So I think in terms of having harmonization, the mandates will be important.

So if I look at the feedstock which is for biodiesel is largely canola — it's not only canola; it can be any vegetable oil or animal fat if you will, but we do not have a high percentage of animal fats available to us in this province — so canola at this point will be the number one feedstock. But having said that, canola prices have been very good. And of course unless crude oil gets to be over 100 . . . And I don't know the exact dollars and ratio in terms of price for canola versus the crude oil, but we're going to have to see probably 100 to \$100 excess in crude oil before it becomes economically feasible to do that. So a lot of the production now has been using off-grade which is about half the price of no. 1 canola. But there's only in any one given year, on average, about 5 per cent, and some of that is taken by the canola crush industries which they blend.

So the challenge of course in the biodiesel side will be economics and, in my opinion, the whole area around biolubricants because the value is significantly greater than biodiesel. But we need biodiesel production to get to the biolubricants. And so mandates, distribution, and value added to that will be important unless we can come up with some other feedstock that is suitable and we can get the yields and still get profitability for producers.

So if we're looking to achieve 400 million litres of biodiesel, we'll need about 1.6 million acres of canola. And of course we grow . . . about half the acres are grown here, and we have about 40 to 45 per cent of the production in Saskatchewan. So we'd be looking at probably, to achieve that 2015 goal of 400 million litres, we'd be looking at about 28 per cent of the canola production based on last year's production. And we are certainly seeing with the increased use of hybrids that we are able to increase yields even under some sometimes very stressful climatic conditions.

As far as distribution goes, there's been very little. Canadian Green Fuels has announced a retail pump in Regina. Milligan has been using some of the . . . working with some of the Fas Gas outlets but largely using additives about point one per cent. And so another independent fuel dealer out at Biggar is also

selling additives in the fuel. So as I said before, with no provincial or federal mandate specifically for biodiesel, distribution remains a challenge.

I'm not sure how many of you are aware, but the city of Saskatoon has been using B5, which is 5 per cent biodiesel in 95 per cent, in five of their buses with the goal of using biodiesel throughout its fleet. And the provincial government has started last year to use B2 in about half the STC [Saskatchewan Transportation Company] buses on a one-year trial. And the Premier's bus and the buses used at the Jeux du Canada Summer Games in 2005 ran on B5. So these are some of the activities and promotions which are important and critical for awareness.

And another piece which was very important — which is a recommendation coming out of our task force on biodiesel — was to have a biofuel testing facility. In Western Canada the only facility was at that time in Edmonton. And so now we have one, and it provides third party analysis to ensure biodiesel meets either Canadian, American, or European standards, which will be important in terms of warranty on original engine manufacturers as well as assuring customers and the petroleum industry that we do meet standards.

And just so you're aware, we do have Canadian standards for B1 to B5 in Canada. It's CGSP [Canadian General Standards Board] 3.52, and it's based on the American standards plus taking consideration into the cold flow properties of course that we have to consider in our colder climate.

Just a brief touch on the federal and provincial policy. December 2006, the federal government, as I said, announced a minimum 2 per cent renewable content in each of gasoline and diesel fuel: by 2010 for gasoline and 2012 for diesel fuel, although we certainly don't want to see the 2012 for the diesel fuel. We'd like to see that by 2010.

And I'm pleased to say that we had an announcement this week from the province of Saskatchewan announcing 80 million for their SaskBIO [Saskatchewan Biofuels Investment Opportunity] capital program for primary producers and rural communities this week. This program combined with the federal program, which we are I understand to be allocated \$50 million, will provide the necessary capital for Saskatchewan communities to realize on their biofuel operations.

And when speaking to biofuel users in the US, they identified two critical areas in terms of the success of plants. And one was technology and the other was capital. So now this gives us access to capital and to encourage investment into biofuel plants in Saskatchewan. Without these programs we run the risk of having those plants south of the border or outside our jurisdiction, either to the east or west.

So the federal government has also announced on March 19 some incentives which we will receive more details later. And they currently have eliminated the excise tax for ethanol and biodiesel, but my understanding is that's to be changed once we have the incentives in place.

And of course the province of Saskatchewan has a grant rebate for 15 cents per litre for ethanol produced and consumed here as

well as a policy for 30 per cent of ethanol sold in Saskatchewan comes from ethanol plants, 25 million litres or less. So of course there is still some work to be done in terms of some of the policy sides with biodiesel, which I've had some discussion with the new Minister of Regional Economic and Co-operative Development. So those should be coming in place, I hope, in the near future.

So if we look at the marketplace, of course Saskatchewan is very export market dependent, and we will need to be able to access both Canadian and international markets. And Western Canada will be both a supplier of biofuels and as well as feedstocks.

But I have to say that there are a number of plants that are coming on stream in Ontario, so Ontario and Quebec would seemingly be a marketplace that we will want to go after. It may be a challenge because they may be filling their own requirements.

So a brief touch on the Conference Board of Canada report. The federal government needs to take the lead role in integrating provincial views, harmonizing actions, and ensuring gaps in policies are filled. So I would encourage whatever form it takes that the provincial governments do harmonize; as we work towards these mandates, that we do have harmonization so that we can have access to other jurisdictions.

And I know that's always a challenge because each province . . . And of course, you know, I'm in this province so obviously I want to see production happen here, and establishing a national standard of course has been done for ethanol and for biodiesel although not specifically for those technologies. So we need to look at those mandates so that we can encourage the petroleum industry to distribute and encourage producers to produce.

I mean right now there's a lot more ethanol proponent groups working on getting a plan than there are biodiesel. The biodiesel groups are a little concerned in terms of where they're going to be able to sell their product, so of course that will be one of my challenges as well. And they appear to be sort of significantly less until we have some indication where they will be able to sell their product.

So we will need all levels of government to take a leadership role in the use of biofuels in their fleets and in procurement contracts. And I'm understanding that federal Public Works Canada has included biofuels and biolubricants as one of their five priorities for the government. So I would hope that we could do that at the federal and the provincial levels.

Of course environmental, Kyoto impacts, just a brief outline there. If we had 35 per cent of the vehicles using 10 per cent ethanol, we could remove 1.8 million tonnes of greenhouse gases which would be like removing 400,000 vehicles off the road.

There's been lots of studies on both ethanol and biodiesel, but I thought I'd bring close to home the one that's been conducted here and certainly with the Saskatchewan Canola Development Commission and the university. And it's the Saskatoon bus study. And in their report they found up to 8 per cent

greenhouse gas emissions were reduced by using — I should say that should be 5 per cent, my apologies, 5 per cent — biodiesel.

So you start really seeing significant reductions when we get up to 20 per cent. And so as we learn more how to use the biodiesel in colder climates here, my hope is that we could start seeing a lot higher blends, and I know that there has been some use of B20 during the winter. So there's lots of work to do.

So I conclude. To develop a strong, viable, and sustainable biofuel industry in Saskatchewan, we need to work towards the harmonization of mandates, regulations, and policy with other provinces across Canada, and access to those markets or other jurisdictions will be critical to our success. And of course our organization will continue to work with both the federal and provincial governments to ensure that we achieve these goals. It's imperative upon us, this generation, that we leave a softer footprint and a greener future for our next generation.

I thank you and I welcome any questions. And if there are any questions that I can't answer, I'd be more than happy to forward them on to Viktor and certainly would be willing to provide any further presentations or documents as needed.

The Chair: — Good. Well thank you very much. I will start the speaking order with Ms. Crofford.

Ms. Crofford: — I think that of all the presentations we've heard this one presents the most interesting case study for whether or not TILMA is the right approach to resolving harmonization issues. I honestly don't know how this would work because you've got two different models of arriving at harmonization. One model is the one we have now where we have a provincial-territorial table, where people negotiate and discuss things. The other model is that some business, conceivably, would go to the trade dispute panel and claim that somebody was doing something that wasn't fair, and then somebody at that dispute panel would decide how that industry should look. And I think this is just an incredibly interesting case study of how this agreement could potentially work.

For example there are some proponents who say that there should be no incentives — none, zero — in business anywhere. Now if there was no incentives right across Canada, would that work for you?

Ms. Dyck: — We wouldn't have an industry here. I mean clearly the European Union and the US, I mean, they've all had government support and some sort of incentive package. And we're in a North American marketplace for many of our goods, including energy. And clearly companies have said, you know, largely the bigger players have said, if we don't have a comparable package to the US, we will build south of the border, and we will take your feedstock and produce biofuels south of the border.

Ms. Crofford: — That's pretty direct. The other thing is, are there people in the energy production area who would rather not see you develop?

Ms. Dyck: — Well let's say it's been challenging to communicate with the petroleum industry. Now having said

that, I mean, they do continue, engage with us, but I believe . . . You know, when I first started this, I was really quite, you know, gee do we really need to have a mandate? But the more I get into this, that's the reality. The reality is that . . .

Ms. Crofford: — You needed to have that law.

Ms. Dyck: — Yes. Because I was on a national steering committee looking at distribution. And the recommendation was that the easiest way to get the fuel in is to have it at the primary terminals. And who owns the primary terminals? The petroleum industry. So otherwise we have to set up a secondary terminal system to do that. Then we have to start really looking at concentrating — which we may still want to do — concentrating at a provincial level, you know, in terms of, you know, do we start trying to get, like during the summer, B50 into the tractors to build an industry here?

So the challenge will be, the policy will really drive how this industry develops. So we can still develop an industry here, but if for example B50 for biodiesel would be . . . We use 1.6 billion litres of diesel fuel so that means 80 million litres. Well you know, 80 million litres — conceivably one plant could handle that or a couple of small plants. So we need to look at building within the province as well as outside. And I think there potentially is opportunities on the biodiesel side into Europe and the ethanol side into the US. And the biodiesel into the US too because . . .

Ms. Crofford: — This is such a classic example of the questions we've been dealing with over the last two weeks that I think this one is really worthy of a case study. Obviously it would take people who were trade and law experts. But it really captures all the questions around how you approach harmonization. So thank you very much. It's an excellent presentation.

Ms. Dyck: — Well actually you know, I've put a call into . . . Farm Credit Corporation is doing a white paper on Canadian biofuels across Canada. And so one of the things I've asked them to look at — and I haven't had any feedback — is to look at what are the provincial barriers, you know, by province. Now I'm not sure if that would fall under their mandate that they'd want to do that perhaps, but I think it would be a useful exercise to know that and then for the provinces to start negotiating. And I think Saskatchewan of course has led the way. Why don't we continue leading the way?

Ms. Crofford: — . . . a practical first step. Thank you very much.

Ms. Dyck: — Thank you.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you, Madam Chair. One of the features of TILMA is to put the parties that are party to the agreement — right now BC and Alberta — on a level playing field when it comes to an industry for example such as yours. I'm just wondering if . . . It seems like Alberta, other than the American involvement, but Alberta is pushing forward perhaps faster and have committed more funds towards the development of this industry than we have in Saskatchewan, realizing that

they're a larger population. But I'm just wondering if you could see this as an advantage to this agreement, whereby unfair subsidies to one province that has the ability to, has deeper pockets could be an advantage to our province where perhaps the resources are more limited to support the industry?

Ms. Dyck: — Yes. Well you know, it's interesting. We've had considerable discussions and, you know, one of the things that, you know, as I've said I've talked to Farm Credit about doing that analysis.

There's been a tremendous amount of announcements coming out of Alberta. But you know, there still is going to be some challenges because for example some of the . . . I know one particular group they're looking at, you know, an ethanol, biodiesel, and canola crush. Well I haven't had a chance to talk to them, but I know from the federal program that canola crushing equipment as it stands now — although I have been talking to some of the Saskatchewan MPs [Member of Parliament] at the federal . . . in Ottawa as well — that we need to re-look at that because much of the canola crush equipment used in this province at the smaller plant level would not meet food grade. And as well you'd have to, even if you had food grade, you'd still have to get CFIA approval.

So there's still, you know, in my opinion there's a little bit more hype. However Alberta does have the ability to buy the industry if they wanted it I suppose. And the fact that, you know, they're number one in terms of energy; we're number two. But I'm not convinced necessarily that that will . . . I mean they have the dollars. But you know what? We've got a lot of the feedstock. So as I said, it's not going to be easy. We need to move towards this, and as I said, we want to develop this industry here. We don't want to be sending our feedstock over to Alberta.

But I mean, I can tell you I had a conversation with Cascadia Terminal out of Vancouver. Now Vancouver, you know, 95 per cent of the marketplace is in Greater Vancouver for the biofuel industry. And they're bringing a product in from US, a soya-based biodiesel, and some from palm in from Malaysia. And they told me that if Alberta thinks that they're going to produce and send all their biofuels to Vancouver and have to haul it that distance when they can go south of the border, and at a subsidized . . . You know, they're a little bit more subsidized than we are here.

So there's a lot of challenges. But having said that, we want access to the US market for our product; we've got to give them access here. So there'll be things . . . I mean we have some advantages on the biodiesel side is that our canola-based biodiesel has superior cold flow. So they would have to do some blending with our product anyways. And of course the US does want to have access. I mean, I've been down to Houston, and they certainly know where Saskatchewan is. And they certainly want canola and canola-based biodiesel.

It's going to take a lot of people with a lot more knowledge about all the trade than myself to look at all these different angles. And of course the US is now going to be . . . And I sat on the WTO [World Trade Organization] committee for Minister Wartman, representing grains and oilseeds in my previous position, and the US farm Bill is looking at how they're going to incorporate biofuels into their farm Bill, into

... and to be in the green box, to meet their reduction of domestic support, but putting it under biofuels support.

And the Europeans, of course market access has been an issue there, although we have been selling significant amount of canola or ... canola oil, I should say, because we can't send the seed into Europe for biodiesel.

So opportunities, challenges, no easy answers. But I think I will have to say we need to build this industry here, but we need the access to the markets to do that. So we need the access to the markets, and then we need to build internally in this province. So it's not ... There's no easy answers but ...

Mr. Chisholm: — Thank you.

Ms. Crofford: — Yes. And that sounds like with no easy answers that perhaps an orderly process of negotiation is required. But I'll just say that, okay.

The Chair: — And an orderly committee process is also required. Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. This is a very interesting area, and probably one of the better discussions we've had in the last number of days about the potential impacts. Today are there barriers in Saskatchewan to the further development of this industry that don't exist in other provinces?

Ms. Dyck: — Well I wouldn't say ... Well one particular area — and we're undergoing discussions — is to look at some of the things around biodiesel. For example the 15-cents-a-litre grant for ethanol is in place here in this province, and there is an ethanol Act. So we would be looking at something comparable for biodiesel. Some of the other provinces already have that in place, so we would need to be looking at that particular issue.

Now BC already has a mandate. Alberta doesn't. I believe Manitoba's talking. I know when I had a meeting and there was some of the bureaucrats from Manitoba, they indicated that they would be interested in a mandate. So I'm hoping, you know, I've had discussions with the province about having a mandate as well. And I guess if the three out of the four Prairie provinces had a mandate, I would hope that perhaps that Alberta would as well, and then that would encourage the rest of Canada to do that as well.

Hon. Mr. Yates: — Thank you very much. How far away do you think we are from having a mandate, in your discussions with the minister and with the ...

Ms. Dyck: — Well yes, obviously we have a new minister now, and so I will be meeting with him. So I do know from discussions with, you know, all three ministers that I've worked with in the last year on this file — Minister Wartman, Deputy Premier Serby, and now Minister Borgerson — is that there is still more work to be taken to cabinet on biofuels, but particularly biodiesel. So obviously I will be having discussions and input into that.

Hon. Mr. Yates: — Thank you very much. Are there barriers, in your mind, to trade going east in biodiesel? Are there any

differences or barriers as a result of moving our products east if we continue to develop the industry?

Ms. Dyck: — Well to be perfectly honest I've just got into this position as of a couple of weeks and so I haven't spent as much time on looking at all those issues, but that is one of the issues that I will be looking at because obviously we want to expand the marketplace. So I would be willing to get back to you as I obtain that information.

Hon. Mr. Yates: — Thank you very much. And one question I've asked all the presenters basically to date is, as we look at this particular issue of trade barriers and trade issues in Canada, do you think the best approach for Saskatchewan as a trading partner in Canada is to be involved in national agreements or pan-Canadian agreements, or regional agreements, I guess? We now have an Alberta-British Columbia agreement. We have had traditionally trade agreements on a national basis. We don't know what the outcomes will be if there's balkanization or isolation and as factors come into effect if you are or aren't part of certain agreements. But as we move forward, what do you think the best approach for the province is?

Ms. Dyck: — Well as I said, I think personally I have to delve into it deeper but I guess if I look at just kind of my experience in working with this and where the interest for biofuels is, I mean is really Western Canada. So I would think that at very least that we still tend to be kind of an east-west split, unfortunately. So one approach could be that if we get the western regions inside is then to encourage the eastern regions. But you know I'm not the expert on that, to be fair. But it could be one approach to look at if we can get agreements for those provinces that have the production capabilities of both the feedstock and the biofuels, because typically plants tend to be where the feedstock is located, you know.

And if you want to look at another whole can of worms, I mean there's the whole area around transportation. But, you know, I can't give a definitive answer to that but I would certainly be willing ... I mean, this is an area that I'm interested in and certainly want to do some more work in ensuring that we do have, as we move forward, to have ability to access other markets. So I know I'm not giving you a definitive answer, but the best I can give you at this point.

Hon. Mr. Yates: — Okay. Thank you very much. Those are all my questions.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Welcome. Thank you for your presentation. You've touched on a number of areas that ... You know, you speak of Saskatchewan's natural advantage as far as the 45 per cent of the arable land where we produce these feedstocks. But you also outline a number of — well if they're not trade barriers — differences within the province as far as mandates and tax rates and those items.

My question to you and my concern is Alberta and British Columbia, which are both part of the AIT process, identified that it wasn't happening at the federal level and so they went ahead on their own, which is TILMA. And they recognized that things had to move quicker and have some, you know, a dispute

mechanism with teeth and things like that to make it work.

My question to you, as a province that doesn't have as deep pockets as British Columbia and Alberta, they're negotiating, making, having an agreement. Would it not be better for Saskatchewan to be at the table negotiating with them now? We've been invited, the province has been invited in the past and the government never took up the opportunity to be at the table. But there's still a process, there's still an opportunity now to be at the table negotiating some advantages for Saskatchewan before we actually decide to sign on or not.

Given all your comments about the concerns about mandates and tax rates, would you agree that we should be sitting at the table with Alberta and British Columbia to make sure we have our concerns addressed?

Ms. Dyck: — Well I think, you know, any opportunity to have discussions with other provinces in terms of how to negotiate trade or, you know, harmonization regulations . . . You know, to me it doesn't matter what the process is. I just want to see the end results and so I leave that to government to work out.

And as I said, you know, I've just been into this job a couple of weeks. I've been following in the paper and reading up, but I have not spent the time obviously that you have on this particular issue. So I would need to spend more time and brief my board as to where we would have to have a position on that. So at this point I feel in terms of not having had that detailed discussion with my board as to whether we could recommend to say yes, we should join TILMA or not.

However having said that, I am committed to the process of this happening. So in any way, shape, or form as we move forward I will be educating myself on this issue and willing to work with anybody to make it happen.

Mr. Weekes: — One more question. I mean this whole area around rural development and, you know, the biofuel industry is really relatively new still, an emerging industry and emerging markets. Would you see new-growth tax incentives as being advantageous to be able to offer the industry that you represent?

Ms. Dyck: — Well obviously any incentives to assist the industry is always helpful. The federal government . . . I mean the ask at the federal level, for example, for biodiesel was 30 cents. We got 20 cents. So there's still 10 cents, I guess, on the table in terms of, you know, to be comparable to the US.

So you know, there will be ongoing discussions, I guess, at the provincial level to look at what other possibilities there will be to encourage biodiesel. And I think, I believe that the provincial government understands that, because biodiesel's further behind and doesn't have the mandate, that we need to do something to make it happen and to encourage biodiesel production here.

Mr. Weekes: — Thank you.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you, Madam Chair. And thank you very much for your presentation. It's very good. Do you feel that it's important for the biodiesel industry in the country —

assuming that there is a substantial federal mandate at some point which we would all like and all that happens — do you think it's important for the industry that it's based mostly on canola, which is the product that we produce in Western Canada, rather than soybeans, which is produced in Central Canada? First of all do you think that's an important issue? And I'm thinking about cold flow properties and so on.

Ms. Dyck: — Well you know, canola does have superior cold flow properties. But I mean if you look at, for example, I'll use the illustration what happened in Europe. Europe set European standards. I mean if you go back to 1992, they started out doing 10 per cent set-aside of agricultural land for biodiesel production largely because, you know, overproduction. And they were just going to let the land lie, but people said no, we can't. So they focused on the industrial use. So under the common ag policy, that industry started in 1992. And of course they developed and supported the producers.

But what happens is, you know, they've increased their directives. They don't have a mandate. They call them directives. So they've increased their directives, 5.75 — by is it 2012? — and of course they don't have the production there for both the food and the fuel, and so they've had to . . . Now their European standards of course pretty much had to be rapeseed, which is similar to our canola. But now because of the demand, they have, depending on the time of year, will incorporate either soy- or palm-based biodiesel but still meeting their European standards. So you know, we will see that.

I mean if we want, you know, as the industry develops down the road, we may say, well you know what? We might be able to buy biodiesel cheaper from palm-based, put an additive in it, and do something else with canola.

I mean I think as an industry and looking into the future that we can't get so stuck that, boy forever it's got to be this crop or that crop. I think what the point is, that we want to have a viable and sustainable industry. And so who knows? Maybe there'll be new crops such as there's been some work done on camolina, which is false flax. Maybe that has some potential. But you know, clearly canola from a food stance, I know last year, I mean, we got such terrific coverage on canola because the trans fat issue as well as the qualified health claim that we got in the US.

What I want to see is value-added industries in Saskatchewan, in rural communities — providing jobs and not at a subsidized level. I want to see the day when we don't have to go down and lobby the federal government to get support for agriculture. I want us to be self-sustaining, moving forward, innovative.

And one of the recommendations in the task force was to have a biofuel, bioproduct centre in Saskatoon. That is being looked at now. That will help us to look at the technologies, work with the research communities, coordinate to determine where we need to go on first generation as well as looking at second generation fuels and all the spinoffs.

And I'm telling people now, look there's a lot of biodiesel and bio and ethanol proponent groups out there. Start looking at what other spinoffs you can have — building a feed industry out of utilizing, you know, the stillage or DDGs [dried distillers

grain] or canola meal. And some of that's starting to happen. So let's get away from the me-toos but let's start looking at a regional approach and start saying, okay you're doing the ethanol, you're doing the biodiesel; we're going to do the feed, we're going to look at the glycerine or we're going to look at extracting protein fragments out of canola meal to do whatever. And that's to me . . . and I sit on the steering committee for this, looking at the centre of excellence.

And I've said, my opinion, that the number one priority has to be looking at how we're going to support the biofuel industry and as it moves forward in years to come. Because if we don't make this a success, this is the best opportunity we've had in my lifetime and to be a part of this is just . . . I cannot tell you what a thrill it's been for me. And it certainly has become my passion. So you know, as I said, I'm not married to canola but right now that's probably the feedstock.

Ms. Crofford: — Does your husband know that?

Ms. Dyck: — No, I think the industry itself will say. I mean the bottom line is producers want money in their pockets. So if they can sell canola to the food industry and we have something else, I don't think that, you know, the producers out there, that the long-term thinkers would disagree with me. So obviously I mean I love canola crop. I think it's a Canadian crop. The flexibility, the ability to adapt that crop, it's phenomenal. It's amazing what, you know, the hybrids have done to the industry and now we're into the specialty canola varieties through Cargill's and Bayer, and Dow. Great strides we've made.

Mr. Stewart: — Absolutely. That's right. It's about allocating more acres on your farm to some crop that you can make a dollar on and whether it's canola or not, it's the profit that counts. In your opinion, could an agreement like TILMA that streamlines trade rules in the region of Western Canada specifically help to swing biodiesel production to Western Canada rather than Central Canada?

Ms. Dyck: — That is a good question, whether harmonization would . . . Well the challenge I think in terms of I mean obviously setting example, but I think that if you look at Alberta, Saskatchewan, Manitoba, all of us will of course be using some product internally, but everyone will be looking at exporting. So if I look at, you know, if you look at trade patterns, I mean realistically I think probably trade patterns are more north-south than east-west.

And of course one of the — in my previous life — one of the things I've always felt that we should be doing in this province is we should have a trade corridor much like the Rocky Mountain House trade corridor and we should be looking at a . . . Now we need to look at an energy corridor.

I mean and you know as I've just said, I've just started on this and, you know, if I had more time than money I would — I need time and money — but I think that the potential to look at trade corridors into the US, if we got the petroleum industry onside, I mean it's just unbelievable what we could possibly do.

I mean they say we can't put biodiesel through the pipelines but, you know, they've done some studies in the US and it is happening. So why we couldn't do that here, and we certainly

have, some of the maps I've seen, we have some pretty extensive pipelining into the US which would, of course, be at a fraction of cost. And transportation, I can tell you — because I dealt with transportation file as executive director of the canola growers — we are going to have challenges in the transportation industry here as well. And so, you know, as I said that's another whole case study. A lifetime.

So whether . . . Western Canada is going to be the production unit. So if we look at, you know, Alberta, Saskatchewan, Manitoba as one entity, I mean there is the production. So we've got to get it out of those areas elsewhere. So I don't know the answer.

Mr. Stewart: — I appreciate that.

Ms. Dyck: — I've got lots of questions.

Mr. Stewart: — We all do. And I guess there's no sense belabouring this, but I was thinking more than exporting the product. I was thinking, I don't think it's a given for instance, that production will be in Western Canada, or the vast majority of it. I think that there's going to be a scramble, in particularly Ontario, to get a piece of this action.

Ms. Dyck: — I understand something like about 10 ethanol plants . . .

Mr. Stewart: — And so my question — I don't know if it was clear — was, would an agreement like TILMA help to swing the production to Western Canada since there will be a substantial region with a lot of production under one set of trade rules?

Ms. Dyck: — Yes, I hear your question but I guess the challenge I have is that I think the advantages we have over, possibly over Ontario, and I'm not an energy expert so you know but it seems to me if we have all the pipelines — looking at the maps we've got all the pipelines coming out of Alberta, Saskatchewan — somehow we've got to strategically figure out how to take advantage of that. That to me is going to be critical.

And so if nothing else, sitting down at the table with Alberta — and how are we going to do that — could be critical in terms of if we can get the petroleum industry onside and we can get them to agree to put it through the pipelines, because one of the issues has always been jet fuel if we put it through.

But talking to people, I mean what do they call it? A pig. You put a pig in and you can, you know, do whatever. But you know I, as I said, I'm not the expert on there but it seems to me, you know, there's a will there's a way. And I think that if we want to move product into the US, if we can do it by pipeline I'm told it's like fractions of a cent to do that compared to tanker cars and trucks. So if we could find some way to make that happen, that would be great.

Mr. Stewart: — Thank you very much.

The Chair: — Thank you. We've really appreciated your enthusiasm and energy and your presentation this morning and your ability to the best of your knowledge in your position now to answer our questions. Thank you very much. We wish you

all the best in future endeavours.

Ms. Dyck: — Well thank you very much, and if you have any other further questions . . . And as I said, as I continue working my way through many aspects of this organization, this would be an area that I have a great interest and certainly will, you know, be more up to, want to learn more about the whole area around the trade. So I wish you well and thank you very much for the opportunity.

The Chair: — Thank you. Committee members, we are thankful that Ms. Dyck would have moved her presentation forward. We know that the Saskatchewan Business Council will be here at 11 o'clock. So I will tell committee that we are now recessed till a few minutes before 11 so they could present right at 11 a.m.

[The committee recessed for a period of time.]

Presenter: Saskatchewan Business Council

The Chair: — Call committee members back to order. And welcome, from the Saskatchewan Business Council, a change from our original format, but certainly some familiar faces to many of the members here. And so we welcome Shirley Ryan, who's a council member, and Alan Thomarat.

Ms. Ryan: — Madam Chair, do you mind if I sit closer to Alan? He's very good looking.

The Chair: — Shirley, it would be the first time I believe you'd need permission for that. By all means, choose your own seating arrangement there.

Welcome to the committee. As you would be aware, there's 15 to 20 minutes for an overview and then we'll open up to questions from committee members. You would know that we're audio streaming, and if you'd like your comments to be out to the wider audience and recorded by Hansard, to put all of that information in your verbal presentation. And we thank you for the time and effort that you are taking to be here and present your information to us. When you feel comfortable to begin, you just go ahead. Thank you.

Mr. Thomarat: — Thank you, Madam Chair. We extend apologies that the delegates from the Saskatchewan Business Council, a council representing 53 different business associations with the broad majority of employees working in the province of Saskatchewan, were unable to attend. Marilyn Braun-Pollon is actually in Ottawa on business and Michael Fougere, our colleague with the Saskatchewan Construction Association, had to remain in Regina on association-related business today. I'll just let my colleague, Shirley Ryan, begin with some opening remarks of her own.

Ms. Ryan: — Thank you, Madam Chair. It's a pleasure to be here again. What I think the important part of this presentation is, that this really isn't just one presentation. We are here representing 53 associations across our province, and hopefully that will be recorded as indicated. Over to you, Alan.

Mr. Thomarat: — Typically when I'm at city council there's an egg timer that tells me when I'm coming close to my 20

minutes, but I'm sure, Madam Chair, you'll tell me when we're running out of time. I don't want to take a lot of time. I'd rather have time for questions. But I'll just give you a brief overview that you'll see in a presentation that we offer you from our Saskatchewan Business Council, which consists of 53 organizations and represents the majority of businesses across the province of Saskatchewan.

We believe Saskatchewan should step up to the plate and sign on to the Trade, Investment and Labour Mobility Agreement we're now calling TILMA. Saskatchewan is strategically and economically positioned as the most trade-dependent province in the most trade-dependent nation in the world. In fact a joint report by the Saskatchewan Trade and Export Partnership and the governments of Saskatchewan and Canada entitled *Saskatchewan's State of Trade, 2005*, stated that 26 per cent of jobs in the province are directly or indirectly related to the export of goods or services compared to the national average of 20 per cent.

There is clearly the potential to encourage the momentum that Saskatchewan now enjoys and further bring over \$295 million in immediate GDP [gross domestic product] growth and nearly 5,000 jobs, according to the Conference Board of Canada. Not unlike the free trade agreements known as the Canada-US Free Trade Agreement or the North American Free Trade Agreement, much of the current debate emanating from opponents is essentially founded in fearmongering rather than based on fact. It is clear in the experience of NAFTA that among beneficiaries under the agreement, Saskatchewan has certainly seen its market share of export product to the United States and Mexico increase at levels not experienced before the ratification of the accords.

The voices that predicted doom and gloom from NAFTA should look at the facts. Since signing of the Canada-US Trade Agreement, Saskatchewan's trade with the US has increased, going from 2.5 billion in 1990 to 6.6 billion in 2003. Since signing of the NAFTA in 1994, Saskatchewan's trade to Mexico has increased from 178 million and importing 7 million to exporting 238 million and importing 35 million in 2003.

The Fraser Institute has indicated broadly and at the very least TILMA will increase labour mobility by jointly recognizing occupational certifications. For the industry that I represent, which is the home building industry, this is critical to be able to build the capacity that we need to be able to provide adequate, affordable housing and choice for people in Saskatchewan as we grow this great economy. For example the increased labour opportunities, combined with a larger market, will allow the combined economy to attract more workers from both in and outside of Canada.

It is the Saskatchewan Business Council's understanding that the BC-Alberta initial list of 60 occupations with different standards limiting labour mobility has now grown to 247 occupations. This is evidence enough that TILMA is needed so that we can remain at a level playing field with our colleagues and sister provinces to the west. TILMA will reduce the costs associated with licensing and occupational certification, which will provide both worker-specific and broad-based benefits to the economy.

The Conference Board of Canada suggested that the TILMA agreement will create \$4.8 billion in gross domestic product and generate an additional 78,000 jobs in BC alone. Streamlining business registration and reporting documentation and allowing businesses registered in one province to be automatically recognized in the other certainly speaks to economies of scale and efficiencies that are required in the business environment. Providing open and non-discriminatory access to government procurement is an opportunity for Saskatchewan businesses that we shouldn't overlook. Creating a clear and comprehensive enforceable dispute avoidance and dispute resolution mechanism is another feature that Saskatchewan should be sitting at the table to be a part of that deliberation.

Enhancing competitiveness, economic growth, and stability in Alberta and British Columbia is certainly going to be value that is derived from the TILMA agreement. However with Saskatchewan at the table, we certainly could see more regional benefits that would accrue to the Saskatchewan business community and to all workers and people in the province of Saskatchewan.

The Canadian Federation of Independent Business in Saskatchewan recently surveyed 5,250 members and found that 83 per cent of the Saskatchewan respondents agreed that Saskatchewan should join the TILMA process. Small-business owners support an agreement that would reduce duplication and registration permitting and reporting. The absence of TILMA will cause an "unnecessary drag on the economy" caused by non-essential red tape, reported the Canada West Foundation. Nancy Hughes Anthony, president of the Canadian Chamber of Commerce, says it's pragmatic. "We're looking for trade all around the world and yet we can't have free trade between our own provinces."

According to the Saskatchewan government, no other province in Canada realized more on trade and exports. Just as Saskatchewan has benefited from economic opportunities that arose from international trade agreements, the province will surely benefit from greater interprovincial economic integration. Moreover, TILMA will become even more beneficial when other provinces sign on to it.

The agreement is evolutionary because it has been written in such a way that other provinces can be included and a part of the process. One way to help keep the prosperity train rolling in Saskatchewan is to get on British Columbia and Alberta's Trade, Investment and Labour Mobility Agreement.

Graham Parsons, former senior bureaucrat with the Saskatchewan government, is also a strong supporter of the trade deal. He says the Agreement on Internal Trade brokered by the federal government and signed by the provinces in 1994 simply has not worked. "And if something doesn't deliver, you're basically losing benefits for consumers, the public, and industry."

Economic power has shifted from Central Canada to the West, with BC and Alberta driving Canada's prosperity. Saskatchewan must not let the opportunity to join slip by. Saskatchewan has the power to be part of a Western Canadian economic region, increasing economic integration, growing interprovincial trade for the benefit of all the province's

citizens, and accelerating the rate of growth that will indeed make Saskatchewan a clear player in one of the most resource-rich regions in the world.

And I'll close with those remarks. You have other remarks in the presentation. I would like to point out that we have attached to this brief presentation a list of the 53 business associations that are members of the Saskatchewan Business Council that have participated in this presentation.

The Chair: — Ms. Ryan, are you adding comment to the presentation?

Ms. Ryan: — Thank you, Madam Chair. I just want to make one comment that was a quote that I'd like everybody here to consider: you can't influence the outcome if you don't have a seat at the table. What we all want is what is best for Saskatchewan and it's up to us to try and find the way to make this happen. But refusing to be a part of TILMA is not a positive step forward.

Saskatchewan can't stand still. It has to move forward. Anything that stands still stagnates. And it's imperative that we look at this through a pair of positive glasses and say, okay, maybe we can sit down and negotiate some of the differences between organized labour and business within this province. But we've got to be at the table as well.

The Chair: — All right. Then I have a speaking order that begins with Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. I want to start my questions by saying, over the last 10 days or so we've heard a large number of presentations that have left us with many more questions than answers. And some questions that . . . or some information that's been provided leads to other questions.

A good example would be, there is no doubt that there has been growth, since the signing of NAFTA, in trade. That's not disputable. But we had information presented that prior to NAFTA the GDP growth in Saskatchewan averaged 4 per cent . . . or in Canada, pardon me, averaged 4 per cent and since NAFTA has dropped to 2.2 per cent growth in GDP each year. And some people attribute those things to NAFTA. Are they fairly attributed to NAFTA or not? Is it accurate? I haven't been able to go back personally and check those statistics to know if it's accurate.

Just the same as we talk about the growth in trade, is the growth in trade all attributable to NAFTA? Or is there a good portion of that attributable to the fact that the trade in value would increase naturally over that period of time? And there's no doubt that there have been some examples of legitimate barriers that have been brought before the committee and issues that I think all members of the committee would agree needed to be fixed.

What it boils down to as we . . . And we're going to have the opportunity next week to meet with the architects of this agreement and people who can answer some of these questions directly. We haven't been in a position to get those types of answers to date, but it will be interesting to get the answers.

And then the determination we ultimately will have to look at is, is this the best way to solve those problems that really do exist? There are some that exist. I think there are some that are not as significant as some would indicate and some . . .

The Chair: — Mr. Yates, there is a question here?

Hon. Mr. Yates: — Yes, there is. And there are some that are larger than perhaps others would think they are. My question is this: will the economy of Saskatchewan be . . . will it grow greater because we were involved in an agreement with Alberta and British Columbia? Or would it naturally grow by the same amount without that involvement?

And that's the difficult thing because our economy has grown rapidly in the last two or three years, and productivity.

Mr. Thomarat: — I think we'd have to say that we live in a global economy. We participate in a global economy and I think that to be a significant player and to realize the true benefits for Saskatchewan we need to be maximizing the potential from very clear and positive decisions that this provincial government has made with respect to corporate capital tax and corporate income tax and improving the business climate in the province.

One of the things that I'm sure you'll appreciate, Mr. Minister, is that we do indeed benefit greatly from synergies with the province of Alberta and the province of British Columbia. As a trading partner within Canada, they represent 40 per cent of our trade relationship. We export 40 per cent of the goods that we export across the country to British Columbia and Alberta.

I think both labour and employee groups, employer groups, and municipalities, and the Government of Saskatchewan are better served to be at the table to help to be part of this great Western Canadian economic juggernaut as I see coming forward. We're resource rich. We've got great potential.

We often talk about vertical integration across many sectors of our economy, especially Saskatchewan with all of our great potential in agriculture but certainly in innovation now, in forestry, in the mining side of the economy. And it's very important for Saskatchewan to continue to attract investment, retain our investment and retain our great people, but to attract investment back here, to attract people back here. And I think being part of this Western Canadian economic integration is very, very important to that.

I don't know if you can crystal ball this, but if it was mine I would say we're better off to be part of the process. If things were not to be moving in a position that's favourable to Saskatchewan, we can stand up and walk out of the room. But we're far better to participate with our neighbours to the west than not be part of this process. We become too isolated.

Hon. Mr. Yates: — Thank you. My second question has to do with, from your long histories in business involvement and trade, does any potential damage . . . like 43 per cent of our trade goes west, 57 per cent goes east. Does it potentially damage the trade relationship with the other jurisdictions by becoming involved in TILMA from your experiences, your knowledge?

Mr. Thomarat: — I doubt that. It's a matter of time before the other provinces would sign on and I think maybe, Shirley, you might want to add to that.

Ms. Ryan: — I totally agree, Minister. I see no way that it can damage trading with the East. We've only one place to go and that's up.

Hon. Mr. Yates: — Okay. Thank you very much. Those are my questions.

The Chair: — Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Welcome and thank you for your presentation. There's a number of areas in TILMA that are a concern to a number of other presenters and ourselves quite frankly. As we know, Crown corporations and municipal governments, it's something that's going to be negotiated over the next two years what they're allowed to do and what protection they're allowed.

One of the things that are near and dear to my heart is new-growth tax incentives and I would just want to know what your position is on allowing Saskatchewan to offer new-growth tax incentives under TILMA or any other trade agreement.

Mr. Thomarat: — I think certainly I'd be of the view and I think that we see this in certain examples that have been demonstrated by the Greater Saskatoon Chamber of Commerce where there are incentives for redevelopment in core areas of the city of Calgary and there are other such programs that are also intended to bring up investment in areas of the lower mainland in British Columbia. And I think that certainly an economy like Saskatchewan's ought to be allowed to grow and mature and I think being able to advance that position at the table is far better for us.

I don't see that these types of programs as you suggest would be threatened because I don't see them as barriers to trade. And I think that's at the essence of what the agreement is all about, is to prevent barriers to trade.

Mr. Weekes: — Thank you. My next point is, I kind of . . . I guess I categorize it as the worst-case scenario. But if at the end of the day Saskatchewan entered into negotiations with BC and Alberta and . . . Just to back up a bit, we are meeting with the BC and Alberta officials as a committee next Wednesday I believe. So we're going to ask them a lot of questions to get clarification on that.

But just as a scenario, if at the end of the day the Saskatchewan government — in negotiations with British Columbia and Alberta — can't get recognition for our Crown corporation sector as we would like to in the province, if there's concerns about protecting them, if there's concerns about the municipalities' right to give abatements, tax abatements, you can include not having the right as a province to give new-growth tax incentives, and so on . . . I mean, medicare and health care and the environment, all these fears have been laid out.

But at the end of the day if there are too many concerns, it's basically if we find that it's either a take-it-or-leave-it

agreement with British Columbia and Alberta, would you agree that if that outcome happened that it would be advantageous for Saskatchewan to work at bilateral trade agreements with . . . we always talk about Alberta but also with Manitoba. I think generally everyone agrees that liberalizing trade and reducing barriers is good. But at the end of the day if TILMA isn't the vehicle to get that, would it be advantageous for Saskatchewan to enter negotiations on bilateral negotiations with Alberta and also eventually with Manitoba?

Mr. Thomar: — I think the way I see this, TILMA is really trying to address the fact that the 1994 Agreement on Internal Trade has not worked, and something has to work so that there are agreements among all provinces in Canada that are enforceable and respected — so that we don't have situations like we have with respect to Quebec and margarine, for example — where you do have agreements that are mutually beneficial to all the players. When you bring up circumstances and Saskatchewan issues for sure, like our Crowns, don't forget that there is the Insurance Corporation of British Columbia. British Columbia has some of the same issues.

Because this is a two-year process, being at the table is a two-year process, I wouldn't want to suggest that you have your meeting next week and decide that we're not going to go that way. I don't think that that should prevent us at any time from negotiating with Manitoba right off the bat anyways. I mean, they're obviously a trading partner and we obviously have synergies that we should share with Manitoba whether it's on an energy file or whether it's on our agricultural files. We have common interests.

Saskatchewan, and we are sure that this committee will hold Saskatchewan's interests dear and represent us well, but I think it would be remiss if we didn't remember they're talking about a two-year process before this is actually officially implemented. I think Saskatchewan would have a lot of time to present its very, very valid cases to find an agreement that's mutually beneficial to all parties.

Mr. Weekes: — Thank you. Just to pick up on, as you mentioned before, it's pretty hard to influence an outcome of a trade deal or a negotiation without being at the table. Would you agree that Saskatchewan . . . Saskatchewan has many advantages. But I think — would you agree — that Saskatchewan should be leading in any negotiation with any trade agreements whether within TILMA or like you mentioned working with Manitoba and Alberta right now to reduce barriers?

Mr. Thomar: — I think certainly I can surely comment. But remember how much we depend on trade in this province. I mean, so when we can make trade easier and when we can attract investment and a labour market that we so desperately need to continue to grow this economy, I think you're absolutely correct.

Mr. Weekes: — Thank you very much.

Ms. Ryan: — Madam Chair, I just wanted to add that there are 53 associations within this province that say get on with it. We're here representing all 53 that say take a seat at the table. You can always walk away.

Mr. Weekes: — Thank you.

The Chair: — Mr. Iwanchuk.

Mr. Iwanchuk: — Thank you for the presentation. I would just like to first of all address or comment on three points that you made in your presentation and then I have some questions around those.

The first one is the increase of labour mobility in the occupations, the 60 occupations and the now potentially being 246 occupations that are . . . need some work on. The second point you raise is the issue of subsidizing local businesses, and I guess with that earlier on we heard mention of the Galaxy theatre here in Saskatoon I think. And the third point I would like make, to address, is the agreement is evolutionary, you put, and it is written in such a way that other provinces can be easily included and part of that is the thing of being at the table and walking away.

Now I just maybe, to go back to the first point, I just may make one more comment. We did have a trade lawyer in here indicating that perhaps the TILMA — not on these points but on other points — might have an open door to private health care clinics, being that BC had some. And of course then, why wouldn't Saskatchewan have those?

Having said that, my questions, my direct questions would be now, in terms of what barriers do you see, understand now, in the housing right now, that you would see that are irritants for you? And we've been asking this question of numerous presenters, you know, that we could deal with that.

Because one of the things that's been raised — I'll just make a quick comment about the other part — is that some of the things, the occupations that are listed here, we had presenters come and say, well they're not barriers. So we have to go through that because it's the way they're listed, you know. And the AIT has been working, and that's one of their parts where they're actually quite proud of, that they're making some headway in occupations and that.

But if I could just ask you, in terms of the housing, if you're experiencing kind of irritants or barriers that you might want to address.

Mr. Thomar: — Well I think certainly, when you have to deal with building codes which become different in many provinces . . . And one of the things that I'm sure you'll understand, that this is relatively a small province compared to many jurisdictions in terms of population and market and market share, although we become a big player when we start to look at our export opportunities. And even in our industry, whether it's engineered floor systems, whether it's the truss systems, whether it's modular housing, wall systems, or RTM [ready-to-move] homes, we're a big player in this area.

And where we can see uniformity in building codes and uniformity in different engineered home systems — and this is not even dealing with the fact that we have different credentialization across all the jurisdictions within Canada, including occupational health and safety regulations — it starts to streamline and deal with what may not be considered

barriers, but it's certainly red tape. And it's 10 different sets of red tape rules.

And we're living within a confederation that has allowed autonomy to the provinces, which is significant and it's important because it allows economic development at a level which is important and effective, which is the regional and provincial levels. But by the same token, for us to take the best advantage of being a part of the confederation, we need to try to streamline systems where it makes sense so that we're benefiting from the fact that we are part of this confederation.

We've got trading partners that work better together and that I think together we can create a stronger Western economic region that makes us more impactful and more economically advantageous as we trade and operate globally around the world.

Mr. Iwanchuk: — Okay. Thank you. I got the engineered home systems. But you mentioned something right after that in terms of some of the codes.

Mr. Thomarat: — Although there is a National Building Code, every province still puts its own stamp on the National Building Code. There's one right now that the process has just been concluded. It's called the 2005 building code and we haven't even ratified it in the province of Saskatchewan yet and I can tell you we're at the table working on 2010. But every province puts its own stamp, and sometimes for legitimate reasons but sometimes for reasons that don't really suggest that it needs to be different than it is in BC or than it is in Manitoba.

And in a province like this — whether you're Doepker Industries and you're dealing in the road building business and you're dealing with trailers that use those roads and you've got to deal with different requirements in Alberta versus BC versus Saskatchewan — it creates manufacturing processes that can't achieve economies of scale. And it's very important in a country that is as small as ours in population but as large in geography, that we work to achieve economies of scale and business efficiencies. And we've long held that collaboration with other provinces and other jurisdictions brings us to more streamlining and more efficiencies for our industries to be more successful and more competitive around the world.

Mr. Iwanchuk: — Okay, thank you. Now my second question would be this whole concept of provinces being easily included. And again we will be meeting with the officials as to how this all works as whether you sign on and then you go into the two years and whether you walk away. You know I mean there's something there but we have to look at the whole agreement to find out whether, you know, to do that. So I'm just wondering, maybe you have some insights on this — because quite frankly, we don't — on terms of this ability to just go and begin the negotiations or . . .

Mr. Thomarat: — I think it's certainly for the Government of Saskatchewan and this committee to pursue but I wouldn't want to be the 10th province trying to get in because you certainly don't have much weight then. The third province trying to get in and make its case for being a partner, trying to strike a mutually beneficial agreement because it has not concluded, the process has not concluded. It is evolving and we can be a part

of the process and you know the term, it's a broad term to say it's easy for other provinces to participate but I wouldn't want to be the 10th one trying to get in.

Mr. Iwanchuk: — Right and I guess . . . Go ahead.

Ms. Ryan: — Madam Chair, thank you. Mr. Iwanchuk, you made a comment about a trade lawyer that had made a presentation on possibility of private health care may be coming up in this. Did he have anything to base that presentation, that comment on, or is this another sort of fearmongering thing where we can say, well the world's going to come to an end in 2015? We can all make comments like that, but did he have any basis to make that comment? Because I think that's unfair towards a successful conclusion in perhaps putting Saskatchewan at the table. It's what I call fearmongering anyway.

Mr. Iwanchuk: — I wouldn't want to answer on behalf. I think the argument simply was through . . . And that was my other question because in terms of coming into this deal and starting, was the dispute resolution mechanism, the kind that would be — for many arguments — that that takes it outside of and challenges local governments.

In fact we had some presenters that say quite frankly that they did believe that, and from the civic folks that they came and said that this is a real concern, that they might not even have the ability to govern. Now, you know, and again we can all look at that and we're taking sides here, but we also have to struggle with doing this.

So I think the argument sort of ran that if through this dispute panel, if somebody was to say, we're trying to do business in Saskatchewan or something and there is, you know, and in the other provinces have private health care clinics, would that make an impact? You know, and I guess and also based on some of the . . . Obviously no one thinks that there will be tied up with frivolous, you know, cases but we've seen that happen. So I guess I raise that for you as, you know, things that we have to take into account.

But I put it all under this idea that, you know, this whole . . . that it's easy to get in and it's easy to get out. Because that's not as clear. To me it isn't as clear to be there. So I just thought maybe you had insights on that and I, you know . . .

Mr. Thomarat: — I don't think anybody should consider that they can take away Saskatchewan's autonomy to participate or not. And if this agreement were to start to not flow and work in the best interests of the people of Saskatchewan, we would expect, whether it was something akin to softwood lumber or something akin to what emanated out of the mad cow issue, that our Saskatchewan government would represent the interests of Saskatchewan.

But I think that our Saskatchewan government can best represent the interests of Saskatchewan now — as we are so totally trade-dependent — by being at the table and looking at the potential of working on to something that is very, very beneficial to this whole region of Western Canada, that is just starting to grow as one of the great economic powers in the world.

Ms. Ryan: — I think, if I may. Thank you, Madam Chair. I think that negotiating is sitting down and talking about it. We've got to be prepared to give. We've got to be prepared to take some too. And you go in with your priorities — those things that are paramount importance to you — but you've also got to be able to give a little on the other side. And hopefully you come up with an agreement where you haven't won everything, but you've gained some things as well.

And I guess I have a problem with people that bring up things that create fear amongst the population. And health care is of paramount importance to all of us — absolutely. And it was born in this province. So I really have a problem with that kind of thing. I'm sorry, but I feel I have to be very firm about that.

Mr. Iwanchuk: — Yes. I raised that as simply because . . . My final question is on the subsidizing local businesses. I mean this is an issue whether you're developing an industry or whether you're, you know, the government looking at this, that in some way, again, that panel could rule on this sort of thing.

And I would just . . . I mean because this is, it seems, has been part of our history, whether that may be good or bad. But we have, there are many, many numbers that were listed for us. The IPSCO plant, had the opportunity to hear a bit of history on that. And that has gone through, you know, all sorts of stories about it needing assistance and that. And so I guess to us it becomes the question of, and it could be one of those things of take and give, but we're, you know . . . Any comments on that and how we land on that, because this does seem to be taking that away.

Mr. Thomarar: — I don't think I could agree with that. I mean we have for a long time lost opportunities because we were outbid by a Brandon. And we've seen what that's done to us most recently here with respect to Mitchell's Gourmet Foods and where did the kill facility go. Similarly, have lost opportunities to Red Deer. And there are other jurisdictions that can throw way more money on the table than Saskatchewan can. I think with being at the table we have the opportunity to come up with a mutually beneficial agreement that levels the playing field and doesn't distort.

In my own experience with the Government of Saskatchewan as being there with respect to small business, the government doesn't — not even this government — doesn't go out there and put small businesses in business. That comes from creating the business climate which this government has done through changes to corporate income tax, corporate capital tax, and created the environment for investment attraction and for labour force attraction and retention of our young people here.

But I do feel it's important, Mr. Iwanchuk, that if we are at the table that where these are not really inhibitors to trade, where there is a need to attract investment in a certain sector that's vital to Saskatchewan and not so vital to the other regions, that there can be a strong case made in the crafting of the agreement that would include us, that these are opportunities that still need to be available to the municipalities that our provincial government represents.

Ms. Ryan: — There has to be a level playing field to begin with. I believe I commented — I think to you, Mr. Stewart, the

other day — and one has to be very careful when one is negotiating that. I don't have a problem with it. But I think that we have to be very careful that we don't injure or impair an existing business in the same business that is going to hurt them too.

Mr. Iwanchuk: — Madam Chair, thank you very much, and thank you for your answers. It has been helpful. Thank you.

The Chair: — Ms. Crofford.

Ms. Crofford: — Yes, thank you very much. We've got a little bit of new information today and we did have a presentation earlier that I want to talk to you a little bit about too. But I'm just going to start with, on the building area, one of the things that's happening across Canada is quite a big debate on energy conservation and measures that should be taken to reduce, I guess, our environmental footprint. And because of that some building codes are changing that affect energy use in homes, energy use in commercial buildings, in government buildings.

I guess I'm wondering how you see us arriving at a — and this is just a very real question — how you see us arriving at a common standard across Canada when different jurisdictions to achieve the common building code question. Are you thinking about those kind of issues? Or are you thinking more about . . . I don't what all plays into building codes, but how do you see that fitting in to a common standard?

Mr. Thomarar: — Some of the questions relating to this aren't so much contained in the building codes, but I can tell you that our industry association nationally believes that this is a pan-Canadian issue and we believe we're at the forefront, and especially in Saskatchewan we're at the forefront. We're very proud that we've been able to participate in many of the government's initiatives around EnerGuide for houses and energy efficiency and working now with the city of Saskatoon.

I think it's going to be incumbent on every jurisdiction, whether municipal or provincial, to get in line to come to the E-80 standard or what we had started in Saskatchewan here is an R-2000 home over 25 years ago and now has become a model around the world. None of these innovations around energy efficiency and the footprint, as you so properly identify, are going to be considered as trade barriers. This is part of the environmental responsibility and stewardship that I think such an agreement is going to be sensitive to because we need to address these issues on environmental sustainability.

And I can tell you that while in some provinces they carry a different banner — it may be Built Green — in Saskatchewan we use Energy Star and EnerGuide in participation with the province and the federal government. In Ontario they use Energy Star. But every province is working with the residential construction industry to achieve these same ends. And I think we will see common standards here that must be ascribed to no differently than occupational health and safety regulations that must be there for the workers, and certainly your certification and credentialization standards.

So I don't think that's anything that we need to be concerned with. I think every province . . . And I can tell you from national meetings at the Canadian Home Builders' Association

I've just returned from is that we embrace at a national level, and every province signed on, to being proactive with our provincial governments on this file.

Ms. Crofford: — Yes. And I just will say that I've been to quite a few home builders' meetings over the years, and I do consider it a thoughtful organization. But I think that's one of the questions we would want to ask of the officials when they come from the other provinces.

Mr. Thomarar: — I think you should.

Ms. Crofford: — The other question is around procurement. Now I do have here from the Canadian Federation of Independent Business that they surveyed 5,000-plus members, and 83 per cent of respondents were in favour. Now there were a very small percentage of respondents, so it's 83 per cent of much less than the 5,000. And what I'm wondering is whether anybody has pointedly asked the question to small businesses in Saskatchewan, if the procurement level goes down to 10,000, how will that affect you? Just ask the question. Do you know if that question's been asked?

Mr. Thomarar: — This obviously . . . and regrettably Marilyn is not able to attend today. But I'll note that and certainly get you an answer to that question.

Ms. Crofford: — Yes. Just a practical answer to that.

Mr. Thomarar: — Yes, yes. It's a fair question. It's a fair question.

Ms. Crofford: — Yes. Because 10,000's a pretty low level. And you know how big business is. Sometimes you know, the big operations take a certain chunk, and the small operations take a certain chunk. And I'm worried about the small operations' chunk getting eaten up by the big operations.

The next thing is on the interprovincial mobility. Now one of the things I didn't realize is one of the main reasons, aside from making sure there's some comparability of qualification, that professional associations have licensing is because that's how they fund their professional associations. It's the licence fee that funds their association. I didn't know that before we were in these hearings. So that's just a little detail that someone is going to have give some thought to because, if they no longer can have a licence fee, I think the professional associations are concerned about how they would exist to ensure standards, dispute resolution, those kind of things that they do now, policy-making within their respective professions. I don't think you can answer to that, but it's something I didn't realize before.

Mr. Thomarar: — Well yes, I'm more familiar with the areas that are near and dear to us right now, and obviously this is self-serving in that we want more framers and plumbers and electricians. And I think that having trade mobility and common credentialization across the country is really in the best interests of young people seeking quality careers. With respect to the professional associations, I wouldn't be able to speak to that.

Ms. Crofford: — Someone might have to be innovative about helping think of a solution to that problem.

Mr. Thomarar: — Exactly.

Ms. Crofford: — The last thing I want to talk to you about . . . and sorry to be so long, but we haven't had very many presenters with your perspective, so it's important to ask the questions while you're here. We had a presentation from the Saskatchewan biofuels industry today. And I think what was so interesting about this presentation is it really characterizes the attempt of a province to move into a new area, establish a business base, and have to deal with regulation, laws, other energy sectors who may have a different view, other energy sectors who may own the infrastructure required to support north-south or east-west transport of new energy commodities. Do you know if anybody's actually done a case study on any particular industry relating to how TILMA would affect it?

Mr. Thomarar: — I'm not aware of that. I think we're still early in the process, which is probably something if we were participants we could ask for such a case study. I think when you're speaking to the case you mentioned, I think you raise a significant point because certainly this is an exception rather than something that would be considered the rule, where you've got history with respect to other industries and how they play within the market, whereas biofuels is a new industry with emerging concerns that should not be a concern to other jurisdictions. It is something that's probably more innate to opportunities in Saskatchewan than anywhere else.

Ms. Crofford: — Well I urge you to read the *Hansard* from the discussion today of . . . would be the one right preceding yours because it did raise a lot of trade, investment issues, and it particularly raised issues around how governments participate in the development of a new industry. And I thought of all the examples we've had in the whole two weeks, because this one is so closely tied to innovation, local development and emerging areas of the economy, that I thought it was probably the best example we've had.

Mr. Thomarar: — Yes. And I think other provinces would probably share concerns expressed from that unique perspective because, you know, there are cases where innovation is happening there as well. And I think that's the thing to be at the table because one of the things with that industry as it's emerging is that we want to be sure to attract both financial and human capital to be able to make sure that we're successful at these investments. And this is an exciting opportunity to make sure that we do become part of that larger region that is attracting the investment in these new opportunities.

Ms. Crofford: — Thank you very much.

The Chair: — Mr. Weekes. No, Mr. Stewart, sorry.

Mr. Stewart: — Thank you, Madam Chair. And thank both of you from the Saskatchewan Business Council for your presentation. It was very helpful. And I'm looking here at a pretty impressive list of 53 Saskatchewan business umbrella organizations that you represent. And I'm wondering, do you have any idea how many Saskatchewan people would be represented as management administration employees under all of those umbrella groups? Do you have any idea what part of the population this would entail?

Mr. Thomarar: — My colleague that's in Ottawa is the person that's best qualified to answer that because we made her do the work and get the numbers. But we're talking about many thousands of the over 30,000 businesses that operate in Saskatchewan. And so it's clearly over 20,000 businesses that we're representing as industry associations and participants in the economy of Saskatchewan. And of course a large percentage of the employment base of the province of Saskatchewan — well over half — and that's conservative. And I will undertake to make sure we get you the exact numbers because we do have them.

Ms. Ryan: — Very conservative.

Mr. Stewart: — Thank you very much.

Mr. Thomarar: — I like to under promise.

Mr. Stewart: — Yes. I appreciate that. My question is kind of the opposite of Mr. Yates's question. I'm concerned about the possibility of Saskatchewan prospering, living beside this economic giant that's emerging to the west of us, considering that Alberta and BC are signatories to TILMA. Can Saskatchewan in your opinion even maintain its current rate of growth if we're not signatories to this agreement in the geographical position that we are in, situated right beside Alberta and BC who will be and are signatories to the agreement?

Ms. Ryan: — I think we would find it difficult, Mr. Stewart. I think the competition in our two western provinces, Alberta and BC, would definitely determine that, if we're not signatories. We can't build a wall around our province, a wall of protectionism.

There is risk in everything we do, and to me it's foolhardy to think about doing anything else other than being signatories. We just can't, we just can't sit here and say, well everything's great the way it is. We have to move forward. As I said the other day, standing still is not an option. You stagnate when you stand still. And if we don't participate, I believe what we are doing psychologically is building a wall around Saskatchewan and saying, yes sorry, here's the way we are. And I see that as detrimental to our future.

Mr. Thomarar: — I think to add to that too, Mr. Stewart — and I want to restate an earlier comment I made — I think this province has been sending very, very clear signals to everyone in Canada that our future is wide open, is one of the comments we've seen. But we've done significant things around corporate capital tax, around corporate income tax, around business climate issues. And this somehow seems to me to be contradictory, to not use this as a next step along the road of encouraging the growth and the quality of life for everybody in Saskatchewan.

I think becoming isolated, which is something that has caused concern for us as Canadians when we're dealing on a national scene with the federal government, does not serve us well. I think being part of that larger Western economic region as bona fide partners with them, for both commerce and labour mobility, is in our best interests.

And I would fear that while we've had some recent success — and I say only recent success — in attracting people back, we have a long way to go. We need to attract the human resource capital and the investment capital that will allow us to continue to fund the very, very cherished programs of education and health that we enjoy in the province of Saskatchewan and the quality of life is clearly dependent on that.

So obviously there must be a balance, and that's why being at the table, I think we can achieve that balance. But we will be more ostracized and more isolated than we feel right now in circumstances such as equalization and other things that are going on.

Ms. Ryan: — I agree.

Mr. Stewart: — Thank you. I wonder, do you think as the least developed economy of the three and an economy that is going to require huge amounts of capital to become developed . . . and I'm thinking about our conventional oil and gas; I'm thinking about oil sands oil; I'm thinking about diamonds; I'm thinking about rebuilding the forestry industry that's been decimated. Do you think in that position, as an economy that's the smallest of the three and one that probably needs, has possibly the highest demands for capital to really get on stream, do you think it more or less important for that economy to be in the deal than the bigger economies of Alberta and BC?

Mr. Thomarar: — Well I think that's the very reason we want to be the third on and not the tenth on. While there are other provinces that are smaller than us or of similar size that continue to be have-not provinces, we offer the greatest opportunity, but we've got the greatest need for investment to realize that opportunity. And much of that investment is going to come from the economies and the players in Alberta and British Columbia that see this as a great opportunity, see that there are great returns from participating in the Saskatchewan economy and the Saskatchewan future, and remembering too that our commodities and our future prospects are bright because what we have is wanted and needed all around the world. We want to make sure that we're continuing to attract that investment that makes this happen. And I think that we're probably going to be the province that benefits the most, and I think that's really the answer you were pointing to.

Ms. Ryan: — I think also for whatever reason, we're one of the best kept secrets. And it's time for us to get out and sell ourselves and tell the world how good we are and the rest of Canada.

I moved here from Ontario — a lot of years ago because my kids were born here. But I was surprised at attitude. And I think our attitude has to be one of more positivity, less negativity in moving forward and making change. Yes, we're going to have to accept change. And we'll help to make change. But we can't be the best kept secret in Canada any longer.

Mr. Stewart: — Thank you. That's all I have, Madam Chair.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you, Madam Chair. In your comments, you mentioned that basically AIT has failed in many

respects. The goals I think were lofty some 12 years ago and simply haven't been achieved to what was hoped back then. And the TILMA agreement is Alberta and BC's answer to the failures of TILMA. I guess my question is, in that TILMA has provisions that make it a stronger free trade agreement than the AIT agreement, do you see other jurisdictions within the country being interested in wanting to join the TILMA agreement from your respect?

Mr. Thomarar: — I think there may be jurisdictions that, for whatever reasons, may not feel that they have as much interest in being participants as we do. But I think certainly where, as you suggested, it's perceived that the original agreement in 1994 has not been effective because of the lack of enforcement mechanisms or dispute resolution mechanisms that actually were effective. But I don't think that because this has more potential to be effective that it's actually going to be a deterrent for others to want to participate. It's actually going to encourage people to participate because it's something that may work and prevent the sort of situation that we have seen in the Quebec circumstance that was cited by the Greater Saskatoon Chamber of Commerce, for example.

So I think really there's more in . . . If you see something that has the propensity to work and be effective, I think you'd rather be at the table than not because it's in the best interests of your province and your jobs and your businesses that you're represented and you're a player.

Mr. Chisholm: — Thank you, Madam Chair.

The Chair: — Well committee members, if you'd beg my indulgence, I haven't done this during the couple of weeks we've been here, but I have just two questions I'd be really interested in an answer, if that's all right.

The first one . . . and I have to say I agree with Ms. Ryan when you say we're a best kept secret and one of the best campaigns the chamber of commerce had was Up Yours, in speaking to Saskatchewan attitude. And we all need more of that.

But I looked at the background papers our officials had prepared for us. And according to the OECD, we were the second next to Manitoba in being one of the most open jurisdictions for trade and investment and those kinds of opportunities and third in the volume of trade next to some of the larger provinces to the east.

So I'm wondering why you would use the term protectionism? And I guess following that, the Lloydminster chamber came, and when they did give us one example of protectionism as Ms. Crofford asked, it turned out it was Alberta who was practising the protectionist policy. So have you got some real evidence of where we are protectionists or trying to build a wall around our province?

Mr. Thomarar: — I wouldn't suggest that it's necessarily Saskatchewan. I think we can cite other examples where the province of Alberta has been less willing to let Saskatchewan participate, in the economy of Fort McMurray for example.

So I don't think that we would suggest . . . and I can't speak for OECD or speak for people that would interpret their numbers in

any way they wish. But it's a case of where this agreement is intended to deal with the fact that Saskatchewan should be able to participate and invest in Alberta, as it has done, and vice versa. I do feel that what we suggest or what we infer, even if we don't mean to by not participating, is that we do not need investment, and we do not need to be a participant in the economies of the two Western provinces. And that's clearly not the case when 43 per cent of the trade we have in Canada does go to British Columbia and Alberta.

Much of what we talk about in terms of barriers, etc., some of it's red tape. Some of it is recognition of prior learning. Some of it is the credentializations, some of these issues that in my working with your government departments we all recognize and we all are working on. And if we can work at the table with our trading partners to the West, I think we start to achieve synergies, and we start to achieve streamlining in our ability to deliver educational system to grow labour forces, to administer building codes and road building standards and different things such as that. So I'm not one to speak very highly on the word protectionism, but I do think that we can deal with irritants and red tape.

The Chair: — Thank you. My last question is just a numbers question — and I'm not sure if you would be able to answer, but perhaps if you could get the information to the Clerk — in the Saskatchewan, in the CFIB [Canadian Federation of Independent Business] report and then you've used that in your report on page three, that 83 per cent of respondents to their survey agreed that we should join TILMA, but it doesn't say how many respondents. Do you know how many responded to that survey?

Mr. Thomarar: — We'll ask when Marilyn Braun — she's vice president of CFIB Saskatchewan — and when she returns, we'll ask that she send you that information, Madam Chair.

The Chair: — I'd be really interested if you could. That would be great.

Mr. Thomarar: — For sure, absolutely.

The Chair: — Thank you and again thank you for your time this morning in making your presentation. We appreciate the information and the candour and the answers to the questions you provided and wish you well in your organization with further growth and deliberation.

Mr. Thomarar: — Thank you so much.

Ms. Ryan: — Thank you for the opportunity, Madam Chair, of being here.

The Chair: — I'm going to say this committee stands recessed until 1:30 when we have the Credit Union Central of Saskatchewan, and so I'd urge members to be back promptly. Thank you.

[The committee recessed for a period of time.]

The Chair: — Before we ask the first presenters to come forward, we've had many, many presentations of varied interest but we did have one presentation from Steven Shrybman who'd

been involved in the UPS-Canada Post case, and he was saying any day now that deliberation should be reaching its conclusion. So I was going to ask our researcher to share with you what he's found as the latest news on the Internet.

Mr. Carpentier: — The news is that Canada Post defeated the UPS in the major free trade case. Canada Post has won a key trade dispute against a US delivery company, setting what trade analysts say is a key precedent that will make it difficult for other companies to challenge Canada, Mexico, and the US under NAFTA. So that's the synopsis of it, that UPS has lost the case against Canada.

Ms. Crofford: — Is there an appeal process now, or is that done?

Mr. Carpentier: — There is no appeal of a chapter 11 ruling by a NAFTA panel. The constitutionality of chapter 11 has been taken to the domestic courts of Canada and the US, mostly by environmental and social issues groups, but with little success.

**Presenter: Credit Union Central of Saskatchewan
(SaskCentral)**

The Chair: — Well committee members, welcome back from a much welcome break and lunch hour. We are in our final afternoon of hearings, and I really thank the members for your diligence in being prompt and for your attention to the presenters. And I am sure the afternoon will be seeing the same kind of rapport with those who come forward. And we already know they're going to be exciting to have with us today.

So I welcome Credit Union Central of Saskatchewan. And we welcome you this afternoon — Mr. Sid Bildfell, chief executive officer, and Gordon Lightfoot, president of the board of directors.

As I've mentioned to other presenters, the format we've been using is about 15 to 20 minutes for overview remarks and presentation. We're being audio streamed, and also Hansard is recording, so those things that you would want to present to a wider audience and have recorded in the *Hansard* if they would be a part of your verbal presentation. And any paper and material you're providing to us — we already have your presentation before us — if there's something as a follow-up that you feel, from the questioning, that you want to get back to us through the Clerk's office, we would all receive a copy of that. We thank you for the time and attention you're taking to this issue before us as a panel and would welcome you to begin your presentation.

Mr. Lightfoot: — Okay and thank you, and just thank the committee for allowing us this opportunity to participate in the consultation process. We appreciate that in order for the government to consider TILMA's impact on Saskatchewan, an in-depth and extensive public consultation is required. And I know that you said today is the last day, but we hope the consultation process continues.

Sid and I will both be talking to you today about why Saskatchewan credit unions support the concept of an interprovincial trade and harmonized legislation, and at the same time we'll explain the necessity to maintain the highest

standards in financial services regulation.

So first just a little bit about Credit Union Central of Saskatchewan or SaskCentral as we like to call it. SaskCentral is a democratic financial co-operative that acts as a trade association for the credit unions in the province. We supply financial products and services to a network of the credit unions throughout the province.

The democratic structure of SaskCentral includes a board of directors elected from among delegates that are elected and appointed by the credit unions across the province. And these directors act as, and delegates, act as liaisons with credit union leaders, providing policy direction on behalf of our member credit unions. We represent 75 member credit unions that serve more than half a million members in 274 communities in Saskatchewan.

Our perspective is brought to you today on behalf of the Saskatchewan credit unions. While we represent a provincial view, we respect the autonomous nature of credit unions and that a credit union might hold an individual view, just as opinion is varied among the broad participants in this consultation.

And I guess what I would say at the same time, I think the view that we're putting forward is supported by the vast majority of the credit unions. We've done some of our own consultation with the credit unions across the province, but there may be some that do not support the position put forward by us. Sid.

Mr. Bildfell: — Well thank you. I'm mindful that I'm between you and the end of the session, so I'll try to keep it rolling along. I too would like to extend my, I guess from an operational perspective, my appreciation for us having the opportunity to explain our perspective with respect to interprovincial trade. We all recognize a very complex issue and we also appreciate there's a wide range of opinions from across the province. Time for meaningful consultation and debate will enable the members of the government to make a very informed decision.

We believe the credit union system has a major impact on the economy and social fabric of Saskatchewan. Credit unions are major employers in our province. More than 3,000 people are employed directly from credit unions. Another thousand or so are employed by our partner organizations like Concentra Financial and Celero Solutions.

In addition about 700 board members who are locally elected by members of their credit union provide strategic leadership and oversight to professional management teams who run the day-to-day operations of the 75 credit unions our president just mentioned.

Saskatchewan credit unions hold on-book assets in excess of \$10 billion. They generated about \$675 million in revenue last year. Our lending amounts to 7.7 billion, which includes 1.7 billion of credit to businesses, most of which are small- to medium-sized enterprise. I'm particularly proud of the fact that the survey of the small business conducted by the Canadian Federation of Independent Business ranked credit unions number one based on levels of satisfaction with service, loan

availability, and fee structures. We hold about 29 per cent of the mortgage market amongst the traditional mortgage lenders in the province and about 27.5 per cent of outstanding farm debt. Last year Saskatchewan credit unions returned about \$22 million to their members in the form of patronage dividends and retained equity.

Now that you have a better impact of the impact of credit unions, Gordon would like to explain our perspective on interprovincial trade.

Mr. Lightfoot: — So while we recognize that financial services are not covered in the TILMA right now and will be considered during the two-year transition period, given this, we are taking the opportunity to express our views specifically in relation to the agreement's impact on provincially regulated financial services.

The Saskatchewan credit union system has long been an advocate that legislative flexibility should be available to credit unions. Such legislation requires regulatory harmonization at the federal and provincial levels, and competitive preference should not be given to any participant in the financial services industry. We welcome the opportunity to compete, and we encourage the removal of protectionist regulatory barriers that constrict consumers' choice in access to financial products and services.

The TILMA principles are consistent with many of the Saskatchewan credit union system's public policy positions in that the agreement supports the removal of regulatory barriers and the harmonization of regulation. This direction was the foundation of part XXI, the extra-provincial credit unions, introduced into The Credit Union Act of 1998. In this section of the Act, a significant framework was included to enable credit unions from other jurisdictions to operate in Saskatchewan.

This bold step was introduced in anticipation that other provinces would follow with similar flexibility. After all we actively compete with federally regulated financial institutions that operate on a national and global scale.

One of the reasons this aspect has not been proclaimed is that significant work to develop regulations is required. And in the development of regulations, the complex issue of regulatory harmonization needs to be addressed. We'd like to provide some insights into the complexity of the undertaking. This complexity is based on the history and difference in approach among provincial jurisdictions. However based on the credit union system's direction and needs, it's apparent that the time to resolve the issue is fast approaching, if not upon us.

I'll turn back to Sid now to talk about the bit of history on the legislative and regulatory framework for credit unions.

Mr. Bildfell: — Credit unions have traditionally played an important role in the financial services sector in our province, and that success is demonstrated as we enjoy a 53 per cent provincial market penetration rate. Building upon co-operative principles, credit unions have been able to provide competitive retail, agricultural, and business financial products and services. Credit unions are proud of the strong history of contributing back to communities, and they operate both through direct

financial contributions and their community involvement.

The system is undergoing rapid and profound change. The driving forces behind this change include growing member expectations, increased competition from other financial institutions, evolving technologies, changing demographics, and globalization. As a result, two main themes or trends are emerging.

First is consolidation. Mergers and amalgamations are resulting in fewer however larger credit unions. The second — diversification. Credit unions are expanding both along geographic scope of operations and the products and service they offer to their membership. In the period 2002 to 2006, the number of credit unions was reduced from 128 to 75. During that same period, the number of credit unions that went down, on-book system assets grew from around 8 billion to \$10 billion.

The objective of mergers and consolidations has been to achieve economies of scale, maximize our efficiencies in order to enhance our competitiveness in the marketplace. This is not unique to Saskatchewan. This is in fact a national trend.

The extent of credit union consolidation has been limited to provincial boundaries. The extent of geographic diversification of the credit level is also constrained within our province. The reason for it is, is that each credit union is created and incorporated under our provincial credit union legislation, so must adhere to provincial regulatory and legislative requirements. Each provincial jurisdiction in Canada has its own separate and distinct credit union legislation and regulatory environments. While there are similarities between each province, provincial crediting legislation is not totally uniform across our country.

Saskatchewan credit unions have been exploring opportunities for cross-border service delivery and for interprovincial business relationships for more than a decade. For example, we created an established joint ventures among our wholesale service suppliers to achieve volume efficiencies in technology services, electronic transactions, and payment services. We've established the first federally regulated retail financial services association in Canada to effectively utilize capital, expand our market reach in support of credit unions with commercial credit, leasing products, and services.

In most jurisdictions, legislation provides business power capacity for credit unions to operate outside of their host jurisdiction. However home jurisdictions restrict credit unions from outside the province to exercise these business powers and conduct business within that province.

Similarly provincial credit union legislation does not provide a legal structure to merge or amalgamate credit unions to operate across provincial boundaries. In particular the challenge that Saskatchewan credit unions face in meeting the needs of their members to conduct business across provincial boundaries is a restriction that a credit union created in one province is not entitled to operate or carry on business as a credit union in another province.

In 2000 new legislation for credit unions in Saskatchewan was

proclaimed — The Credit Union Act, 1998 and corresponding regulations. This new legislative framework was developed at the same time as the federal financial services legislation was being reviewed. The opportunity at the time was the Saskatchewan credit union legislation was developed roughly equivalent in approach with the federal Bank Act, relying on this model and diverging where considered necessary to reflect the co-operative business model and the provincial regulatory structure for credit unions.

The Saskatchewan credit union Act is intended to be enabling legislation, leaving significant flexibility to regulations and regulatory authority through business practice standards.

Having said this, the degree to which each province relies on self-regulatory organizations differs. Saskatchewan has the distinction of having in place the first deposit protection agency in Canada. In addition the Credit Union Deposit Guarantee Corporation is unique among its peer regulators in that it's neither a government agency nor a credit union system organization, but is independent of both governments and credit unions. This corporation focuses on deposit protection and credit union solvency and is empowered through legislation to establish sound business practices to be followed by credit unions.

The corporation's regulatory approach is based on two objectives. The first is to establish principle-based, prudential regulation driven by the best practices from around the world. The second is to maximize the long-term protection of credit union depositors while supporting the competitiveness of our credit unions in the province.

British Columbia has also taken a unique approach to its financial institution legislation and is significantly different from other provincial jurisdictions. BC is the only province to have a single, encompassing Financial Institutions Act which covers insurance, trusts and loan, and credit unions. While BC does have a Credit Union Incorporation Act, this deals only with issues exclusive to credit unions.

The BC Financial Institutions Act does not follow a template or model from other jurisdictions. There are significant differences in credit union legislation and regulation in BC, Alberta, and Saskatchewan. Key differences include regulatory capital requirements, level of deposit guarantee, credit union business powers, operation of statutory liquidity programs, structure of the monitoring, reporting, and compliance regimes, taxation, corporate governance, democratic structures.

Just to give you a sense of the complexity, I'd like to use one as an example. In order to ensure financial viability of each credit union and the stability of the credit provincial system, regulatory authorities in each province set and enforce regulatory capital requirements for credit unions. Capital enables a credit union to undertake initiatives that have uncertainty — opening branches, introducing a new product or service. Capital also serves to cushion the credit union against losses and to provide sufficient funds to pay depositors in case of financial difficulties.

These capital requirements are set out in regulations in the Credit Union Act in Alberta and the Financial Institutions Act

in British Columbia. In Saskatchewan, in keeping with our model of flexible legislation and self-regulation, capital requirements are set by the Deposit Guarantee Corporation in standards of sound business practice.

Our capital framework is modelled on federal and international standards with minor revisions to account for the co-operative ownership structures.

Capital is classified in two tiers. Tier 1 capital is the credit union's primary and highest quality capital. To qualify, it must satisfy the characteristics of permanence, free from mandatory charges, and not subordinated. Capital 2, while contributing to the strength of the credit union, falls short of these capital one standards.

In Saskatchewan a credit union must maintain tier 1 capital equal to at least 5 per cent of total assets; it's known as a leverage test. In addition, tier 1 plus tier 2 capital must equal to at least 8 per cent of risk-weighted assets. In this calculation, assets are weighted to account for different risk levels in each asset category.

Saskatchewan's philosophy towards regulatory capital is based on two principles. The first is that the federal and international regulators have put a great deal of thought and expertise into regulatory capital standards, so their work should be taken as a reference point for other jurisdictions including provincially regulated credit unions.

The second is that, as credit unions grow, to compete with their national and international financial services providers, their reliance on capital support growth and risk management will be comparable and on a similar scale.

Both Alberta and British Columbia include a notion of primary and secondary capital in the definitions of the regulatory capital for credit unions. However capital in both provinces include elements not eligible for inclusion at either the Saskatchewan or federal definitions of regulatory capital such as reserves and deferred income tax. Additionally British Columbia is the only province that includes regulatory earnings held at the provincial central Deposit Guarantee Corporation and the Canadian central in their definition of credit union regulatory capital.

In terms of capital standards, British Columbia does not enforce a leverage test. In Alberta credit unions must maintain regulatory capital of a minimum of 4 per cent of total assets compared to 5 per cent here in Saskatchewan. There are also variations on the risk weights prescribed by each of the credit unions' assets categories. From our perspective, it's imperative that harmonization should require adoption of capital standards based on national and international standards for safety and security. Regulatory capital is just one example of where the approach to credit unions differ across our provinces. Harmonization of other areas would be equally as complex.

In the event that the government proceeds with participation in TILMA or other similar trade agreements, it's important that Saskatchewan credit unions be consulted and involved in any negotiation involving reconciliation of financial services legislation. Given the existing differences when it comes to credit union legislation in our three provinces, we believe it's

imperative that legislative harmonization move towards national standards, not to the lowest common denominator.

Before I turn back to Gordon for some brief closing comments, I would like to say that we welcome this opportunity to explain why we believe the provincial government should participate in TILMA to ensure that the interests of Saskatchewan is represented in negotiations toward interprovincial trade, investment, and labour mobility. We believe there's more to be gained by active participation and having a voice in the design of a broader economic region for business opportunity rather than standing by and reacting to the results of that change.

From a financial services perspective, credit unions welcome the opportunity for harmonized federal and provincial regulation that provides for a competitive business environment on a national scale. We can hold the assumption that constructive harmonization can lead to business opportunity in a stronger economic region providing for increased market diversification and access to greater economies of scale.

Mr. Lightfoot: — Thanks, Sid. Just to summarize the Saskatchewan credit union system has been a proponent of adopting federal and international standards in the international . . . or in federal institution regulation. This approach maintains credit union financial stability, consumer confidence, and credibility in the financial services industry. It would be in the credit union system's expectation that any negotiations on credit union regulatory harmonization would uphold these principles.

It's difficult to comment on other sectors contemplated by TILMA given that beyond the general principles of the agreement, the specific details are not known. Our opinion is drawn on the expertise within the business sector that we represent. And it's our view that participation and consultation are necessary to achieve the constructive outcome of the economic growth through freer and broader national trade and investment. And we would welcome the opportunity to participate in any working committees that might be established for these negotiations.

So just thanks again for allowing us the opportunity to explain why we believe the provincial government should participate in TILMA, and to ensure that the interests of Saskatchewan are represented. So Sid and I would be pleased to try and answer any questions.

The Chair: — Thank you very much for your presentation. We do have a speaking order and I'll begin with Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. I want to start by getting some understanding of where you think . . . There is some significant difference in your presentation from the legislation regulatory regimes in Alberta, British Columbia, and Saskatchewan. And you go on to say, as an example, British Columbia has no leverage test for capital, where Alberta is at 4 per cent. We're at 5 per cent.

What is the best industry standard for the protection of depositors? And I'm not clear. I believe it's 5 per cent for banks, but I'm not sure. Could you . . .

Mr. Bildfell: — With respect to the approach that we've taken for regulatory standards in Saskatchewan, what we've used as a model is both the international standards or BIS [Bank for International Settlements] as it's known, as well as the national standards that are applied to all federally regulated financial institutions. And the reason we've done that is for a couple of reasons.

We believe strongly in a safe, secure, well-capitalized, regulated industry, so we just start from that premise. The second premise is that the financial services industry is a global industry and therefore if credit unions want to compete for their business in an effective way and a level playing way, then they ought to be held to the same standards as other financial institutions. So that's the point we're trying to make, that it's important from an industry perspective that Canada has international standards for financial institutions and we should be applying that to credit unions.

The point we're making here is, as the government looks at the deliberations around TILMA, if that's the ultimate decision, we're saying that it's important that we think carefully about financial services regulation and application of standards so that there's not inadvertently an unlevel playing field on the competitive framework.

Hon. Mr. Yates: — Thank you for the answer. Throughout these hearings I guess it would be safe to say we probably have more questions than answers ourselves as committee members. And we'll have the opportunity to meet with officials from BC and British Columbia next week. And hopefully get the answers from a number of questions.

But there is a premise to the document, the TILMA document, that would suggest that in most cases — now, you know, I don't think you can say always because everything of course is up for discussion — you would probably go to the lower denominator because it would . . . to move to a higher denominator could create a financial disadvantage to one of the jurisdictions particularly that didn't have, in the case of credit unions, didn't have the assets or the base at the higher level, right.

But I can see the advantage to also having harmonization of the rules, the ability to expand and perhaps even amalgamate with, you know, credit unions in other jurisdictions to form a more level playing field with the banking industry in Canada. And I can see the interest in that from the credit unions' perspective.

What it boils down to . . . And I don't think anybody disagrees with any of those objectives. I think they're good objectives. Just like I think the advancement of trade everybody agrees with. The issue becomes, is TILMA the right tool to do that? It's a tool that has the reverse onus that we currently would see in the AIT which has the ability to negotiate and come to consensus. Under TILMA if we don't come to a consensus it goes to a trade panel and looks to the least intrusive measure to advance the interest of the party.

The Chair: — I've been listening and I know there's a question there.

Hon. Mr. Yates: — It's coming right now. Does that type of mechanism, in trying to achieve what you want to achieve for

credit unions — which is, as I read your document and I think I've heard for a number of years as we've been through the discussions, creating a level playing field with the banks in the financial industry — does that do it, or does that create other problems for you?

Mr. Bildfell: — The chairman may want to respond from a policy perspective as well. I would say that I would hold to our view that we ought to hold ourselves to the highest standards from a financial . . . We are in a very competitive industry and, at the same time, we are in a trust industry where people give us their savings. That's a significant responsibility. And from our perspective, we ought to hold ourselves to those kinds of standards.

We're trying to say here is that much work would need to be done to, in our view, bring it to those kinds of standards. Perhaps there's a period, as an example, that could be achieved. So it . . . Maybe not day one. Maybe it's a goal we set — in five years everybody will be at that international standard. I only use that as an example. I don't know that would at the end be a practical way. But we're pretty serious about holding ourselves to the standards of others.

Hon. Mr. Yates: — My final question, I guess, would be then if we could not maintain those high standards, would you still be in favour . . . If through our deliberations, our discussions with officials from British Columbia and Alberta, if it became clear that we wouldn't be in a position to protect those types of things that are important to you in negotiations, would you still favour moving down the path of . . .

Because you have two conflicting interests there. You have your standards and then you have the broader business objectives of being able to participate in a broader market, which could be in conflict with one another.

Mr. Lightfoot: — I think we would still like to be a part of it but not if it was moving to the very, to the lowest common denominator. I don't think we could support that.

Credit unions like on the east side and west side of the province in particular would like to operate because . . .

Hon. Mr. Yates: — Makes sense.

Mr. Lightfoot: — Members are going into Alberta and would like to be able to access or do business. But we have, like through our Deposit Guarantee Fund . . . That's another difference that Sid didn't mention or we didn't go into a great deal of detail on it, but we have a 100 per cent guarantee. And that's part of the reason we have the high standards that we do have in Saskatchewan, so we can be sure that that 100 per cent guarantee is secure.

Hon. Mr. Yates: — Thank you very much. Those are all my questions.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you. I'm from the Lloydminster area so I'm quite aware of the interprovincial differences. I guess from a practical point of view we have two very good corporate

citizens in Lloydminster, one on the Saskatchewan side and one on the Alberta side, and to some extent they compete against each other to be good corporate citizens. So it may be a disadvantage for Lloydminster if we are harmonized and there's only one credit union that can be called upon to support community events.

You've mentioned the differences between the three provinces. I wonder if you could just kind of go through those quickly again. And is there like a Canadian umbrella association that has been working on harmonizing over the past besides the . . . or is that just through the banking regulations? Just I'd like to know.

Mr. Lightfoot: — I'd let Sid comment on that again. I, as well as being the Chair of SaskCentral, I do sit on the Canadian Central board. But Sid is far more aware of the detail of the question you're asking so I'll let Sid answer.

Mr. Bildfell: — To your second question the . . . [inaudible] . . . the credit unions are provincially regulated so there is no national credit union legislation in this country. Other countries you can but in this country you cannot have a national credit union. So each credit union system is provincial and has its history and all the rest of it comes with that fact. So while there are many very similar powers and capacities for credit unions across the country as they respond to their markets, that also history has created some quite unique differences.

So with that as a backdrop I would say as a general statement that the credit unions in Saskatchewan have the, as we've mentioned earlier, we hold ourselves to the highest standards of international and national competitors. And at the same time we've been granted by the province of Saskatchewan over, you know, the last 60 years a business, a quite broad set of business powers. So that sort of responsibility and authority comes with prudential management and all the rest of the things that come hand in hand. So we do find ourselves in a very positive environment from that perspective.

As to the differences, those differences range all the way from — as our chairman indicated — for an example, the level of deposit guarantee in British Columbia is guaranteed at 100,000 per depositor; in Alberta and Saskatchewan it's 100 per cent guarantee so no matter what the limit is. It may sound well, you know, it's simple; we'll change that. It's not quite that simple to change to 100 per cent and that sort of thing.

The business powers and capacities between credit unions differ substantially. A number of the credit unions in British Columbia, for an example, own and deliver insurance products and services in their branch locations. They don't in Alberta nor do they in Saskatchewan. Saskatchewan credit unions can own insurance brokerages, insurance agencies. They cannot in Alberta. So you really . . . it becomes quite a substantive piece of work to go through the differences.

We have different levels of requirements for liquidity, to hold in a special liquidity account for credit unions and they're at different levels. And what qualifies as liquidity is different in each jurisdiction.

So, and I don't want to avoid the question. I can tell you that

when you get into the details of the operation they are really quite substantive. The end result is, from our perspective, if it's the decision to go down the road of the TILMA, then we need to work very carefully with all parties of government to make sure those differences are understood and look for appropriate solutions.

Mr. Chisholm: — Thank you very much.

The Chair: — Ms. Crofford.

Ms. Crofford: — Right now the agreement is a very high-level agreement. It's taller than I am. And what I think is unclear and what people are uncomfortable about is who actually has the ability to have input into the decisions that are being made.

Now are you comfortable as credit unions with having the Government of Saskatchewan represent your interests at that table? Or do you feel that for the understanding of your industry you would actually need to have some representatives at some table somewhere in the discussion?

Mr. Lightfoot: — Now as part of what we were saying was we would be willing to be a part of any future consultations.

Ms. Crofford: — Actively there.

Mr. Lightfoot: — And actively there if that's what would be desired. Just volunteering that, we could do it.

Ms. Crofford: — There was — and we have to ask the officials again from BC and Alberta when they're here because we don't know — but there seems to be some notion that one of the things that didn't push things as quickly as they needed to in AIT is that there was, sort of, no end date. Like you get it done by then or else, or else we will just declare it so. Now in this particular instance it sounds like there's a lot of intricacy, and you might not necessarily want to be bound by a "or we declare it so" clause. Because the notion is if you get a business licence in BC, you automatically have one everywhere else even if the standards are different. Can you live with that?

Mr. Bildfell: — I think we'd have some difficulty. Backing on the chairman's comments, if that's the direction the government go, we would be . . . We can't insist what you do. We would be most appreciative if we're at the table early to help, to help shape and design which would be best for the whole region.

Ms. Crofford: — Now I gather from your comments that you see yourselves, and I want to be sure about this, being at the same table as banks and other financial institutions, not a separate credit union table necessarily.

Mr. Bildfell: — The federal . . . the legislative environment would not impact the banks. So could you please help me with the question?

Ms. Crofford: — Well it's just that you're in a lot of the same business.

Mr. Bildfell: — Yes.

Ms. Crofford: — And part of under TILMA, if someone can

charge that you have an advantage that they don't have in the same industry, then the tribunal could make . . .

Mr. Bildfell: — Yes, yes . . .

Ms. Crofford: — A ruling.

Mr. Bildfell: — Yes, yes, we would want to be represented, clearly, at any of those kind of discussions. Absolutely.

Ms. Crofford: — Okay. The other thing is you support a lot of Saskatchewan business — and I personally thank you for that — as well as looking after my money in a secured way. I thank you for that as well. But on procurement, any of the businesses that you finance, do you actually know how changing the procurement rules from 100,000 to 10,000 would affect the businesses that you secure?

Mr. Bildfell: — We have done no research on that, nor could I point to any factual data we would have on that, so . . .

Ms. Crofford: — I asked the people representing the CFIB and the chamber the same kind of question to see if we can get some feeling of certainty on that.

The Chair: — Just to keep the record clear, it's in procurement 100,000 to 75,000.

Ms. Crofford: — Yes. But there's also one that goes down to 10.

The Chair: — Yes. It was 25 and goes down to 10, and I think that's in . . .

Ms. Crofford: — Construction, yes.

The Chair: — Construction. The other one is a procurement.

Ms. Crofford: — Okay. And my very last question . . . Sorry to be so long but I do think that we've had a couple of examples during this two weeks that I think give us the kind of examples we really need to put our teeth into about, okay what does this really mean? And the thing we've really been short of the whole time is anything on investment. This is one of the first pieces we've seen in any detail that really has to do with the investment structures themselves. Do you anticipate under a TILMA that you would have direct challenges from the banking system as to your, any preferred status you might have in providing financial services?

Mr. Bildfell: — I would welcome the opportunity for the challenge.

Ms. Crofford: — It's more the other way around, eh?

Mr. Bildfell: — Yes.

Ms. Crofford: — Okay. Thank you very much.

The Chair: — Are there further questions of our presenters? As has been mentioned, we have been bemoaning the fact that not a lot of the investment industry has come forward. And we're trying to understand how this would impact in all sectors and so

really appreciating the thoughtful presentation that you've made and the information you've provided. And as I mentioned earlier, if you have any follow-up information you want to present to us, we'd be pleased to receive that. So we thank you very much for the presentation this afternoon.

Mr. Bildfell: — Thank you for the opportunity.

Presenter: Saskatchewan Government and General Employees' Union — Anti-Privatization Committee

The Chair: — Our next presenter would be SGEU [Saskatchewan Government and General Employees' Union], the anti-privatization committee — Gayle Marteniuk, the coordinator and Chair.

Thank you very much for appearing before our committee. We have in hand your written material. I've mentioned to other presenters that there's about 15 or 20 minutes for an overview, and we'll open for questions. If there's information you want to have recorded in *Hansard* or streamed out into audience, please include those in your verbal reporting. And we're looking forward to the time that we would be able to ask questions of your presentation. So please begin when you're ready.

Ms. Marteniuk: — Thank you very much. I am going to start out — yes, Gayle Marteniuk; thank you very much for allowing us the opportunity to give a bit of history. As I'm sure you've heard over the last few days, the Saskatchewan Government and General Employees' Union represents over 22,000 citizens of Saskatchewan working in a range of diverse sectors across the province including health care, education, community services, the provincial public service, Crown corporations, and the treasury Crown corporations. And we are pleased once again to be here.

SGEU urges the Saskatchewan government not to sign TILMA. We have three principal objections to the agreement. TILMA poses a fundamental threat to public policy and public services through its far-reaching, unprecedented provisions. We feel the exemptions are weak, badly worded, and likely to be of little use in the event that the government is challenged. TILMA's dispute process creates new enforceable rights for private interests to challenge governments and get compensation. TILMA is a disproportionate response to a problem that is already minor.

Number one, TILMA's threat to public services and Crown corporations. Saskatchewan's Crown corporations and treasury Crowns would be at risk if the province signed TILMA. SGEU has taken a long stand against the privatization of liquor sales in Saskatchewan. However a TILMA panel could rule that publicly run liquor stores create an obstacle to BC and Alberta private investment, in violation of article 3.

The movement of large US liquor retailers such as Liquor Stores Inc. — who you may have heard over the news lately just bought out Liquor Barn, so they're even a larger corporation — they've already proven detrimental to the smaller liquor retail business owners in Alberta and BC now as well. As it stands, it appears that Saskatchewan is the second least privatized province in the country for liquor sale. You may want to add in there we're second only to Alberta. We currently

have 192 franchisees operating in comparison with 80 liquor stores.

I myself work for the Saskatchewan Liquor and Gaming Authority, and I could sit here for hours and tell you stories that ... Well I could tell you stories of the dreaded effects of alcohol and what it does to people. I've worked in the stores long enough that I've now seen the second generation of alcoholic come in, the one who brought his son in every morning to the store. The son is now 19 years old and appearing on our doorstep with shaky hands.

Other highly valued Saskatchewan Crown corporations — SGI, SaskPower and SaskTel — are also at risk under TILMA. They do not exercise full monopolies over the services they provide, and they could be challenged both because they pose obstacles to further private investment, in violation of article 3, and because Saskatchewan could be seen as giving them preferential treatment, in violation of article 4.

For an example SGI [Saskatchewan Government Insurance] promotes safe driving in the province, and they have issued rebates, most recently this year and last. I'm just wondering — would the drivers of Saskatchewan have seen rebates from private companies operating under any articles in TILMA?

Moving on to TILMA's threat to public interest regulations. TILMA requires that no new standard or regulation can be introduced if it restricts or impairs investment, effectively closing the door on future government regulatory initiatives.

For example regulations introduced to improve the quality of child care could be challenged as restriction on the investments of private child care operators seeking to become established in Saskatchewan. I think we can all agree that protecting and regulating the care and trust of our children should be one of the most important items on any agenda.

While TILMA currently allows an exemption for social policy, all of the agreement's exemptions are subject to annual negotiations with the view to reduce their scope. TILMA's negotiators also left it up to dispute panels to determine whether critical policies regarding child care, health care, and education be defined as social policies.

And I'm going to include an incident here in regards to social policies. We have people sitting on a committee from WCB [Workers' Compensation Board] from the education sector, the health sector, and we hear stories. So one of our committee members who is a social worker explained about an incident where one of her clients was not able to make a doctor's appointment because the snow removal company that had recently been privately contracted out was not able to fulfill their obligations. So she missed one of her doctor's appointments.

I can go on from there and tell you about the privatization municipally of the bunny buses. Is anyone familiar with the bunny bus in Saskatoon? They've been one of our favourites. They provide transportation for people who are disabled within the city. When they contracted that out, I guess they ran into a number of difficulties. I know this personally because my father suffered a stroke. He was with us for 10 years after his stroke,

but he relied heavily on the bunny bus. The drivers were special people. The people who took the bookings were special people, and he was treated very well. We still stay in contact with some other members of the stroke association, and I have heard stories of people missing doctors' appointments.

I can't tell you when you are stuck at home, disabled, and you have one social event every three months, if you get missed for being picked up for a social event, it's a little different story when you aren't able to leave home on your own accord. So it made life very difficult. The city since then received so many complaints that they went back to providing the bunny bus services as they were before.

Okay. I hit the end of page 2 already? Is that the end of page 2? My Lord.

Okay. TILMA's weak, badly worded exceptions. Year after year, Saskatchewan would have to debate with Alberta and BC trade ministers whether critical areas like water and Aboriginal policies should be covered by the agreement.

TILMA's drafters have also left it up to panels to determine what is meant by key exemptions such as the exemption for social policy. The examples listed of a social policy do not include health, education, or child care. So I'm going to list this example: in a Saskatchewan snowstorm, which semi driver would you rather be driving behind? Is it someone who is trained at a three-day school, or someone who has trained for three months at a government institution along the lines of SIAST [Saskatchewan Institute of Applied Science and Technology]?

To end I'm going to speak just briefly on the lack of demonstrated need for TILMA. Restrictions on trade or labour mobility that do exist can and have been resolved through voluntary negotiation among provinces. In his report on TILMA for the Saskatchewan government, Professor John Helliwell has noted that trade is essentially unfettered already among provinces. There are no pressing problems for Saskatchewan that TILMA provides an answer to. On the other hand, the agreement will put many of the province's most valued policies at risk and expose the government to virtually unlimited risks on many levels and, I feel, risk for the citizens of this province.

I'd also like to add that being employed at a job that pays higher than minimum wage affords me the chance and has afforded me the chance over the years to volunteer in organizations — community organizations and volunteer organizations. I did not have the need, well the heavy need to rely on a second income in order to survive. And I don't know the employment history of individuals, but I have also worked at two and three part-time jobs in order to sustain a decent lifestyle which leaves me no time to contribute to my economy or my community. Thank you.

The Chair: — Well we thank you for your presentation, and we'll now open up for questions. Ms. Crofford.

Ms. Crofford: — Yes. I want to pursue the bunny bus a little bit. My parents are busy, using a similar service in Regina now, but my question is really, is the concern under TILMA that once it went private and was found lacking, would it be able to

go public again? Is that part of the concern? Is it possible to make a choice?

Ms. Marteniuk: — Well it is certainly part of my concern, but with that example I was just trying to illustrate what can happen when services do go . . .

Ms. Crofford: — Their quality of service.

Ms. Marteniuk: — Yes.

Ms. Crofford: — You've posed some excellent questions that we'll have to ask when we have the people here who are actually in the centre with the questions around child care. I think that's a good example so I think I'll leave it at that right now. But I just wanted to clarify was it the concern that once something did — for whatever reason — end up in the private sector for a while could it be . . . Oh, I know what else. I did have another question that I wanted to ask you about the liquor stores.

Now originally I think the thinking was in Alberta when these liquor stores were privatized that it would give a lot of small entrepreneurs an opportunity to run a business. But in fact what the experience has been that these small enterprises are now being taken over by bigger enterprises, and that benefit of having lots of opportunities for small entrepreneurs is eroding.

Ms. Marteniuk: — Yes, it is. And that . . . I do have stories. Oh I have plenty of stories; I could sit and talk all afternoon. But in one centre in Alberta, friends of friends opened up a liquor store. At the beginning they were enjoying quite a good business, then it became there were too many liquor stores opening so no one in the city was doing well. Basically because there were too many, right, oversaturated? Then a Liquor Barn, before it was bought up by Liquor Store, had been announced that it was going to be built in that city so they were very . . . Their business had declined already to begin with and as far as resale for it, now they didn't know what, they didn't know what they were going to do.

Ms. Crofford: — Thank you.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you, Madam Chair. And thank you for your presentation as well. One of the things you suggest is that TILMA is a disproportionate response to a problem that is relatively minor. Do you think the problem of trying to attract investment capital to a province like Saskatchewan, with an underdeveloped economy, is minor?

I mean all of our industries need investment; they're all underdeveloped. None of them are mature. Can you really, honestly say that you think attracting investment to our province is a minor thing?

Ms. Marteniuk: — Well I know that was rather a blanket statement. My fellow committee member with the education sector, who's also been around for a number of years, could probably give you a more detailed answer to that. My concern is with the average citizen and how it affects them. Did that answer your question?

Mr. Stewart: — Well no. Do you think a failure on our behalf to attract sufficient investment to develop our industries and employ people doesn't affect the average citizen?

Ms. Marteniuk: — In what way would you be directing toward?

Mr. Stewart: — Well if we can't attract investment capital, we can't provide jobs, and people will be unemployed. I would think that would be a . . .

Ms. Marteniuk: — I see where you're going with that, yes.

Mr. Stewart: — Do you have any comment on that?

Ms. Marteniuk: — I can certainly see where you're coming from in that direction; however I also see the other side.

Mr. Stewart: — Thank you.

The Chair: — Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. On the first page of your presentation, in the very last sentence you say, we are the second least privatized. Should that not be the second most privatized?

Ms. Marteniuk: — I apologize for that. Thank you. We're the second most privatized. Thank you.

Hon. Mr. Yates: — Thank you. And my next question goes to . . . Could you give us an update, if you could, what the situation would be with the liquor stores in British Columbia? I know in Alberta that they have, it's privatized, but what is the situation in British Columbia today?

Ms. Marteniuk: — It's growing as well. We just actually met with a number of components from there as well as other places. They're losing their stores. Each province has their own names for private sale liquor vendors. Ours are franchisees. They have agency stores and because of their wine regions they have agency stores and specialty wine stores. They have noticed in the last couple of years that the commission has gone up — I believe it's up to 35 per cent now — that they're paying for people who are running the specialty wine stores, so they are indeed opening up the privatization market.

Hon. Mr. Yates: — Thank you very much. The last question I've asked most if not all presenters is the issue of, what should the government's approach be to the issue of trade negotiations with the provinces of Canada? Should it be on a national or pan-Canadian approach like the AIT? Or should we begin to look at approaching trade on a regional basis such as the TILMA agreement — and potentially there's, there could be other regional agreements; there could be an agreement between Saskatchewan and Manitoba — but on individual agreements between jurisdictions or a pan-Canadian approach?

Ms. Marteniuk: — Being such a large country I've also noticed that the differences in governance between regions and provinces, I don't know if it's possible to have a national strategy. However my expertise does not lay in economics. I would prefer, I believe, I would prefer to have a national . . .

Now this is not on behalf of the committee; this is my own opinion. But I believe I would prefer to have one nationally.

Hon. Mr. Yates: — Thank you.

The Chair: — Do we have further questions of our presenter? If not, thank you very much, Ms. Marteniuk, for your presentation and your answers to our questions. Best wishes on your further work and deliberation.

Ms. Marteniuk: — Thanks so much.

Presenter: Isabel Muzichuk

The Chair: — Our next presenter is an individual named Isabel Muzichuk. I believe I've probably murdered that name, but we'll have her come forward and introduce herself and she'll help us. Good afternoon. I believe we've seen your smiling face in the gallery before and, Isabel, could you help us with your last name?

Ms. Muzichuk: — You did good — Muzichuk, just like music and chuck.

The Chair: — Good. For individuals, we've allocated on our agenda about 10 to 15 minutes for overview presentation, and those items in presentation that you'd like to have as part of the written record and into the audio streaming process would be done verbally. We receive information on a written basis, and we have yours in hand. And thank you for the time and effort it's taken to develop your presentation and to come forward. Any time you'd like to begin, we'll let you just go ahead.

Ms. Muzichuk: — Good afternoon. You're hearing me? Yes? I'm Isabel Muzichuk, and I live in a rural area of Saskatchewan out at Buchanan, Saskatchewan. And I've previously worked with the SIAST institute as a nursing instructor for 25 years.

When I was looking at this, I have been involved with many people who have been doing a tremendous amount of work looking at TILMA and what it may or may not do for our province. And I'm no expert in it, and I haven't looked at the document. But I've heard enough along the way to realize that I don't think it's a very good plan because, first of all, it was done behind closed doors. There was no involvement by the general population in Alberta and BC, and I've been to a few meetings in the province and actually found that people are still not aware. And in Saskatchewan, we've probably have done a good stab of trying to get people informed but there are individuals as I travel in the province that still have no idea what TILMA is about.

So when I was looking at this, I thought I would look at it from a point of view that the gap in income has widened to the 30-year high. And I've given you an article from CCPA [Canadian Centre for Policy Alternatives]. Now I have asked if I could use their material and they said by all means; you can copy anything that you want. So that's what I'm going to use and I'm going to go through some of the statements in the thing. I'm not going to read the whole thing but I just want you to be aware that with TILMA the emphasis is on economic development. And I guess my point is, are we going to be concerned about economic development that goes forever and

ever and we don't look at the social policies to have a just and society where people needs are met?

Now if you look at the first page, Canada's huge income gap has widened to a 30-year high. It says that "Canada's growing income gap [that's halfway down] was impervious to these factors, due to several new and extreme trends."

Income gap at 30-year high: . . . between the rich and the poor is growing, and this is during the best economic conditions. In 2004, the average earnings of the richest 10% of Canada's families raising children was 82 times that earned by the [present] poorest 10% of Canada's families. That is nearly triple the ratio of 1976, which was around 31 times. The after-tax income gap has never been this high in at least 30 years, and it has been growing faster than ever since in the late 1990s, just when the economy has been firing on all cylinders.

The next thing is:

Greater polarization: This study reveals that Canadian families are experiencing greater . . . [inequity] and greater polarization of incomes compared to families raising children a generation ago.

And I'll just leave that. We'll go on to the next one. I won't read everything because then it'll take all afternoon:

The rich are getting richer: The richest 10% of Canadian families enjoyed a 30% earnings increase compared to a generation ago, the only group to experience such gains. The largest, most rapid after-tax income gains are enjoyed by the richest 10%, too.

Go on to the next one:

Bottom half shut out of economic gains: The differences become stark when we compare the top half of families with the bottom half: Between 1976 and 1979, the bottom half of Canada's families earned 27% of the total earnings. Between 2001 and 2004, their share dropped to 20.5% . . .

In sharp contrast, the top half of Canadian families saw their share of total earnings grow, from 73% to 79.5%, during the same period. Most of the increase went to the very rich 10% of families. Their share of earnings grew from 23% to 29.5% of all earnings by Canadian families.

The next point is "**Work is not enough.**" And what they're saying there is that many people have more than one job, and they're still not moving further ahead.

And next point:

Government makes a difference: While the rich still got richer in after-tax terms, Canada's tax and transfer system made an important difference. If they had to rely solely on market earnings, 40% of Canadian families would have suffered significant losses in incomes compared to a generation ago — even though they are working more. Canada's tax and transfer system stopped the freefall of incomes for almost half of the population: families raising

children.

Turn the page to, let's see, 6, I think. I just won't bother with the other one. On page 6, the second paragraph: "[Compare] . . . this generation of families raising children to their predecessors in the late 1970s, most families today are getting a smaller share of the pie . . ."

And then further down, the next one:

The numbers don't provide a ringing endorsement of the game-plan: put the focus on economic growth first, and we'll talk about the benefits of economic growth later, much later.

Second column:

Here's what's going on: while average levels of income rose, distributions of incomes became far more unequal. After two decades of profound labour market restructuring, the most recent period of unparalleled economic prosperity has not delivered the goods, on its own terms, to the majority.

The benefits of the larger economic "pie" did not reach everyone, even though everyone had helped make it larger.

We'll go over to the third column on page 6 at the top:

Only the richest 20% of Canadian families saw their share of the economic pie increase. In fact, it was the richest 10% of these families who drove all the change as their share of total earnings rose from less than a quarter of the earnings pie (23%) in the late 1970s to almost 30% . . . on average, by 2004.

Now go on to page 7: "For most of the last 30 years, [that's the middle of the page] income . . . [inequity] trends have been driven primarily by what happening at the bottom of the income spectrum." So the third paragraph:

So it follows that the rich/poor gap grows during a recession because there are more people thrown out of work or more people losing hours of work. When good economic times return, and more opportunities to work become available, more people in the poorest 10% find work and, typically, the gap narrows.

This pattern changed dramatically after the mid-1990s.

These days, during the best of economic times, the gap is being driven by the extreme gains the market is delivering to the richest 10% in what appears to be a self-perpetuating cycle. The richer the family, the richer that family is becoming.

Then we'll go over to the last column, midway through:

So the richest 10% of families are the only ones clearly *not* working more over time. But their incomes are the only ones that show solid growth.

Down towards the bottom: "Hundreds of thousands of households raising children are more 'attached' to the

workforce than their predecessors were in the . . . 1970s, but their incomes are lower today than they were a generation ago.”

Over the page, the second paragraph:

Over the past two decades, a social experiment has unfolded in Canada: Governments have actively pursued policies that support market dynamics and willingly decreased their role as a buffer against markets, particularly for the economically vulnerable.

These data underscore how critical the buffer role of governments . . . [have] remained in ensuring the well-being of all Canadian families.

Second column:

Persistent poverty next to seemingly endless abundance is an affront, to be sure. But we learn something from looking at the trends in income distribution that we cannot perceive by focusing solely on poverty (insufficiency) as though it has no context.

We see how Canadian families [one more paragraph down] are all engaged and interrelated in an economic system that is failing the majority while disproportionately benefiting a select few.

Third column, middle of the page:

A smaller share going to the majority of families raises questions about the direction in which the country is headed, and whether this trend is sustainable, let alone desirable. Again, these are the best of economic times, not a recessionary period. If we can't close the gap here, in the ninth biggest economy in the world, and now, during a sustained period of economic growth, when and where — and under what conditions — should we expect to see an improvement for the majority?

No matter how it is measured, by earnings or by after-tax dollars, the gap between Canada's richest families and its poorest families is growing — even though we were told that the current economic upsurge would help close the gap.

Last column on the next page in the middle:

The rich are getting richer, the poorer aren't getting anywhere, and there are fewer people in the middle to mediate the two extremes. We ignore these trends at our collective peril.

So what we are saying is that, economic development, if there was a closing of the gap and all people were to enjoy the increase in production and monies, but as it is in this country, there's only a small percentage of people that are actually benefiting.

Now my other part of this . . . Oh, then I have an article here by Helke Ferrie that I put in. She's a science reporter from Toronto. And she writes very good articles. I thought you might . . . I'm not going to go through it because I know it's getting

close to the time that I have. Okay it's called, "Eliminate toxic pollutants and we also eliminate cancer."

Now part of my presentation on the top said that I want to deal a little bit with environmental issues. And my concern with TILMA is that we are not going to be concerned about environmental issues significantly enough.

And of course that brings me to the thing that we are concerned about — air, water, and soil. And in this province we do not have a very good track record when it comes to managing water. And I think that we need to be very careful before we sign any agreements with other provinces in that respect because we need to put our own house in order.

The other thing is, is that you know that there are many, many environmental issues that we must be concerned about. And what I have done for you is I have placed a reference of some very good books on environmental issues. And also at the back, I highly recommend if you haven't a subscription or if you don't read this magazine, the CCPA, it's very good research material so I've given you a form on the back.

And also just this last week or a few weeks ago in Ottawa, there was a conference on cancer, and there's a new book out, and it's called 100 solutions to prevent epidemics. It's very current, and it's just a real fabulous book. I can leave it out for you to look through, but I would really highly recommend it. And the phone number is on that same page to try and help you out.

The other book that I use a lot is *The Ecologist*. I don't know if you're familiar with it. You can get it at a few bookstores. And right now they have a promotion — if you want to look at it and take your number, 25 per cent off. I only have one card though. And the other one is the *Canadian Perspectives*.

And I just want to say to you that I think the two groups . . . Well everybody's done a lot of work, but I think the Council of Canadians, who put out this particular type of literature, and the Saskatchewan Federation of Labour in this province have done a lot of study on TILMA to the point that it has helped us at least unravel some of the mystery. But there still is a lot of mystery about it.

And I guess my final comment is, why would anyone go into a trade agreement where you could be sued for \$5 million? I mean, who are we working for? Unless you have a whole load of relatives that are lawyers, I don't know why we would ever put us in that position. We have enough problems with disputes, at the level that we are in this province, to look after. So that's the first thing that hit me. Why would anybody consider going into something like this? Thank you very much for your time, and I'll try and answer any questions you may have.

The Chair: — Well thank you very much. You've got a lot of information before us and ways we can access more information. And we appreciate that you've taken the time to be here. Starting with Ms. Crofford.

Ms. Crofford: — You know it's amazing. We've been listening to people for two weeks, and I think you've brought again another perspective here today where we're being asked to examine the benefits of a growing economy for the

population at large. I do want to check one figure here that you have just because our photocopy cut it off. The very first paragraph of the very first page of the front article says:

76 per cent of Canadians believe the gap between the rich and poor is growing, and that [something] per cent believe the majority are not benefiting from the nation's economic . . . growth.

Ms. Muzichuk: — What part of the . . .

Ms. Crofford: — It's right near the very front. Fourth line from the top. I just need that number.

Ms. Muzichuk: — Oh, okay. Well this one . . . Yes. It says "Last fall, CCPA released a poll conducted . . ."

Ms. Crofford: — Yes.

Ms. Muzichuk: — ". . . showing that 76 per cent of Canadians believe the gap between the rich and the poor is growing, and that 67 per cent believe . . ."

Ms. Crofford: — 67 per cent.

Ms. Muzichuk: — Yes, "the majority are not benefiting . . ."

Ms. Crofford: — Now I guess . . . I'm trying to think here what else could cause that gap to grow between rich and poor other than the amount of economic return people get from their labour because we've got more people working than we have had in a long time. So you believe, and you're presenting today, that this is directly related to our economic and government policies — this growing gap.

Ms. Muzichuk: — Definitely. I mean it's one of the major things and if I might say so, retirees in this province for instance . . . I've spoken to a lady that's been retired for 13 years — and we're looking into this from all angles in this province — but after 13 years her base pension is lower now than when she retired. This is a serious problem. We've been really . . . [inaudible] . . . and this goes for both sides of the spectrum. Because you know that if somebody from . . . after 13 years is not at their base pension, then you can imagine the people that retired 20, 25 years — and there are some of them around — they must be way below the poverty level, and that's a shame.

I think the other thing is too is that, you know, our . . . what is it called? You know, when you go and work for minimum wage. It's come up slowly in Saskatchewan, but it should be higher.

Ms. Crofford: — The last question I'll ask you is there's been some concern about when TILMA's being negotiated, who actually gets to be in on the discussion? Do you think there needs to be representation either from different income levels or from different sectors? Or how do you think that representation could reasonably be included in a panel like that?

Ms. Muzichuk: — Well definitely, there has to be representation because even with the elected members in this province, you do not and cannot know everything that's going on out there. I mean, we don't want to admit that. But this is quite an undertaking, and I believe that you do have to have

representation. And I hope it's representation where people all have a chance to have input, and maybe then a person is to sit on the panel.

But you know, we don't have enough information getting to government from grassroots. It's improving. It's improving. People are much more, I suppose, assertive. And when you have things that aren't going the way they should be, you need to do something hopefully in a manner that is going to cause positive results.

Ms. Crofford: — Well I'll just thank you for your perspectives you've brought forward and your efficiency in taking us through a lot of material.

Ms. Muzichuk: — Well I tried.

Ms. Crofford: — Thanks very much.

Ms. Muzichuk: — You're welcome. Anybody else?

The Chair: — Further questions of our presenter? Thank you, Ms. Muzichuk.

Ms. Muzichuk: — I just have one more closing statement. May I do that?

The Chair: — Oh all right, yes.

Ms. Muzichuk: — It's also from the . . . [inaudible] . . . that I got that information. It says:

A lack of will. We have the ideas and the technologies to move towards sustainability. The problems are neither conceptual nor technical. It's a moral question we are facing, and we refuse to address it because the dominant, economic mindset lacks an ethical dimension. What we need most urgently is political will and leadership.

Thank you.

The Chair: — Thank you very much. Safe travel back home.

Ms. Muzichuk: — Thank you.

The Chair: — Now I'm going to look at a proposal like this for the committee. A five-minute recess to double-check, but I believe that Mr. Pollock is here and would be prepared to make his presentation. Mr. Carr and Alan Thomarat, Alan's been here earlier, but he would also be prepared to move up if our time allows for that to happen.

So we're going to hear from Mr. Pollock in about five minutes, after a five-minute recess, and go forward on the agenda as it's presented to us. So first Kim Pollock, and then we'll close with the Saskatchewan Chamber of Commerce.

If you want to move up and feel comfortable, we really appreciate you're going to advance your time to us. And we'll recess for five minutes.

[The committee recessed for a period of time.]

Presenter: United Steelworkers District 3

The Chair: — I'm very thankful to committee members for coming back so promptly. We're very fortunate to have a representative from United Steelworkers District 3, Kim Pollock, who agreed to come forward on the agenda and begin his presentation early.

And so without further ado I'm going to ask Mr. Pollock anything that you want to have on record, as you've heard me say a number of times today, please put into your verbal presentation. It'll also be audio streamed to a wider audience, and we'll have about 15, 20 minutes for your overview and open up to committee question and answer. We thank you for the time you've taken to be here and to put your presentation before us.

Mr. Pollock: — Thank you, Madam Chair. I've worked for MPs and MLAs [Member of the Legislative Assembly], so I know how you start to wander in terms of attention by late in the afternoon and tend to take it out on your witnesses when that happens. So anything I can do to dispel any of that, I'm happy to do.

My name's Kim Pollock. I'm a Canadian research representative for United Steelworkers. I work for the District 3 of United Steelworkers which covers Western Canada. We have about 50,000 members in Western Canada, about 250,000 in Canada, and 1.2 million in North America. And here in Saskatchewan we represent workers in the potash mines, at IPSCO, in the forest industry, in manufacturing — all over the province. So lots and lots of your constituents and neighbours are probably steelworkers.

We have members all over Western Canada, and we therefore know the various governments — various provincial governments, the federal government. And we know the BC government and the Alberta government very well. And that being the case, we know that like any other government, they sometimes say one thing and mean another. And we get the distinct impression that that's the case with TILMA and that therefore it's important to sort the wheat from the chaff so to speak.

What is TILMA really about? That's basically the burden of the presentation that steelworkers have put before you in what I'm going to say today. The Alberta and British Columbia governments say that it's about interprovincial trade, investment, and labour mobility. But is it? Is that really a credible rationale for TILMA? And our answer is that it is not.

In our view there are very, very few real interprovincial trade barriers. And if you look at our report, we cite Dennis Lee of the Canadian Centre for Policy Alternatives. And I'd like to quote what he says:

... once the rhetoric is swept aside, there is essentially no persuasive evidence that there are internal ... barriers [to trade] in Canada. Barriers to internal trade are essentially banned by the Constitution, and this ... fact is reflected in the absence of customs inspection stations at provincial borders, and the use of a common currency.

Similarly with labour mobility, there really are very few barriers to actual labour mobility amongst the provinces. Mr. Lee says, quote, "... there are some minor labour mobility issues arising from certification standards of professional organizations," but when you look at these more closely you realize that they, quote, "... constitute delays in being able to practice, rather than barriers to mobility per se."

And certainly our members don't find that there are barriers, significant barriers to mobility. We have people from Saskatchewan who were forest workers, are moving to Alberta to work in the oil patch. We have people from British Columbia moving to Alberta to work in the oil patch. We have people from Alberta moving to British Columbia to work in mines and so on and so forth. There are not any significant barriers to mobility.

So maybe it's about freer trade. If it is about freer trade, it's surprising that the BC and Alberta governments don't stand up for trade, free trade in general, that they don't seem to have a particularly principled objection to rules that discriminate against trade.

And the example that I cite and that I know a fair bit about is the Canada-US lumber agreement that was just signed. It's an agreement that essentially strengthens the barriers against Canadian lumber going to US markets. It actually sets Canada back in terms of its access to the US market by imposing a border tax that's actually higher than what the Americans were charging before, and by restricting our ability to sell lumber at the same time that it facilitates the sale of raw logs in the US. So essentially what that deal does is impede trade in lumber across the border, which is the largest single item of trade between two countries in the world, right? And yet those two governments supported that agreement, so I think it's hardly credible to say that what it's about is freer trade.

And similarly I think that it's not terribly credible to say that it's about investment because if you look at the treatment particularly that British Columbia has dealt to its own coastal forest industry — which people have been saying since, for at least two decades, is in crying need of investment capital — they basically have done virtually nothing in spite of all kinds of warnings from people like Dr. Peter Pearse of UBC [University of British Columbia] who did a report for them in 2001. They've ignored all kinds of warnings about the need for investment capital. They put in a regime called the forest revitalization plan which actually reduces the amount of capital that's been invested in the industry. So I would say that it is not particularly credible on the part of British Columbia to say that it has a principled and determined position in favour of investment capital.

So what is TILMA all about? Well all the credible analysis that steelworkers have seen indicates that it's a plan for deregulation and a plan to create investor rights. And if you look at our report on page 10, Steven Shrybman, who I believe appeared here, said, quote:

"TILMA ... is first and foremost an instrument for deregulation" whose "target" is "otherwise lawful public policies, laws, practices and programs." "And it [actually] targets them in ... [very] sweeping terms."

Mr. Shrybman says, quote, “. . . it is difficult to conceive of a direction for de-regulation that would be more explicit or all-encompassing than TILMA’s.” That’s a fairly strong statement, but I think he’s right, and I think that Marc Lee of the Canadian Centre for Policy Alternatives hits the nail directly on the head when he says that TILMA, quote, “. . . creates and codifies new investor rights with access to public enforcement, that go well beyond any stated problems with regard to inter-provincial commerce.”

And so I think that what TILMA consists of is what Richard Gwynn said years ago in *The Globe and Mail* in response to the multinational agreement on investment, that it is, quote, “a charter of rights for absentee landlords.” And he goes on to say, why would we do that? Why would we spend our energy and time to create that?

In fact TILMA is in keeping with the attitudes of investors and corporations. The workers, unions, communities, local and provincial governments need to roll over or face the consequences which is capital flight, that if they don’t do exactly what corporations demand of them, the capital will run off to India, China, or somewhere else.

And Evrim Lazar, who is the CEO [chief executive officer] of the Forest Products Association of Canada puts it extremely bluntly. He says, and I’ve heard him give this speech:

Where does investment go? In the global neighbourhood, capital is the rudest individual. Capital goes wherever it gets the best hosting conditions. It checks into the bed and breakfast, does not like the breakfast, moves to the next-door bed and breakfast. Capital has no loyalty, no sense of geography, and no sense of integrity. It has none of that. Capital is a rude participant in our neighbourhood who will move to whatever place has the best hosting conditions.

I don’t disagree with him at all. I think that that’s a pretty good description of the attitude and behaviour of capital today. But he goes on to wrap that in the form of a policy prescription and a threat. And the threat is, quote, “Our job . . .” which he means Canadians, workers, communities, local governments: “Our job is to make Canada where capital finds a chocolate on the pillow, not a piece of coal.”

He says, “. . . there could not be anything stupider than putting high taxes on investment.” Now I guess there’s a question as to what high taxes consist of but, quote:

Capital comes to our little bed and breakfast and finds out that we have the second highest tax on investment in the OECD and capital says “I guess they do not want me” and it goes to another place . . .

Again I don’t think that that’s a terribly wrong-headed analysis of the way that capital behaves, but I also don’t think that that’s the sort of attitude, the sort of policy prescription that builds good public policy.

And I fear that, and steelworkers fear, that TILMA is intended specifically to police and enforce that state of affairs. And you folks here in Saskatchewan should be especially concerned

because Saskatchewan is built to a really large extent, more than any other jurisdiction in the country, on public enterprise.

I heard the lady from the business council this morning say that you should move forward, that there’s no point standing around. You should move forward. You can’t move forward terribly well if you cut off one of your strong legs. And if public enterprise in Saskatchewan is threatened, that’s precisely what you are doing. You’re cutting off one of your strong legs.

TILMA gives every appearance of trying to restrain and obstruct public investment. Just today we learned that, after seven years of litigation, UPS [United Parcel Service of America, Inc.] lost its case against Canada Post. What local agency, what local authority, what health clinic can put up with seven years of litigation against a multinational corporation and expect to survive? But that’s not an isolated case. There’s lots of instances of corporations taking local authorities to court under NAFTA and other trade agreements.

Saskatchewan, I’ll conclude by saying, has probably more reason than any jurisdiction in Canada to be leery of this agreement, and steelworkers urge you to take a miss on TILMA. Thank you.

The Chair: — Well thank you, Mr. Pollock, as I said, for moving up your time frame and for your clear presentation. I’m going to open up for questions and answers now from the committee members. Ms. Crofford.

Ms. Crofford: — Well unfortunately the question that comes to mind most quickly is one that I don’t know if you can answer. In the situation of the UPS, we had obviously a decision that was made somewhere at the federal level that we would have a public national mail service, and then we had a challenger to that.

Do you know, have any idea what it cost to be involved in this litigation for the taxpayer?

Mr. Pollock: — No, but that’s a really good question. And I looked in the article. All I’ve seen on it is a brief news article this morning. And I looked for that in the article, and unfortunately it didn’t say, but I suppose you can imagine that it would be millions, perhaps hundreds of millions of dollars, right. I know the cost of the lumber trade litigation which was in the hundreds of millions of dollars, but on this one I really don’t know.

Ms. Crofford: — My other question — and again I hope I’m not putting you in an unfair spot — but conceivably the goal . . .

Mr. Pollock: — You wouldn’t be the first.

Ms. Crofford: — Conceivably the goal of the people who are concerned about the economy — governments, business people, members of the public who take an interest in that — their goal would be to ensure that the most value-added production occurs in Canada. So the question is do you have any idea why people did not voice more of an opposition to this lumber deal? Because it seems to be reversing something where Canada was making some inroads in value-added activity, and all of a sudden now we’ve given more authority to the US to have raw

products. I'm horrified actually when I read that. I didn't know. I hadn't paid attention to that detail before, and shame on me. But that's a horrifying detail that they will allow raw logs to come in duty free and only charge the tariff on finished logs. That's horrendous.

Mr. Pollock: — Yes. Yes, don't get me started on the Canada-US lumber agreement. It's . . .

Ms. Crofford: — I don't know why anybody would do that.

Mr. Pollock: — We're quite convinced . . . I mean steelworkers mounted quite a vociferous and noisy campaign against it and only to see the Saskatchewan government . . . I'm sorry, the Alberta government, the BC government, the federal government, and other provincial governments in Saskatchewan and Manitoba just simply fall silent. Shameful.

Ms. Crofford: — Well I hope that's not the way of the future. Thank you.

The Chair: — Mr. Iwanchuk.

Mr. Iwanchuk: — I was listening and said don't get me started. But could you maybe just briefly, I mean, and I know it's late in the day, but I would like to hear something that I think would be of some benefit to have in the record, just a bit of an overview of this whole forestry, the softwood lumber. I know we heard about it for years, and I for one would like to hear a bit more about it if you could.

Mr. Pollock: — Well after the removal of the former Canada-US Softwood Lumber Agreement in 2002 and the Americans put on what started out as a 35 per cent tariff on Canadian lumber, Canada launched a challenge under NAFTA, and went to the WTO and went to American courts and was winning ruling after ruling. Seven times in a row they won at NAFTA. The best ruling of all was in the US Court of International Trade, which ruled that the tariff was flat illegal and that the Americans should give the money back — all of it, not the 80 per cent that we ultimately settled for.

And instead of proceeding to the end — and the end of the tunnel was in sight on all that litigation which went on for years obviously — the government in its wisdom cut a deal with the Americans that put a 15 per cent . . . well it put a sliding border tax on our lumber, but because the price of lumber is low, it gets higher as the price of lumber goes down, which is kind of perverse. But because the price of lumber is low, we're paying 15 per cent whereas the former combined duty rate was 10.8 per cent, right.

So there's all kinds of perverse elements. There's the so-called surge mechanism which basically penalizes Canada for being exceptionally productive. And there's the element whereby our logs go into the US free and lumber is subject to a tariff, right.

It's a terrible deal, and it's hard to fathom why the Canadian, the federal government would agree to it. But I mean in terms of the selling of the deal, it was flat out bullying, right. They bullied the industry. They bullied the provincial governments. I know that British Columbia basically succumbed because they threatened to withhold funds for the Olympics. And so you

know, it was not a terribly healthy moment in Canadian public policy or diplomacy.

Mr. Iwanchuk: — Okay. Well thank you very much.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you. When the Saskatchewan government has been involved in looking at this TILMA situation, one of the initial things that they did after meeting with officials was have a Conference Board of Canada commissioned to do a report on the TILMA agreement itself and also the impact on Saskatchewan. The results of that report indicate that it will increase jobs by some 4,400 and increase the GDP of the province by some \$291 million. That's a sizable increase in both job numbers and GDP for a province of less than 1 million people.

So I wonder if you could comment on the positive aspects of the agreement as far as the generation of jobs and more economic activity for the province?

Mr. Pollock: — I think that if you look at . . . There's been a lot of response to that Conference Board study and I'm not sure that there's a lot of people who have looked at it thoroughly — and I have to admit more thoroughly than I — who lend it much credibility. And I think that the problem with it is that it fails to sort out growth that would happen anyway from what is putatively assigned to the effects of TILMA. And that's always really hard, you know in economics when you, when you're looking at something that's moving to try and model what would happen if you changed one of the variables, right. And so I think that it is not granted an awful lot of credibility.

Mr. Chisholm: — Thank you. So does your association have, your union have any corresponding numbers as to what they believe the effect of the TILMA could be?

Mr. Pollock: — Well we don't think there would be much because as I've said we don't really see it having any kind of, you know that it's . . . that as we say in the title of the report, it seems to be a solution in search of a problem because there aren't an awful lot of barriers to trade currently between the provinces. And the other thing that you have to remember is that, you know, how much of Saskatchewan's economy actually depends on trade with British Columbia and Alberta.

Like I know that 90 per cent of Saskatchewan's lumber goes to the US. I know that something between two-thirds and three-quarters of the potash goes offshore. I don't know specifically about grain, but ask yourself how much of Saskatchewan's grain goes to Alberta or British Columbia. You know, the actual economy of Saskatchewan is not built that way any more. It's built . . . Never has been really. Although I think it has, probably if you looked at the statistics, you would discover that it has been . . . there's been more east-west trade in the past. But most of Canada's, or Saskatchewan's trade now goes either north-south or goes to Asia.

So that, you know, to answer your question, I can't see a huge economic impact from TILMA on jobs and economic activity in Saskatchewan.

Mr. Chisholm: — Thank you.

The Chair: — Mr. Yates.

Hon. Mr. Yates: — Thank you very much, Madam Chair. I want to start by asking the one question I have asked every presenter or virtually every presenter. Today we have the AIT, a national approach to trade and investment in Canada. Now we have a trade agreement between Alberta and British Columbia. We have the potential of trade agreements between Quebec and Ontario. My question goes to, what do you think that Saskatchewan's approach should be to dealing with trade; 43 per cent of our trade goes west, 57 per cent goes east?

Mr. Pollock: — Are you talking about trade within Canada?

Hon. Mr. Yates: — Trade within Canada.

Mr. Pollock: — Okay. So that doesn't count that most of it that goes either south or to Asia?

Hon. Mr. Yates: — No. TILMA is about a trade agreement . . .

Mr. Pollock: — I know. Okay.

Hon. Mr. Yates: — Between provinces and I'm talking about trade within Canada.

Mr. Pollock: — Okay.

Hon. Mr. Yates: — So I'm talking about trade within Canada.

Mr. Pollock: — Okay.

Hon. Mr. Yates: — No. So my question was, do you think that the government's approach should be to support regional trade agreements and be part of regional trade agreements or approach trade on a pan-Canadian or national basis?

Mr. Pollock: — Well if I thought TILMA was really about trade, I'd say, you know, go for it. But I'm not totally convinced as I've said that it is about trade and that the risks in terms of Saskatchewan's ability to formulate independent public policy, and the risks in terms of potential challenges to legitimate public policy objectives by not just the provincial government or Crown corporations, but by municipalities, by local health authorities and so on and so forth, isn't worth what you'd get out of TILMA.

Hon. Mr. Yates: — Thank you very much.

The Chair: — That's the end of the speaking order as I see it and, Mr. Pollock, thank you once again for your thoughtful presentation and responses to the questions. And we wish you all the best in your future deliberations, and travel safe.

Mr. Pollock: — Good. And I wish you well in your deliberations too, which is probably more important. Thanks.

Presenter: Saskatchewan Chamber of Commerce

The Chair: — Our next presenter would be the Saskatchewan Chamber of Commerce represented by Mike Carr, Co-Chair of

the human resources committee, with Alan Thomarat, Co-Chair of the human resources committee. And welcome back, Mr. Thomarat. I think both of you are very familiar with the processes that we're undertaking so we'll just ask you if you would please begin your presentation.

Mr. Carr — Thank you very much, Madam Chair. Again my colleague, Alan Thomarat, has been before this committee on two previous occasions.

Mr. Thomarat: — Recycled.

Mr. Carr: — I would choose to say renewed. The simple fact is that Alan and I share Co-Chair duties with Saskatchewan Chamber of Commerce human resources committee, and we were challenged following the chamber's annual general meeting in Moose Jaw this year to take up the TILMA file and to produce a response which we're pleased to come before you today to present.

The Saskatchewan Chamber of Commerce is a very broad-based business organization that represents the interests of Saskatchewan employers operating in all sectors of the economy as well as a number of local chambers of commerce situated throughout the province. The chamber's membership includes individuals, individual businesses comprising all sizes and types of enterprise across the province, and a number of provincial business and professional associations, many of whom you've had presentations from in your hearing.

The chamber comes before you today very much at the direction of its members. In 2006, at the chamber's annual general meeting a resolution was passed asking that the province of Saskatchewan engage in discussions with the provinces of British Columbia and Alberta on the subject matter that eventually became the TILMA agreement. Subsequent to that in our 2007 annual general meeting, a motion came again before the assembled membership and was endorsed unanimously which called upon the Government of Saskatchewan to engage in discussions with the provinces of Alberta and BC to engage in efforts to arrive at full participation in TILMA.

Now when you think about the rationale for that from a business perspective, the essential ingredients are that we as a business community feel that less regulation and less restriction on trade and on labour mobility would be to the general advantage of all Saskatchewan citizens. When we think about the practical realities we face, Saskatchewan is a small, open economy operating in the midst of much larger markets in the United States, Eastern Canada, and the Pacific Rim. The simple fact is most of what we do in Saskatchewan results in export either interprovincially, across the 49th parallel, or across the world. When you think in practical terms, more than 40 per cent of Saskatchewan's total interprovincial exports are shipped to Alberta and British Columbia with Alberta comprising almost 80 per cent of that total trade.

If there are opportunities for us to engage through provincial, interprovincial negotiation, in arriving at a trade agreement, again the provincial chamber feels very strongly that the province of Saskatchewan should be a full participant in those discussions and should bring a Saskatchewan face to the

eventual agreement arrived at.

When you think about the advantages of Saskatchewan signing on with TILMA, it's certainly true that most of the advantages relate to economic growth and improved material standards of living for provincial residents. We in the provincial chamber tend to agree with Professor Howe's assessment of the impact that TILMA will have on the provincial economy and certainly see as an advantage the opportunity to generate larger GDP and job creation numbers than would otherwise be the case.

When you think about the position of the provincial chamber, most of you will be aware through the activities of the chamber of the work that's been done called Action Saskatchewan, a blueprint for 2005. All of those deliberations through the early part of 1999 and carrying on through to the balance of 2005 resulted in a very broad understanding of what Saskatchewan's future could be. And the interesting findings in that document are that you can create a sustainable economic growth agenda that is business friendly, and still maintain world-class standards of living as well as protection against occupational health and safety questions and injury, as well as maintaining a world-class health care system and education system.

The fundamental piece that the chamber concluded in that work was that there was a tremendous advantage to be gained by growing the private sector. From that perspective it became clear that it's all about investment. It's about attracting and retaining opportunities in the province. And so with that perspective I think it's important that I give Alan a moment to talk about what some specific chamber members have identified as the advantages of TILMA.

Mr. Thomar: — Thank you. I'd just like to recount for you some comments and some observations that have been brought to us from some very significant business members within our chamber association.

Doepker Industries would like to see Saskatchewan participate in discussions for the harmonization of trade regulations in Western Canada. Two very recent examples of different transportation regulations that affect our operation are the rules regarding tri-drive tractor units and trailer lift axles. By having different regulations in Saskatchewan we have to spend the time and dollars to design our equipment to meet the Alberta-BC standard and then redo the design and certifications for Saskatchewan. This does not follow the lean manufacturing program that we use in our company and that is being encouraged within Saskatchewan. By removing waste and duplication we can increase the value to our customers in the transportation industry and keep all of us more competitive. Harmonization would also allow our customers to take part in the bigger economic opportunities without having to reinvent their businesses.

The Saskatchewan Wheat Pool indicates that from a macro perspective it would be beneficial for Saskatchewan to be part of such an agreement. The Pool will operate in five provinces. Our presence will increase substantially on the Prairies. Primary benefits to the Pool include seamless access to opportunities in either province for both business and workers. Ultimately businesses registered in one province will be considered registered in both, and workers' certification provided in one

will be recognized in the other. This is important in addition to trade, but about 50,000 workers moved from one province to another in 2004. Best value for public spending could be achieved.

Open procurement policies with low thresholds help ensure that we get the best value for our tax dollars. They also create more opportunities for business, particularly small- and medium-sized businesses, and with respect to transportation as indicated by Doepker Industries, reconciling reconciliation and streamlining red tape. One major benefit would be harmonization of truck weights across the West. While we do not own trucks we are certainly a significant user. Different regulations, allowable maximum weights increase the cost of business, which is passed down to the Pool as a user.

I'll turn this one over to you, Mike.

Mr. Carr: — Oh, the company I represent is IPSCO, and from our perspective TILMA will provide a significant opportunity to expand the influence of Saskatchewan's culture across Western Canada and the world. The removal of trade and labour mobility barriers will provide tremendous benefit to Saskatchewan people employed in manufacturing, mining, and food processing occupations.

When you think about the experiences of IPSCO, IPSCO is a large North American company that had its roots and its origins here in Saskatchewan. We've learned to compete in the North American context and I venture to say we're about to learn to compete in the global context. From that perspective I think that we wanted to place before your committee what would hopefully be viewed as an optimistic message.

One of the dilemmas that one always confronts when there's a discussion of issues the order of magnitude represented by TILMA, you have individuals that are concerned about protection. They're concerned about culture. They're concerned about quality of life. They're concerned about a variety of issues such as we heard earlier today regarding poverty and standards of living. All of those things are worthwhile and important things for us to consider and discuss moving forward.

But the point I guess we want to leave with the committee is that there is nothing related to those discussions that makes this a zero-sum game. It's not sign on TILMA and cause great social harm, and it's not pursue social programs at the expense of TILMA. The simple fact is there are opportunities for you as our elected officials to instruct and become informed in ways and means that would allow us to enter into those negotiations with BC and Alberta in a way that would ensure that Saskatchewan's interest in social programming — assisting the poor, providing the best education system available and the best health care system available — are assured and protected.

Fundamentally what people fail, in my judgment, to understand when we engage in those discussions is that the wherewithal to pay for social programming has to come from somewhere. It has to come, generally speaking, from a robust economy and the creation of wealth. So from that perspective anything that allows that to occur will allow us to grow our tax base in this province and allow us to then secure the funding appropriate to support public programming.

Anything you choose to add, Alan?

Mr. Thomarar: — I think just on the note with respect to public programmings and public policy and something that I am a student of, but none of these are successful without the full functioning of the economy — a robust economy. And I think we've heard that indicated from our Premier on numerous times.

And we certainly feel that we will be better positioned to support our educational institutions and systems, health care, and all of those that may feel disadvantaged if we are a part of a process that brings more economic benefit to this province and offers more ability to support those social programs that we hold near and dear.

Certainly too I feel that where a lot of people fear that this may threaten their own institutions, organizations, or their particular union movements, I think that quite the contrary is likely to happen. I think that as we continue to grow this economy on the level of momentum that we're experiencing right now, we'll see probably increased membership in many of the union movements that are there as people come here to participate in this great economy.

I still, from my old business world, have to recall that nothing happens until you make a sale. And that's what we're all about in Saskatchewan. We're out there trying to sell all the wonderful goods and products that we produce.

And again as I've mentioned this morning, I do feel that we're better served if we're the third province at the table, not the 10th province at the table. And I think that when you recall that more than 65 to 70 per cent of the businesses that operate, the people that work in Saskatchewan are working for members of our associations, the Saskatchewan Business Council, they are not able to come here and offer their voice. They hope that we offer that voice. We do represent the majority of businesses. We do represent the majority of workers working for those businesses in Saskatchewan, and we feel that our government has a responsibility to represent Saskatchewan — all Saskatchewan workers — at the table to make the best deal for Saskatchewan.

Mr. Carr: — Thank you, Alan. In concluding our remarks if I may just . . . I think it's important that we recognize this as an opportunity, not something to be feared but something to engage in and to move through to the benefit of all Saskatchewan people.

Saskatchewan has always been next year country. It's time we engaged in the dialogue and debate necessary to secure the public policy initiatives essential for changing that paradigm and shaping a future of prosperity and growth that will see us take advantage of our natural resources and the talents of our people to reach our full potential as a society — an economy which is the envy of the world, which provides the best occupational health and safety, education, medical and social benefits available and which, while ensuring that no one is left behind, establishes the infrastructure and the environment that attracts sustainable investment and growth in the private sector. Those are our comments. Thank you very much.

The Chair: — Thank you very much. I have a speaking order of Mr. Yates, then Mr. Stewart.

Hon. Mr. Yates: — Thank you very much, Madam Chair. I want to start by asking a couple of questions about the development of economies. The Alberta economy developed over a number of years and in a number of major sectors with significant government subsidy. And one of the concerns we need to ask the officials of Alberta and British Columbia when we meet with them next week is, BC and Alberta's economy are at different places than ours are. We are now for the first time in perhaps our history at the point where we can invest significantly in infrastructure and the development of our economy. And whether or not involvement in TILMA where it anticipates, I guess, that all subsidies and all things have to be equal across all businesses and not targeted — as both Alberta and Saskatchewan will have to do to build our economy — will be at jeopardy.

So one, do you think that that will create problems with the continued development growth in our economy, in particular in some high-risk sectors, noting that two of the companies that you mentioned — both the Wheat Pool and IPSCO — at times in their history had to come to the government for help, and now they're among the most powerful and best companies in the province?

Mr. Carr: — I think, Mr. Yates, when you think about it from the perspective of the Saskatchewan chamber, our members have decided as a question of policy that subsidies should not be provided by government or by municipal governments. We've very, very clearly taken the view that when you get into the process of picking winners and losers, effectively the public purse is held to ransom and it's not sustainable over the long term.

When you think about the history of organizations where government money has been invested, there's been some noticeable successes as you mentioned. There've been a great many more failures. When I think of where a business competes on an even footing, where they know that if they're going to compete it's going to be their ability and the ability of their employees that determines their success or failure in the marketplace, you'll find that they're making better decisions and that there's longer-term sustainability in terms of their impact and their contribution to the society that they operate in.

Anything you want to add?

Mr. Thomarar: — No, I think that I'd have to concur that, you know, we have seen successes, and probably far too many — with respect to the taxpayers' dollar — far too many failures with respect to some of these public investments. But it does bring us to the point where, you know, you will certainly raise this point next week when you meet with the officials from BC and Alberta. And I think it's prudent for you to do so — to challenge those provinces that have used subsidies to support industry that has succeeded or not. And you know, this is the whole point of why we are here and why we've presented on behalf of businesses, that you should represent us and raise those concerns.

Mr. Carr: — I think there's a fundamental issue when you

look at all three governments we're talking about — Saskatchewan, Alberta, and British Columbia — have all engaged in subsidy programs and they've had some very significant failures. Alberta tried to play the game in the meat industry and we all know what happened to Gainers.

I think that when you look at where we're at, I think growth has to be sustainable. I think that it becomes more sustainable when it occurs as a result of investment rather than reliance on the public purse. And so we'd strongly encourage you to understand that from our perspective we'd much rather see the role of government — both municipal and provincial — be creating the environment in which business operates. And that may be the issue of perhaps investment in infrastructure like roads, railroads, highways, those types of things, because I think the return on that investment will be very, very significant to the citizens of the province.

Mr. Thomarar: — I think in addition to that, Mr. Yates, the public investment in education and health is part and parcel of the infrastructure that makes Saskatchewan attractive and I think government's larger role belongs there.

Hon. Mr. Yates: — Thank you very much. My next question has to do with, there are perceptions if not feelings of reality that under the North American Free Trade Agreement, Canada's paid \$27 million in penalties, Mexico eighteen and a half million dollars worth of penalties, the US nothing, and some feelings that when you have a significant or a larger player in an agreement, the playing field, although it's supposed to be level, it really isn't level. And are there risks, in your opinion, in that both the British Columbia and Alberta economies are considerably larger than ours? And if there are, what questions should we ask officials next week about those issues?

Mr. Carr: — I think certainly when you look at any bargaining process, there are risks. And there's certainly difficulties in terms of the relative clout of parties to agreements. I think that the structure of the agreement arrived at, if it's properly entertaining those issues and those concerns, can come up with some very significant provisions in the agreement to offer protection or offer some comfort in terms of those relative imbalances.

Now when I think about the relative differences that you mention in terms of NAFTA, certainly I think all of us would have preferred to see some other provisions arrived at. And I think that you need to really understand the nature of the business. And I think that when you heard something earlier this afternoon on the softwood lumber dispute, certainly from my perspective as a disinterested observer, there didn't appear to be the appropriate remedies applied from the American point of view. I thought that Canada was badly dealt with there. And I think that from that perhaps come some lessons in terms of being at the bargaining table and striking the right process.

I think that one of the things I would say to you at the outset is that often when you've got an imbalance between the parties to an agreement, the weaker party to the agreement may arrive at negotiating some escape provisions, sunset clauses — or in fact if you look at our national constitution, the notwithstanding provision — so that there is an opportunity there to ensure that

there's not disadvantage taken in the process.

Hon. Mr. Yates: — Thank you very much. My next question has to do with 43 per cent of our trade goes west, about 57 per cent of the trade goes east. Do you think that entering into a regional agreement between Alberta, Saskatchewan, and British Columbia will hurt our eastern trade or negatively impact us in those businesses who . . . There's bound to be a portion of the businesses in Saskatchewan that do exclusively trade with Eastern Canada.

Mr. Carr: — I don't think there's anything necessarily to fear in that situation. I think that, you know, I've heard you ask the question about the Agreement on Internal Trade and it certainly seems to me that the Agreement on Internal Trade has not represented the interests of Saskatchewan particularly well. And it seems to me that TILMA presents the opportunity for us to, in fact, gain some clout — perhaps encouraging Manitoba to join on. And looking down the road, looking at Ontario when it starts to see that there's now a trading block that is larger than three Western provinces or four Western provinces, and see that they come to the table saying, now perhaps it's time that we sat down and entered into a new internal trade agreement.

I think that certainly, from the chamber's perspective, we want Saskatchewan to have a voice in all of those trade arrangements and we want that voice to be strong. And we want it to ensure that it is focused on the removal of barriers and regulations so it allows the flow of business to be improved.

So I don't think there's anything necessarily that we should be concerned about there. I think that, certainly, BC and Alberta saw an opportunity to create a focus on trade that moved the view to the West Coast. I think that when we look at our Pacific Rim engagements and the amount of trade that we do in Asia, I think that certainly a western focus would be beneficial to the provincial economy.

Mr. Thomarar: — I see this as part of a business development strategy, a labour force development strategy, an investment attraction strategy. Whenever you do these kinds of things, the first word that you've always got to use is retention. So if I'm looking at my customer base that I have now, I'm trying to grow the customer base that I have to the west, I'm not forgetting about the customers I already have. And I think that, as our government, you would do likewise and would be prudent to do so.

I know all businesses that would want to benefit from more trade and labour mobility and investment from provinces to the west would not do that at the expense of relationships that they've already secured with our neighbours to the east.

Hon. Mr. Yates: — Thank you very much. My final question has to do with, we've had very few but we have had a few technical experts or individuals who have brought forward concerns, I guess, from their own area of expertise. And we had a trade lawyer do a presentation to us yesterday or the day before yesterday. And he indicated that there was a concern through the combination of TILMA and NAFTA that American and Mexican interests and investors could challenge the right to and open new doors into Canada, using the fact of the best investment situation available provided to other partners. And

this could in fact open the door for a greater incursion by American or Mexican interests into . . . and in such, in doing so, perhaps eliminating some of our own investment and business opportunities.

Do you have any comments or any concerns about that from your members or . . .

Mr. Carr: — Well certainly I am employed by a large North American organization that does a significant volume of business that flows both ways across the border. And fundamentally our assessment and the assessment of our legal counsel is opposite to what you've heard. Quite frankly internal trade is exactly that — it's internal trade. And quite frankly if the United States or Mexico wants to take on an argument about most favourite status, the simple fact is that internal trade domestically within the United States and within Mexico occurs with the same type of considerations that it would occur here in Canada. So from our perspective we certainly don't see that as an issue.

One of the observations I would also make is that all lawyers have opinions and undoubtedly 50 per cent of them are wrong.

Hon. Mr. Yates: — Thank you very much. That concludes my questions.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you, Madam Chair. And thank you, gentlemen, for your submission to the committee. It's helpful. I'll direct my remarks primarily to you, Mr. Carr, because I've already asked at least one of these questions to Mr. Thomarat in a previous incarnation before the committee.

So it's clear from your submission that you think it would likely be easier to attract investment capital to the province if we're members of TILMA than if we're not.

Mr. Carr: — I think that's undoubtedly the case but I think the corollary to that is that I think it will be easier to retain capital in Saskatchewan. Capital that is already invested and is developed and grown here may be reinvested here as a result of our involvement in TILMA.

And we, for example within the chamber movement, have spent a lot of time considering what it takes to generate capital investment. And one of the things that we note with interest is that a significant amount of pension asset is leaving the province on a periodic basis. And we think that if we can create the right market opportunities that investment will take place here at home rather than go to Alberta or British Columbia or Ontario or elsewhere.

Mr. Stewart: — Thank you. You having said that, I have to tell you that I have some concerns with the possibility that the Saskatchewan provincial government and municipal governments may lose — may, I say — lose the tools of new-growth tax incentives and municipal tax abatements under TILMA.

So I ask you, do you believe that our increased capacity to attract investment under TILMA will more than outweigh or

greatly outweigh any benefits that may have been derived from those particular subsidies?

Mr. Carr: — I certainly do and I think that our members do as well. I think that when you think about it, Mr. Stewart, in a bit of a broader context, incentives are short-term solutions to attract jobs. And the challenge that you have is that if the economy doesn't sustain the creation of those jobs, those jobs leave the economy.

Case in point. Having spent 18 years in the meat industry, I understand only too well the decisions that recently have beset friends and colleagues at Maple Leaf Foods here in Saskatoon. The circumstance is simply such that if there isn't an ability for the enterprise to sustain the jobs in the locale where there have been incentives offered, they will be lost.

So I prefer, as does the chamber, a longer-term view and it's about rising tides bringing up all ships. And it's not about this concept of picking winners and losers. I think that if you get the environmental issues right in terms of the economic climate, you will have not only the ability to attract but you will have the ability to retain investment and jobs.

Mr. Stewart: — Thank you. You and the Saskatchewan chamber are clearly of the view that there are economic benefits to joining. But I want to put it to you the other way. If we don't, if we opt out of TILMA, in your opinion and in the opinion of your organization, can we even expect to be able to sustain economic growth at a rate similar to the current rate?

Mr. Carr: — No. I think there's tremendous downside to not embarking on the negotiation process. I think that you will create enthusiasm that will sustain investment opportunity here in Saskatchewan by engaging in those discussions. I think that, again, at the outset of my remarks I invited the committee to think about the opportunity to put a Saskatchewan face on that agreement.

The fact of the matter is that Saskatchewan is different than Alberta and British Columbia. We have different values. We have different economic realities. And I think that by bringing a Saskatchewan face into that agreement, we will create further opportunities that don't exist at present.

And the fear I have is that if we don't participate, we'll be on the outside looking in. Having spent 25 years as a labour negotiator, I can tell you fundamentally that I've yet to see anyone standing outside the bargaining process feeling well represented when the deal is done.

Mr. Stewart: — Thank you. I appreciate the answers. And that's all I have, Madam Chair.

The Chair: — Mr. Iwanchuk.

Mr. Iwanchuk: — Okay. Thank you very much for appearing here. Just in listening to what you've been saying, and I have always . . . Because you were talking about a phrase like, where business competes on an equal footing or a level playing field and those types of things and the kinds of things that were . . . And your position if I understand it correctly is that no subsidies . . . or basically allow, if I could, the marketplace —

or I'm not sure that's right — to take care of itself.

Because we struggle a lot and being, I guess, in politics — not so recent, but to me recent — being elected in the last election, witnessed many times the discussions around investments in the province and that there is perhaps a preference for business to take the lead, for private investment to take that lead. But historically we can't simply ignore . . . And I want to make two points. One is that we have developed Crowns in our province. Those have been developed through various ways. They have come to contribute a lot — our ability to control rates and things like that — which does seem to me to run counter to what I guess what you might be proposing. I don't know; I'm only assuming that.

And the other, the other thing on the level playing field, what is always, what is a bit confusing for me on this is that we have, we have distances to ports. We have various just geographic — whatever that might be — uniqueness of this province if I could put it. I guess if I had more time to compile a more comprehensive list of what those might be and it strikes me that what might be considered a level playing field so we . . . Again and I think that Mr. Thomarat had indicated that the reduction of the capital taxes, the corporate business taxes and all that but so you, so you struggle with this, what is competitive, you know.

And so when we use these phrases, I guess the level playing field or competing on an equal footing you know, and what does that . . . I guess to me it causes me some confusion because we . . . You address the province as a whole. You look at its strengths. You look at weaknesses. You might disagree what different people might see that as. But this wiping out . . . and maybe that's too strong. But I guess that's what I'm trying to get a handle on here, of just seeing what does that mean, you know, what would that mean? Some of those barriers I can readily understand. I think we've had some interesting put before us here, and I wondered why they're not, they're still there. But I just wonder if you could comment. I know there's some general statements there and I guess . . .

Mr. Carr: — Well I think there's a couple of things, Mr. Iwanchuk, that I would offer as an observation. I mean when, when I as a businessperson talk about a level playing field, it really is this question of the ability to go out and compete and secure a piece of business that will employ the people that my business employs to do the jobs that they get paid to do.

And I think that, that when you think of it in terms of a level playing field, one of the problems inevitably that comes up with subsidization is that one enterprise obtains a subsidy that allows it to obtain a short-term strategic advantage in the market. That may mean a savings on, on property tax. It may mean a subsidy for job creation. But the essential element of that is that others in that market don't enjoy that same relief, and because they don't enjoy that same relief, there is a competitiveness issue.

One of the things that's always a concern to me personally and in my professional life as well is what are the things that we need to do to ensure that Saskatchewan enterprise can compete with enterprise in all of the other jurisdictions in which we do business. And one of the fundamental pieces there is, I'm glad to say, is one of our strengths is our people. Our people possess

a very solid educational background. They possess a work ethic. I mean I've spoken about this before.

IPSCO operates in 22 different jurisdictions across North America, and the fact of the matter is that we've been found wanting in terms of some of those other locales. And we set up in those locales not as a result of subsidies, but we set up in those locales because there was a business niche. There was an opportunity to build a business case that would allow us to go there and to create an opportunity to create profit for our shareholders, a return on their investment, and create an opportunity for the growth of our business.

Now when you think about it in terms of the context of the questions you've asked, that confusion is legitimate. I mean I suffer from the same confusion sometimes when I hear various governments doing various things. Because one of the initial reactions that you always have as an investor is, where do I sign up? You know, where do I get my piece of that public pie?

And the dilemma that that creates is that it is no different than when we started the Action Saskatchewan piece with the chamber members back in 1999. We all went out, and we asked the same questions across the province. We said, if economic renewal is going to be up to someone, who is it up to? And a great many of people said, it's up to government. When we went back and said, well how is government going to do that? They came back and said you're right. If it's going to happen, it's up to me. It's up to my colleagues in business to make the investment and to risk the capital to create the job growth. And those are the types of things that we need to really debate and get our heads around.

Now I don't think there's a straight black and white answer to the question you've put. I mean I'm quite honest when I say to you that I share some of your confusion around what does a level playing field mean because I think it varies from sector to sector. I mean my friends and colleagues in the mining industry would tell you that what they want in the way of a common level playing field is a clear regulatory environment that is the same for all players in their industry.

My colleagues in the transportation sector would argue the same thing. And they generally, if they're interprovincial trucking organizations or if they're railroaders, they enjoy one standard because a standard is provided by the National Transportation Agency. So when you think in terms of that, I think that gives you some flavour for what the chamber means when we talk about a level playing field.

It really is this invitation to government not to engage in the picking of winners and losers. And I think that's as simple as I can put it. Alan maybe you've got more to add.

Mr. Thomarat: — I think you see it across public policy, whether it's education, whether it's tax tools and tax policy, and we applaud this government for direction it's taken with respect to helping us be more competitive with respect to corporate capital tax and corporate income tax and personal income tax.

But then you can have circumstances where maybe base personal exemption's been changed in terms of a personal income tax initiative for some in society but not for others in

society, even in the same age demographic where some of those individuals that can't benefit from that might be right out of high school and working very hard and very creative, yet they're struggling to purchase a home. Yet others in society, we've decided that they would have their base personal exemption increased to \$20,000.

So you know in public policy, when you're making these decisions, you are finding yourself with winners and losers, and I think we have to be thoughtful about this. I think we have made some wonderful strides in decisions that this government has made with respect to making sure that we're more competitive. We have a very, very highly productive workforce in the province of Saskatchewan. We have very innovative and creative and passionate people that believe that Saskatchewan has a lot of opportunity to grow and that unfortunately you create a need to tax when you're trying to help one industry over another. And it starts to distort your ability to grow a sustainable economy for the long term.

Mr. Iwanchuk: — Just one more point. Now I . . . and I'm not an expert in pipe, but if I understand correctly, IPSCO made a spiral pipe in the past, and we were locked out of the market because people did not think it was strong pipe. If I understand your argument, we should have not interfered in that. We should have not believed in our product. We should have not believed in people of Saskatchewan, hung in there during those times and said, no we think this is a good product. We were sold on this product.

And I don't want to over-simplify it, but it's . . . you know many kind of cases in our history of that. And yet somehow if I understand what you're saying, that we would have allowed that to just . . . you know here's a good product, you know. Too bad we're not going to be there. And I don't mean to sort of belabour this. I don't want to go on forever, but I am because to take a position that is, that it seems to me is so . . . it's just sort of you don't mess with the system. Maybe that's too simple as well as I just don't see a lot of examples in our history where it can be so clear-cut.

Mr. Carr: — Well I think that again it's a question of relying on the marketplace. You're absolutely right when you talk about the initial launch of our spiral pipe system at IPSCO. It wasn't a renown technology. It wasn't the preferred mechanism for producing pipe. But I can tell you now that it is world-class, that it is a product that is pursued in terms of looking at some of the new technologies, in terms of stronger strength steels. And it's a situation again where market demand will determine the success or failure of enterprise.

I mean the fact of the matter is that even our friend, Alexander Graham Bell, had a fairly significant problem marketing his telephones, and he found it able to do that with much greater success in a different market than the one that he developed it in. So you think about the logic of where we're at, what we're arguing is that that occurs not as a result of government subsidy, but as a result of investors willing to risk capital in the idea.

And I think that the argument that I would put to you is that yes, we have had one or two notable successes as a result of government's subsidy. But the point I go back to is that we had

a great many more failures, and it caused our economy to be viewed somewhat askance by investors. So I think that again the preferred mechanism would be to look at investment opportunities based on the merit of the idea and the bringing of that idea to a marketplace where consumers will purchase what you have to sell.

Mr. Iwanchuk: — I'm sure. Thank you very much for your time.

Mr. Carr: — I appreciate it.

The Chair: — Ms. Crofford.

Ms. Crofford: — The longer I listen, the more my thinking goes to the design of TILMA because one of the questions that was put to us is, is this the best instrument? Now I've heard a lot of concerns about this 249 occupations even though we have a process, even if it's not quite as quick as people would like, under the AIT to deal with that. What seems to be hard to get the specifics on are the trade and investment issues. I think the issue that's raised about Doepker today is an excellent one because it's real, and man have we've been short of real examples here. Instead of 246 things on the list of occupations that are already all got . . . for the most part, the serious ones have negotiations and have resolved most things.

Where's our 246 item list on trade and investment? Today we heard from the credit unions. They are the big investors in Saskatchewan. They've got real issues, but TILMA doesn't even have financial services on the table. And you know, I'm just having a hard time understanding this as an investment issue. The Doepker thing, like, even governments have limited financial and bureaucratic resources to go after things.

So should we create an agreement that goes after everything, or should we create an agreement that goes after something and goes after it in a very targeted way that has to do with trade and investment? I'm getting the most nervous right now about this thing being kind of the world and everything in it, and yet not the stuff in it like financial services which seems to be pretty fundamental to an investment discussion.

So I mean, do you have any thoughts of how we end up with a prioritized list of the — not just irritants — but the real barriers and the real crisis situations? Because it seems to me this is not a very well designed instrument here, but anyway.

Mr. Carr: — Well it's like any negotiated instrument. I would suspect that it will be subject to the ebb and flow of the interests of the parties who are at the table negotiating it. When I think in terms of the fundamentals, Ms. Crofford — in looking at this question of the list, what should it address? — I think that I would say to you that chamber members have some specific irritants, some specific issues. They would be things like what does it take to register your business? What does it take to register on the tax rolls? What does it take as the opportunity again to ship your product to market or deliver your service to market? There would be a number of issues when you look at the investment piece.

From the business community's perspective, it's the ability to attract and retain investment of capital dollars in the building of

their business enterprise. And you're absolutely right when you talk about the credit union system because most small business in Saskatchewan relies heavily on the credit union system to fund their enterprise.

Now I think when you think in terms of the bigger picture, it is things like the education system. It is getting to a point where you can recognize a commerce degree with a specialty in accounting in every jurisdiction in accordance with the professional standards of that profession. It is looking at the ability of lawyers to practise interprovincially.

Ms. Crofford: — I think they, both accountants and lawyers, said they're fine.

Mr. Carr: — Yes. But I think when you think about it in real terms, you go beyond just that into what do you do when you're a plumber, a pipefitter, an electrician? Yes, we have a Red Seal process. But the idea there again is, what are the barriers that cause people difficulty when they move to available work?

Now when you look at the sustainability question of employment, job creation is always everybody's number one issue. It's every politician's number one issue whether they're a provincial politician, a federal politician, or a local councillor in municipal government. And it's this idea of what are we going to do to generate a process that creates enthusiasm for the future?

I mean all of us have talked about retention of youth and changing the way we talk about future opportunities for those youth. There's been some good public policy things done to create a debate and a discussion. But as my friend, Alan, points out, we haven't treated all youth the same in terms of our ability to influence their decision to stay from a tax standpoint.

Now when you look at this list again, I think that one of the things that you need to get to in terms of a bargaining process is, what are the things that you think TILMA should address from Saskatchewan's perspective? We certainly as a chamber want to be involved in that discussion. And we want to canvass our members and come back and help create the list. But more importantly, once you're into active negotiations, we want to provide you with real life experience in terms of what the negotiating points should be. And if you're at a point in the negotiations where questions have come up that have been unanticipated, we want to be involved in trying to support and help you.

And I think the commitment that Alan and I have talked about is the need to ensure that you have the best advice you can obtain when you enter into that bargaining because what do we want? We want the best deal for Saskatchewan that can be obtained.

Mr. Thomar: — I think too, to speak to this, we have to remember that . . . And I bring back the whole notion of business development, labour force development, investment attraction. And we've done some very positive things and participated with career and employment services and with Advanced Ed and are grateful for those opportunities that are coming about to be in Alberta, making sure people are aware of what we're doing. And there's been strong messaging right

across the country about what we offer here.

And I really think that you're right to suggest that there's fear if somebody thinks that this is some omnibus, sort of, catch-all that's going to fix every problem that's out there. But I think that in doing your due diligence, you can go to the table and say these we see are the greatest areas for opportunity. And these we see are the greatest barriers to our ability to participate here and . . .

Ms. Crofford: — The agendas.

Mr. Thomar: — Yes. And then we come to some common understandings. I think that when Mike talks about the Saskatchewan face, I think we can bring that reality there. We rely heavily on the private sector for job creation in Saskatchewan although some people don't think so. And I think that we feel that there's a responsibility you have to represent us at that table and at least learn what opportunities are there on our behalf.

Ms. Crofford: — There are, I think, one or two other real short questions I have. One of them is the one thing that makes me a bit nervous here is the whole issue around highway loads because, unless we have a federal system that invests money into having a common highway bed standard, then the taxpayers of each respective province would end up bearing the cost of a load that maybe their roads couldn't bear.

Mr. Carr: — I think that's a wonderful observation, and I'm reminded of a comment that was made some time ago by a federal politician, who'll remain nameless, about renewing a national dream. I think that there's tremendous need for us to look at our infrastructure in this country and to develop a road system that establishes a national standard.

Ms. Crofford: — Yes. That was just one of those ones that's just practical. It's just a practical issue.

Mr. Thomar: — I think that's one where that senior government and other senior governments, when we speak of infrastructure — which is a huge issue in construction industry of course and since we moved freight off the rails and put it on the roads has really wreaked havoc on our roads in Canadian provinces — that really there's a need to gather together as provinces and put continued pressure on the federal government to be supporting this kind of infrastructure in the country.

Ms. Crofford: — And my last question — I promise — is the whole question of these changed procurement levels that are proposed under TILMA and what real impact your members believe those may or may not have on them.

Because see, what I'm looking at here is . . . I mean, one of the reasons why things are the way they are here is we got a small market place. So here, we've got these great, big markets who want to sign a deal with little old Saskatchewan who, quite frankly, probably does more of its trade internationally where the big markets are and what have . . . I guess, what have we got for them is the question, because we already have labour shortages. I'm a little nervous about this.

Mr. Carr: — I think that the argument that I would put forward

in response to that would be that those procurement levels present an opportunity for Saskatchewan business. And I think that if you look at it in terms of paradigm shift or a tipping point, there's perhaps an opportunity for Saskatchewan entrepreneurs to look a little bit differently about the opportunity to do business with governments and to do business in a much different way than perhaps they did yesterday. And I think that, you know, the procurement limits . . . I mean it's a bargaining point and I think that Saskatchewan needs to think through what makes sense in the context of our economy and be at the table putting forward that point of view.

Ms. Crofford: — We need information from the actual businesses who participate in those bids.

Mr. Carr: — Yes. I mean there's a lot of Saskatchewan business that have said, I find dealing with government very difficult, challenging, and so I choose not to do it. But there's many who haven't done it just because they're unaware of the opportunity. So I think that the discussion is well worth having and I think again your comment about consultation and involvement — we're there. I mean we'd be happy to support that mechanism.

Ms. Crofford: — Just for me for a closing comment, I really think we need to get this discussion from here to here, where we're talking about the real stuff.

Mr. Carr: — Where does the rubber meet the road is always the fundamental question. And quite frankly we struggle with that as well because part of what we're getting is you look at a barefaced reading of the agreement. The interpretation is in the details, and it's not on paper. And so this is where we think there's great benefit in having Saskatchewan at the table and understanding what those subtleties and those nuances are.

Mr. Thomarat: — We'd be there for all the supports that our representatives would need. Every industry association participating with the Saskatchewan Chamber of Commerce, to make sure that you're empirically supported in your positions when you go forward and that a Saskatchewan face on this is going to open up wonderful opportunities for this province. We are a province to be reckoned with, and we've got lots to offer them.

Ms. Crofford: — Thank you.

The Chair: — Thank you very much for your time with us. And I would mention to committee members, we do have a discussion about work with officials in the other provinces, and that'll have to be a short in camera discussion. So we'd ask everyone if you'd want to converse, to do that directly now outside the room. And we thank you very much for your time and attention to your presentation.

I'm hoping that was the nicest way I could say, clear the room. Clear the decks. Thank you very much everyone. To our audience for your attention, we thank you, so we're now adjourning our public portion of our agenda.

[The committee continued in camera.]

[The committee adjourned at 16:38.]