



# **STANDING COMMITTEE ON THE ECONOMY**

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## **STANDING COMMITTEE ON THE ECONOMY**

Ms. Colleen Young, Chair  
Lloydminster

Ms. Vicki Mowat, Deputy Chair  
Saskatoon Fairview

Mr. David Buckingham  
Saskatoon Westview

Mr. Terry Dennis  
Canora-Pelly

Mr. Delbert Kirsch  
Batoche

Mr. Warren Michelson  
Moose Jaw North

Mr. Doug Steele  
Cypress Hills

[The committee met at 15:00.]

**The Chair:** — All right. Welcome this afternoon, everyone, to the Standing Committee on the Economy. Today sitting in on this committee meeting is myself, Colleen Young as Chair. Sitting in for Vicki Mowat is Warren McCall, and we have David Buckingham, Terry Dennis, Delbert Kirsch, Warren Michelson, and Doug Steele.

This afternoon we will be dealing with the estimates for the Saskatchewan Research Council, also Bill No. 125, *The Saskatchewan Value-added Agriculture Incentive Act* and Bill No. 126, *The Energy Export Act*.

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

**Subvote (SR01)**

**The Chair:** — And we will now begin our consideration of vote 35 of the Saskatchewan Research Council, subvote (SR01). And we have Minister Harrison here with his officials this afternoon. And, Minister Harrison, if you would like to begin with introductions of your officials as well as any opening comments you may have.

**Hon. Mr. Harrison:** — Sure. Thanks very much, Madam Chair. It's a pleasure to be here today before the committee. On my left, Dr. Laurier Schramm, who I think members well know, long-time president and CEO [chief executive officer] of SRC [Saskatchewan Research Council]. And on my right, Mr. Ryan Hill who is SRC's vice-president of finance.

So as all of you know today here, SRC has a very long history, 71 years in fact. It is one of Canada's leading providers of applied research development and demonstration. SRC adds value to the Saskatchewan economy through the responsible application of science and technology for the mining, energy, environmental, and ag-biotech sectors in the province.

SRC's 2016-17 economic impact assessment shows impacts of more than \$404 million in direct economic benefits to the province, plus more than 1,564 jobs, valued at \$109 million, created or maintained in Saskatchewan. This means that for every dollar invested in SRC by the provincial government, an 18-times return is achieved.

In addition, 96 per cent of SRC's project expenses were aimed at creating positive socio-environmental impacts. SRC's work contributed to energy savings of more than 40 million kilowatt hours per year, and to the reduction of more than 21 000 tonnes of greenhouse gas emissions. These are significant achievements and identify how SRC's positive impacts expand beyond just economics and jobs.

How does SRC accomplish this? By directly supporting industry in finding solutions to their toughest challenges and providing high-quality analysis that helps them in their decision making. I'd like to share some examples that help provide an understanding of the breadth of work SRC does in helping industry.

SRC provides services to support all aspects of the mining industry, from geoscience, exploration, extraction, processing, and tailings management through remediation. SRC helps clients in various stages of the mining cycle, such as improving production rates and finding cost-effective ways to transport slurry. By helping companies prove out resource deposits to eventually mine and process, SRC is part of a mining cycle that creates and maintains jobs in Saskatchewan.

SRC geoanalytical laboratories operates three of the world's largest and best geoassay laboratories for uranium, potash, and diamonds. These accredited facilities have become the external labs of choice for the largest mining and mineral companies in the world by providing a large suite of services that can be performed in-house, creating efficiencies by reducing shipping costs, and providing clients with convenient access to experts in one location.

SRC's geoanalytical laboratories diamond services offers an extensive range of services that are unique to the Canadian market, which provides convenient processing for diamond companies. Building on core capacity, the lab is now the only place in Canada that characterizes diamonds for recovery attributes, providing clients with more details earlier in the process by giving them the ability to look at the economics sooner, which will result in lower processing costs, environmental impacts, and overall project costs.

SRC's advanced microanalysis centre uses advanced technologies to analyze sizes, shapes, and abundances of different minerals. The variety of services and tools used at the centre provide some of the simplest, most accurate, and economical methods for minerals analysis.

SRC has a unique-to-Saskatchewan mineral processing pilot plant. The plant provides the capability to support in-demand initiatives in rare earths and other minerals, such as potash, uranium, gold, base metals, oil, shale, and coal. The facility ensures industry in Saskatchewan, Canada, and internationally has the leading-edge support capabilities it needs to develop mineral deposits in the most effective way.

SRC's pipe flow technology centre is internationally acclaimed and assists the resource sector, conducts commercial-scale studies for safe cost-effective extraction, transport, processing, and tailings disposal of uranium, potash, and oil resources.

SRC provides Saskatchewan industry with solutions to assist with the environmental side of sustainable development, allowing industry to meet regulatory requirements and protect our diverse ecosystems. SRC provides services that relate to all aspects of the environment, including air, soil, and water monitoring and testing; environmental impacts measurement and modelling; industrial site remediation; and sustainable practices.

SRC works with resource managers in areas such as grasslands, aspen parklands, boreal forests, subarctic woodlands, and natural vegetation to help them determine the impacts of climate change on these ecosystems and the birds and animals that inhabit them. Ultimately, SRC's work helps to prevent the decline of prairie ecosystems and facilitates adaptation to a

changing environment.

SRC continues the remediation work of 37 abandoned uranium mine and mill sites in northern Saskatchewan. This project will ultimately remediate the sites with positive economic, environmental, and social impacts. I'm going to have some additional comments on that at the conclusion of these remarks.

SRC has been working with the Canadian oil sands industry for several decades to provide technological solutions that enable the extraction and transportation of bitumen in economic and environmentally responsible ways. SRC has been working with companies interested in developing Saskatchewan's oil sands and oil shale to help them assess, develop, and deploy technologies that could enable economic and environmentally responsible development.

SRC's three-dimensional, high-pressure, scaled physical model is used to mimic an operating heavy oil field in the lab to develop solvent-based heavy oil recovery technologies, and provides performance predictions to determine the best operating strategies for a given oil sands deposit. This model is the first of its kind in Canada and is expected to help industry by speeding up the full-scale development of cost-effective and environmentally sound processes for Saskatchewan's heavy oil reservoirs. Through its new centre for the demonstration of emissions reductions, SRC can help the petroleum industry identify, test, verify, and deploy the global technologies that are best suited for their unique needs.

CDER [Centre for the Demonstration of Emissions Reductions] is expected to play a leading role, creating environmental benefits in helping sustain primary natural resource industries in Saskatchewan by encouraging and enabling the adoption of greenhouse gas emission reduction technologies.

SRC's Post-CHOPS [cold heavy oil production with sand] Well Test Centre is a fee-for-service facility that provides field and pilot-scale testing, monitoring, and validation of new post-cold heavy oil production with sand, or CHOPS technologies, using end-of-life but still active CHOPS wells. For industry, this offers the opportunity to significantly extend the lives of their existing oil reservoirs, largely using their existing well stock while increasing both production and reserves.

For more than three decades, SRC has been active in research, technology development, feasibility assessment, and technology application in the bioprocessing sector. Driven by the desire to reduce climate change emissions and a greater need for energy security, technology development has experienced accelerated growth around the globe. Innovative biomass thermal conversion solutions are a cornerstone to this growth. Through its biotech laboratories, SRC is working with microbes that help crops become very tolerant and resilient to stresses. This makes crops more robust with increased yields in unfavourable environmental conditions. SRC continues to conduct work involving animal veterinary health, agriculture products, as well as food and beverages in terms of fermentation.

SRC's Aboriginal mentorship program, or AMP, connects Aboriginal post-secondary students in the science, technology, engineering, and math disciplines with SRC mentors in the same or similar disciplines to help students take their education

and work experience to the next level. Since its inception in 2015, AMP has matched 15 Aboriginal post-secondary STEM [science, technology, engineering, and math] students with mentors at SRC. Two of these students accepted permanent, full-time employment with SRC upon graduation and are still working with SRC today.

The work SRC does is well recognized by citizens of this province and right around the world as some of the most leading-edge and most technologically advanced work that's being done anywhere. I look forward to taking questions from committee members. I thank you.

And just in terms of the project CLEANS [cleanup of abandoned northern sites] which we've talked about in previous years at this committee, this is the project that's been ongoing now for 12 years I think, since we originally partnered with the Government of Canada to clean up the Gunnar and Lorado sites primarily, but there's a host of satellite sites as well, in addition to the two main sites.

You know, we've been pretty blunt, I've been pretty blunt about our degree of frustration. And I would say that that frustration is growing with the Government of Canada as far as being a partner in this project. The original understanding, the original, I think, agreement between governments had been signed by the previous government. And this is, you know, I think well thought out in being the appropriate course of action, that there would be a 50/50 share of the cost as far as remediating these sites, which need to be remediated.

You know, these were the two sites that were originally used for, as a federal purpose, basically to mine uranium used in the US [United States] nuclear program in the first part of the post-World War II era. The sites were ultimately closed down on very, very short notice and were basically left to sit on the shores of Lake Athabasca. Clear recognition that this needed to be dealt with, these mines were originally put for a federal purpose, a national security purpose to a large degree, in coordination with the United States. They were operated by a federal Crown corporation and the cleanup was ultimately mandated by the federal government. You would think then that the national government would have an interest in participating financially, and an obligation in participating financially in the cleanup of these sites.

So the original estimate had been that the cost of cleanup would be around \$25 million. The agreement was that 50 per cent of the cost of the cleanup would be borne by the Government of Canada, and the other half by the province of Saskatchewan. For a variety of historic reasons, that was felt to be the appropriate distribution.

You know, as of right now our government, the provincial government, after having spent over \$100 million, has received \$1 million from the Government of Canada — \$1 million. This is from a government, particularly the current administration, that has professed to be deeply concerned about the environment, that has professed that there are, you know, very significant measures necessary to combat all manner of environmental issues. Yet on something that's very tangible and real, the leaching of uranium tailings into Lake Athabasca, the government can't be bothered even to live up to the agreement

of providing \$12 million, half of the original cleanup costs, not to mention the fact that the actual cleanup cost is going to end up costing well over \$200 million because we need to do it right.

You know, we have a genuine issue with uranium tailings that are leaching into the lake, and this needs to be done right. And SRC has been doing a great job in remediating this site, and you know, frankly we've gone forward with the project regardless of the provincial outlay because it needs to be done. But I would say that our patience is wearing pretty thin with the Government of Canada to step up to the plate and live up to their rhetoric in providing resources to ensure that we can continue and complete the remediation of Gunnar, particularly. Lorado is largely done — the remediation, I think, it's entirely done. Is that right, Laurier?

**Mr. Schramm:** — Yes, it is.

**Hon. Mr. Harrison:** — Yes, so we have the Gunnar remediation that we've been working on, and I think the actual mine site, the above ground facilities have been cleaned up, remediated, or not . . .

**Mr. Schramm:** — They've been all demolished, but we have yet to landfill the demolition debris before we're done. But all the standing structures have been demolished for safety reasons.

**Hon. Mr. Harrison:** — Right, so there's still significant work that needs to be done. But you know, I would just kind of put it publicly, bluntly, that the Government of Canada needs to step up. And you know, we've been undertaking this essentially on our own now for 12 years and it's time for them to step up to the plate. So I would just leave it at that, and happy to take any questions.

[15:15]

**The Chair:** — Thank you, Minister. I'll now open the floor to questions from committee members. And I recognize Mr. McCall.

**Mr. McCall:** — Thanks very much, Madam Chair. Good to be here on this beautiful day and I thank committee members in advance for their indulgence of my questions.

But, Mr. Minister, officials, Mr. Hill, Dr. Schramm, I guess I'd like to start off by saying a word of congratulations to Dr. Schramm, who I believe is certainly the longest-serving head of the Saskatchewan Research Council — 17 years out of that 71-year history — which is quite an accomplishment. I don't know what it says about the individual's sanity, but certainly the commitment is undeniable. But in all seriousness, congratulations and thank you, on behalf of the people of Saskatchewan, for what a tremendous record of service to the province through such a vital organization, the SRC.

And I guess we can certainly start where the minister wrapped up his introduction, just to get a few things straight on the record, because this is not a new topic of consideration for this committee. And certainly the . . . It's always a special time when opposition and government can agree on precisely where to put the tail on the donkey. But if the federal government is

not living up to the 12.5 million of their commitment, you know, in terms of the agreement signed 12 years ago, I guess, what steps have been taken in terms of trying to ensure that compliance on the part of the federal government?

And again the minister makes a compelling case in terms of the federal role in those two mine sites, and also in terms of the urgency of the situation as regards one of the most beautiful bodies of water in the whole of Canada, let alone in Saskatchewan — Athabasca Lake. So what has been attempted with the federal government to date? And are there ways that we as a committee can lend our voice in support through possibly a motion or in terms of the broader opposition/government footings? Are there things that should be considered there in terms of trying to make that call as loud and as clear as is possible?

**Hon. Mr. Harrison:** — Right, well I appreciate that. Thank you very much, Mr. McCall, for those comments. To the specific of the question, you know, we've . . . and this has been the position of not just this government, but had been the position of the previous government as well, that the national government needed to pay for half of the costs. And that position has been put on the record, you know, repeatedly with regard to the obligations of the . . . what this government's position has been. And I mean, the Government of Saskatchewan historically through different incarnations has been putting on the record with the feds through different iterations of federal governments as well. I mean, this has been a consistent position through different parties, provincially and federally.

So you know, we've, you know, Laurier can maybe . . . I'll ask Laurier maybe to speak to some of the specifics on it. But we've, you know, we've put that position repeatedly on the record through written form, through verbal communications, through public communications and representations, through all manner of ways. I mean, there's no confusion on the part of Canada as to what our position from Saskatchewan is on this.

You know, we also . . . I think they also know though that we've been continuing to do the work, and I think rightly continuing to do the work. But like I said, our patience is wearing very thin on continuing to, you know, make a huge investments into cleanup without the feds even living up to their \$12 million part of the bargain.

So you know, I think actually that, you know, a motion from the committee would be useful, helpful as far as putting it forward as a bipartisan position of the Assembly. I think that that's always a pretty powerful statement. And we should maybe talk further about what that might look like, because I appreciate the offer on that. Because I think that that does have significant weight.

So I don't know, Laurier, if you want to speak to perhaps at the officials' level how we've . . . You know, I would say though, this: I mean as far as kind of at the officials' level, I mean the focus has been on just getting it done, right? The kind of fights over and disagreements over the financing have been more at the political level and, you know, perhaps through different agencies of government, SRC's focus has been on just getting the work done. And they've done a very good job of that.

**Mr. Schramm:** — Thank you, Minister. There isn't too much I can add. First thank you, sir, by the way, for your kind comments at the outset. They are very much appreciated.

As the minister said with regard to the cleanup of these sites, our job has been to focus on safety and the cleanup activities and our . . . So we have dealt with parts of the federal system including Natural Resources Canada, Environment Canada, Canadian Nuclear Safety Commission, and Department of Fisheries and Oceans, as well as the provincial regulators.

But the voices on this file to the federal government . . . The Ministry of Energy and Resources has the lead on that, and ministers have spoken and senior officials from the ministry have spoken. We've often been at the same hearings as them but it's been their role to speak. We have been part of discussions where asked, as far as giving advice or perspectives. Certainly from our observation there's been no lack of transmitting of these messages to the appropriate federal bodies at all levels, as the minister said, right up the chain. But we haven't taken an active role in trying to speak for the government which of course we can't do.

But it's been very clear to us that the message has been received and understood by people at all levels concerned with this file on the federal side.

**Mr. McCall:** — Thank you for that, Dr. Schramm. In terms of again that it just . . . I find it perplexing that certainly one of the Members of Parliament from the city of Regina and senior member of that cabinet, you know, that should count for something in terms of living up to undertakings of the federal government that have such an impact on the province of Saskatchewan. That is I think cause for concern, but also that Natural Resources Canada is headed up by one of our neighbours in terms of, again, that federal cabinet.

I agree with the minister in terms of if we're going to talk a good game about balancing economic development with environmental stewardship, and you've got such glaring contradictions sitting out there such as this in terms of negligence on the part of the undertakings that were made to clean up the mess. It's hard to reconcile that with the rhetoric on offer. So again perhaps we'll discuss this further in terms of what might be a way to, you know, do what we can to help communicate that message.

But just for the record, again if you could reprise the work that's been done to date, this sort of move that's taken place from an estimate of \$25 million to I'd imagine 200 million and rising. I appreciate that's taken place over a number of years, but if you could just discuss that, as well as in the context of work that's been undertaken, and work that remains.

**Hon. Mr. Harrison:** — Yes. No, I appreciate that, and I want to thank you, Mr. McCall. I know you have a significant commitment to this as well and have raised this. You know, we've had a discussion around this, not just at this table, but even personally, about how we can move forward on this. And I kind of would agree, as far as the, you know, need to have leadership at the federal government cabinet table, from those who we would hope would show that leadership, and who we know are aware of the issue because we raise it with them all

the time. So we'll continue on that path.

You know, as of right now, there's been over \$100 million — I think about \$103 million — that's been spent. We're going into another season where we're going to be doing significant amounts of work this year at the Gunnar site primarily. I'll get Laurier to speak to the kind of the actual details as to what the remediation work is going to look like this season, but you know, it's been over \$100 million spent thus far. There's been a \$222 million liability that was booked in 2014 that would be intended to cover the remaining remediation left to do.

Last year I think we were working on a number of the satellite sites — is that right? — and there's just been some very, very interesting work. I think we actually have a pretty unique power source up there even that's basically . . . Is that the battery that we have up there in the . . .

**Mr. Schramm:** — From the hydro station? Is that what you're thinking? There's a power station.

**A Member:** — Diesel generator.

**Mr. Schramm:** — Oh yes, yes, yes, yes.

**Hon. Mr. Harrison:** — Yes, the eco-diesel generator we have up there, which maybe Laurie can talk about that, which is really interesting, by the way. So I mean we've been doing a significant amount of work.

Over half of the folks working on the remediation are locally hired. Over 60 per cent of the equipment is contracted from local contractors, so I mean we do . . . As you well know, I mean it's a very remote area and difficult to get into, but we've really made a point of trying to make sure that as absolutely much as possible — including doing, you know, significant training and all of the things that go along with that — making sure that local people are engaged both in the labour component of this, in the corporate component of this, and also that we've, you know, that the communities are very engaged in what work is being done, and there are no surprises. And not just no surprises, but we have a partnership with local communities. So I'll turn it over to you, Laurier, if you want to speak in more detail.

**Mr. Schramm:** — Sure. In terms of current activities, just to bring you up to date, the Gunnar mine, the largest of the group of these abandoned, orphaned sites, as the minister said earlier, some years ago we demolished all but one of the standing structures due to public safety concerns. The demolition debris from that is locked up, but it'll still have to be properly disposed of before we're done up there. So that piece remains to be done. There's only one structure still standing, which we've maintained in order to store hazardous materials until they can be properly disposed of, but everything else is down.

The bulk of the work, as the minister said, that started in earnest last year is a massive earth moving exercise to deal with the waste rock and the three tailings areas that developed over the evolution of the Gunnar mine and mill operation. And so a lot of that involves moving waste rock to produce some of the contouring and fill on the tailings site. Some waste rock may have to be moved a little later just to properly dispose of it, but

for the moment it's partially being used in the contouring for the tailings. And then we're having to identify and dig up clean fill to add to that — so that ultimately the tailings are both covered and then contoured so that surface runoff goes in directions that are desirable, not undesirable — and revegetate before that part of the work is done.

So the major earth moving was started last field season and it continues this year and for probably one to two more years just because of the sheer magnitude of the operation and the fact that we have a very limited field season for operations up north due to the climate. So there'll be a lot of activity on the ground for several years yet, as the minister said.

Once that's done, there may be a little waste rock left over — we'll see — and then that'll have to be properly disposed of or buried, subject to the regulatory approvals. The demolition debris will have to be properly disposed of.

We have yet to have some . . . There still have to be further consultations within the Saskatchewan government and also the federal regulators about the final disposition of the flooded mine pit. The Gunnar mine had both surface workings — which was unusual in Canada at the time, well unique in Canada in the Cold War period — as well as underground workings. So there is a very visible flooded mine pit that is . . . It's unlikely we'll be asked to treat the water in the pit, we think. But we'll still have to have regulatory approval of whatever final disposition is deemed to be appropriate by both provincial and federal authorities. So that'll have to be dealt with before we're done.

[15:30]

And then, as I said, we'll be revegetating. We've done ongoing work to figure out what species to recommend for the revegetation and our work at the Lorado mine, which I'll mention in a moment, has given us a chance to field test that. So there'll be those subsequent stages before it could finally be turned over to institutional control, perhaps five or six years down the road. But the big expenditures are coming right now and for the next probably two years after this current year.

The Lorado site, as the minister mentioned, was substantially completed last year, including revegetating. It's now green. So it's been contoured, the vegetation is coming up, and we're still monitoring and making sure there's no loose ends that need to be dealt with. Subject to approval that that is the case, then we're looking forward to returning that to institutional control in the next year or two, I would think. So that is substantially done, as the minister said.

And then of the 35 orphan sites, the smaller ones, we have for quite a few years now, each year been working on a couple, usually two or three. We have substantially completed . . . I'll have to get the number for you, but several. I'm thinking it's of the order of five or six now that are substantially complete, a couple that are in progress.

Each year as we get some substantially done, then we pick up a few more to start work on. So for example this year we anticipate starting remediation activities at the former Nicholson site, which was the first uranium discovery in Saskatchewan and the first actual uranium mine in

Saskatchewan ever. So it's not big, but it's both historically as well as technically interesting. And because it's remote from what are already remote sites, it also had a small village associated with it. So it's not just a mine; there's various other infrastructure that all has to be dealt with, some of which is going to have to be dealt with fairly soon before it falls down.

So those have been continuing each year. The process of deciding the order of those sites, what was originally anticipated was that they would be figured out triage-style in terms of risk. Both technical and public safety risk assessments were done by generations of consultants before we were on the scene. The one twist we threw into that was in our community outreach meetings to sit down with the local Athabasca Basin communities and put all this information in front of them and ask them, and say, look, these have been ordered by technical and other criteria by people before us. That work seems to us to be sound, but we'd like to hear from you as well if you have special interests for your peace of mind and well-being, how these are done. And as a result of that, we made a few changes to the ordering.

So just to give you an example, a site that might not have ranked really highly by technical criteria but was within easy walking distance of Uranium City was perceived, not surprisingly, by the residents as being more of a concern for possible accidents from playing children and things of the like. And so we worked with the community to adjust the list to something that balanced all the various criteria, including resident input and concerns, and we've been proceeding accordingly. And that's gone particularly well because they've been very enthusiastic about our progress on dealing with what they also perceive to be the highest hazards to their lifestyle and so forth.

So each year we've been proceeding with a few and will be continuing to do that for several years yet until they're done. They don't get as much news usually because they're smaller, but this has been an ongoing activity that we've maintained every year since we started.

**Hon. Mr. Harrison:** — Yes. And I think as far as kind of even on-site . . . I think we're going up in a couple of weeks, are we not? Two or three weeks?

**A Member:** — I believe so.

**Hon. Mr. Harrison:** — Yes. We're going to be going up just to kind of first-hand meet with some of the senior leadership and, you know, I'm just taking another survey. I mean everything is going well; I have no doubt about that. But the work is really, it's really remarkable, I'll tell you.

I mean the kind of site is historical. You go to Uranium City . . . I would encourage anybody who has an opportunity . . . Without question, it's a pretty big challenge to get up to Uranium City, but if a person has an opportunity to take it, it's really something to see. You know, a community that had been at one point almost the size of my hometown, Meadow Lake, just overnight virtually abandoned. And it's really quite remarkable how quickly nature takes over again in that sort of setting. But unfortunately nature doesn't clean up tailings ponds. So you know, that's where we've been making very,

very significant investment into doing so.

And I want to thank SRC for your leadership in this, and professionalism. These are kind of areas of expertise that aren't widespread, doing the sort of work that SRC is doing up in northwestern Saskatchewan. So we appreciate that, and I know it's very much appreciated by local residents. And there's just no question about the quality of the work that's being done.

**Mr. McCall:** — Thanks very much for that. And I could go on about the North and this particular project for quite some time, but time's flying right past.

I want to stay right with my colleague from Saskatoon Westview. I don't want to get in trouble with him. But in terms of I guess some broader questions that I would have asked off the top but we had this to discuss, but in terms of SRC's budgets, it's been about I think down \$744,000 this year, and it's down 1.1 million the year before that. In the number of years I've had the opportunity to hear different iterations of the SRC presentation, I'm always struck by the return in terms of the dollars spent and the multiplier or the leverage factor. I believe it was . . . Last year, it was a 22-fold return on the dollars being spent with SRC. This year it's down a bit. It's only down to . . . It's down to 18-fold return or leverage factor on the dollars spent with SRC.

And again, I'm a simple opposition politician trying to make as best sense of these things as I can, but if you've got that kind of a return, it obviously sort of begs the question: why not put more dollars in the hands of SRC? So could the minister reflect on that for the committee?

**Hon. Mr. Harrison:** — Sure. No, it's a fair question. Like I said, and I think it's probably clear through a number of years of estimates that the work SRC does is greatly valued and appreciated. You know, the answer on the budget issue would be an answer that I think you would get in other committees with regard to other ministries or agencies. I mean the province has fiscal challenges and, you know, we've worked to do our part in facing those. So there had been a reduction as far as the provincial investment into SRC.

And understanding the overall SRC budget, so the province's investment is about a third of the overall revenue of the company because most of the revenue is derived from contract revenue, you know, working with private sector companies to do the work that SRC does. And I wish we could get into kind of all of the different business areas. I tried to touch on most of them in the introductory comments but that's where the significant proportion of revenue, the significant majority of revenue is derived from the part of SRC.

So the reduction in the provincial investment basically means that, you know, there's a bit less of that work that we can do. As far as kind of impacting on the core expertise of SRC, I think it would be fair to say that it hasn't impacted on our core business areas, our core expertise. We haven't lost any of that. So there's going to be an opportunity going forward to, you know, basically ramp things up when circumstances allow. And I think I would be comfortable even putting that, you know, kind of on the record that that's the plan going forward, when we're in a position to be able to do so, that that will be a priority.

So you know, we've had to make a number . . . And there are kind of ongoing business decisions as well. For instance, you probably are going to be hearing a bit about the Slowpoke reactor, for instance, right. This is a reactor that's coming to basically the end of its operational life, and we've been putting money aside for a number of years to decommission that particular reactor. And other jurisdictions have already done so, where, you know, kind of, others . . . I think Alberta just did theirs. So I mean there's kind of changes in how things are going to be done going forward. I'll just kind of say that perhaps. But I don't know if, Laurier, you wanted to add any additional comments to that. But yes, there it is.

**Mr. Schramm:** — It would probably amount to giving the same answer in different words, but I'll try. So as you know, there have been a few years of reductions. We think of it as taking a hit for the team because our owners have to grapple with these decisions. Our job is to do our best with what we have, where we are in time. So we have been able, worked really hard to keep our core capacity, as the minister said, keep the top priority things going at the level we can.

Of course, some things get sacrificed in the process. Forty per cent of our expenses are labour, so you can't have no impact. And of course we place an absolute priority on surveying our Saskatchewan business and industry to make sure they can get on with what they do in order to fulfill our mandate.

So the minister gave a good example of something that we can't continue, which is to operate a nuclear reactor because the cost of replacing, refurbishing, or upgrading it is just not within any sense of our realistic means at the moment. So we're having to deal with that. So that's a good example of, well what about the clients? Because while a little bit of it has been used for research, including supporting research at the University of Saskatchewan, the vast majority of the work has been serving clients, either on the uranium side or the environmental side.

But seeing this was coming, we've spent some years developing and acquiring alternative techniques. And in discussions with our clients, we've let them know that at the same time as we told them about the decommissioning, which was very recent, we also were able to assure them that we either had alternative techniques available, which are in some cases faster and cheaper, they're just not the same . . . That probably accounts for about 90 per cent of the business we've been doing. And in the cases where we don't have something like that, we'll either get it or we'll get the work done for them at another reactor somewhere around the world.

So the danger is what happens over time. Can we take a cut in any one fiscal year of moderate sizes and survive? Of course. Can we do it for 50 years in a row? I would say no. Not that that's on the table but just for illustration. So it's been tight as it has for, I would think, every part of the public service.

**Mr. McCall:** — In terms of that labour cost, the goal was stated by the government for a \$70 million savings from the payroll across executive government, across the Crown sector. What portion of that is allotted to SRC to absorb?

**Hon. Mr. Harrison:** — As far as kind of the allocation I think, you know, we've answered in other fora. There wasn't kind of



specific allocations to specific agencies or departments or branches or anything of that nature.

And you know, as far as kind of our FTE [full-time equivalent], there has been a significant restructuring. And that had been . . . When did we do that, Laurier? I mean you managed through that. It was a few years ago.

**Mr. Schramm:** — It was a few years ago.

**Hon. Mr. Harrison:** — Yes. And there had been, with that significant restructuring, a change, you know, a reduction in the number of FTEs. And you know, I think that at that point it was more of a business . . . It was a business-focused reduction in the FTEs as far as how we were going to manage the council going forward. But you know, maybe Laurier, you can speak to this directly. Right now we have, I think, about 350 employees that are working for SRC.

**Mr. Schramm:** — Yes. So the actual number of employees varies a bit. You'll see that in our reporting from year to year. There are more factors than just the allocation that comes to us from the General Revenue Fund because of the nature of the contract work sometimes changes. There are some areas such as project CLEANS that we were speaking about earlier, where some of the work is being done by subcontractors. So that's a good illustration of some work may involve more of our own staff and other work may involve less of our own staff; and when that changes each year that has an effect on our overall staffing.

[15:45]

As far as government's request which you referred to, so for the fiscal year that just ended, what we were asked was to keep our total compensation line to not greater than it had been in the previous year, meaning 2016-17. So the financial statements that were just approved by the auditors and our board of directors last week, but you obviously haven't seen yet because we just have this, so I'll say it as draft because it isn't public yet, but our draft total compensation number that you'll see when you see the annual report in a few months will show a slight decrease from the previous year. So in 2016-17 total compensation was \$31,000,367 and for the year that just ended, the draft number — but I'm pretty sure it'll not change over the next month — was 29,000,303. So it came down a little bit. So we were asked to manage the envelope and do what we need to do within that, and that's what we did.

**Mr. McCall:** — Thank you very much for that. Recognizing that we're at the hour that . . . Just one last question, if I could beg Madam Chair's indulgence.

In terms of last year, there was a mention made of a target of raising contract revenues by \$9 million roughly, which will mean a net increase of revenue, if we're successful, of \$8 million. Was the SRC successful in meeting that target?

**Mr. Schramm:** — Was that increase in contracts for the fiscal year just ended?

**Mr. Hill:** — For the 2017 year, our contract revenue was 46 million, just over 46 million; and then for the 2018 year, we

were at 53.9 million. So we didn't quite reach the target that we'd stated within but we came rather close.

**Mr. Schramm:** — If I may add a little flavour to that, this is purely educated speculation, but we're expecting our contract revenues in this current fiscal year that's just under way to go up by about another 10 million. Although we didn't set a precise target for it, that's . . . Many of our markets are improving.

**Mr. McCall:** — Thank you very much for that. And again there's always so many interesting things going on at the SRC, we could keep you here all day, but we've reached the agreed-upon hour of conclusion and then some. So thanks, Madam Chair; thanks, committee members, and Mr. Minister, officials. And again congratulations and keep up the good work. Here's to the next 17, Dr. Schramm. And with that, I've no further questions.

**The Chair:** — Thank you, Mr. McCall. We will now adjourn consideration of estimates for vote 35, Saskatchewan Research Council. Minister, if you have any closing remarks you'd like to make.

**Hon. Mr. Harrison:** — Very briefly. Thank you to Laurier and Ryan, and thank you to committee members. And I look forward to doing this again.

**The Chair:** — Thank you. We'll take a short recess just to change officials.

[The committee recessed for a period of time.]

### **Bill No. 125 — *The Saskatchewan Value-added Agriculture Incentive Act***

#### **Clause 1**

**The Chair:** — All right. Welcome back, everyone, and we've now been joined by Vicki Mowat on the committee. And we will now move on to consideration of Bill No. 125, *The Saskatchewan Value-added Agriculture Incentive Act*, clause 1, short title. Minister, if you'd like to introduce your officials here today with you and begin with any opening remarks.

**Hon. Mr. Harrison:** — Thanks very much, Madam Chair. I'll have brief opening remarks and I'll introduce my officials. On my left, Jodi Banks, acting deputy minister; on my right, Kirk Westgard, assistant deputy minister. Behind me, Bram Lerat, policy analyst, strategic policy and initiatives; and Eric Warren, policy analyst, strategic policy and initiatives. And they'll be helping me out today and providing responses to any detailed questions on the bill in front of us.

So I'm pleased to introduce to you *The Saskatchewan Value-added Agriculture Incentive Act* today at committee. Madam Chair, a core component of Saskatchewan's continued economic prosperity is our work to foster a competitive business environment in our province. This work is based on finding ways to remove barriers to growth wherever possible and to attract new investment to Saskatchewan. These efforts enable businesses to pursue unique opportunities in our province and strengthen our key economic sectors. Our

value-added agriculture sector is one of these. It's highly diversified and rich in opportunity.

We're introducing *The Saskatchewan Value-added Agriculture Incentive Act*, and we did earlier in this session as a part of the 2018-19 budget. Its purpose is to improve investment attraction and retention outcomes in Saskatchewan's value-added agriculture sector. The Act was developed by the Ministry of Trade and Export Development with input from the ministries of Finance, Agriculture, Immigration and Career Training, and Justice.

It enables qualifying projects to receive a non-refundable corporate income tax credit equal to 15 per cent of qualified new capital expenditures. These include new or existing value-added agricultural facilities with capital expenditures of more than \$10 million related to expanding productive capacity. To be eligible, a project must demonstrate the capital expenditures were made for the purpose of creating new productive capacity or increasing existing productive capacity. Redemption of the benefits is limited to 20 per cent in year one after the facility enters operation, 30 per cent in year two, and 50 per cent in year three. There's a maximum carry forward of 10 years on any remaining credit amount.

This approach predominantly forgoes future revenues and results in a net gain for the province over the life of each qualifying project. It's specifically designed to improve our competitive positions compared to neighbouring and other jurisdictions. It will also help to secure investment in large-scale expansions of value-added capacity.

Estimates indicate the program will attract 12 to 17 projects valued at 700 million to \$1 billion in total investment over five to seven years. This will result in 280 to 425 new jobs in the value-added ag industry. And, Madam Chair, I now respectfully submit *The Saskatchewan Value-added Agriculture Incentive Act*, and we're available to answer questions.

**The Chair:** — Thank you, Minister. I'll open the floor to questions from any committee members. And I recognize Ms. Mowat.

**Ms. Mowat:** — Thank you, Madam Chair, and thank you to the minister for his opening comments as well. So I just want to briefly say we're certainly open to diversifying the economy and, you know, value-added agriculture makes sense as a way to do that. So I want to put that on the record too, that we stand with our partners in agriculture and appreciate this incentive being put forward. But we do have some questions about how the bill came about and how the decision was made to create this type of incentive. So that's what the nature of some of my questions will be today. So I look forward to having a bit of a discussion about this in the short time that we have here today.

With regard to . . . I don't know if this is capable of being turned into an acronym that you can pronounce successfully, but the SVAI [*The Saskatchewan Value-added Agriculture Incentive Act*] being referenced in the budget as well as just now, there was some discussion about the reference to creating jobs. And I believe you specifically mentioned a number of jobs that you believe it will create. Can you elaborate on what that number is and how that came about?

**Hon. Mr. Harrison:** — Right. Sure. I think we had estimated 280 to 425, and that estimate is based on take-up for the program. So you know, based on 7 to 12 projects that would be eligible to take advantage of the program, that would result in . . . you know, it's an estimate so between that number, two hundred and . . . [inaudible interjection] . . . Yes. Yes. Yes. Right, yes. We kind of estimate 40 jobs per project, but I mean that's a big variable. So that's our best estimate though.

**Ms. Mowat:** — Thanks for that, and it's good to know what that number is. In terms of the eligibility of different companies to apply for the tax incentive, do you have a sense of how many companies that exist right now in Saskatchewan would be eligible?

**Hon. Mr. Harrison:** — How many would be eligible? I mean, it's not really based on the company; it's based on the project. So I mean, any company could be theoretically eligible to make application. But like I said, we're looking at, you know, between 7 and 12 is our best estimate but . . . And you know, we've probably erred on the side of . . . Because it's a new measure so we've probably, if anything, been conservative as far as the parameters for entry into the program. You know, there probably would have been some that said, well you should open it up more and wider. And that's not to preclude that from happening in the future, but right now initially we're going to be proceeding with a program that, you know, we estimate would be 7 to 12.

But again, we don't know for sure. I mean, it'll depend what companies see this as being, you know, basically a tipping point between making their investment here or making their investment elsewhere. And that's really what we're trying to get at with the program.

**Ms. Mowat:** — In terms of company versus project, is it possible then that one company could apply for several different certificates if it puts in . . . if it has many different projects? What is the process there?

**Ms. Banks:** — So I'll give this an answer. So basically because it could be either a new company coming in or it could be an existing company in Saskatchewan that's doing an expansion, what we've sort of . . . how we've designed the program was to say that, you know, if they're doing . . . Say it's an existing company doing an expansion, they would put out, they would put a project plan together. It would have to be, you know, meet the threshold. They would have to go through and do all the work, become operational, and then utilize the tax credit and complete that work, utilize the tax credit. And then at a later date they could always come back with another project.

[16:00]

Another example though is an existing company in Saskatchewan that has an oat processing plant in one spot and a canola crushing plant in another, in which case they are two very separate projects. And then they could in fact have two separate certificates. So it's a little bit dependent on the situation, but the intent is that they would have . . . you can't do a whole bunch of, you know . . . We're trying to limit it to those \$10 million threshold projects.

**Ms. Mowat:** — And in terms of the certificates themselves, can they be granted retroactively? Or is it . . . yes, because I think . . . Is there a timeline on that? Sorry, I don't remember what the details are.

**Hon. Mr. Harrison:** — Yes. September 1, 2017 that there would be opportunity for retroactive application for projects. Yes.

**Ms. Mowat:** — Okay. In terms of the criteria that were selected for granting the certificate, how was \$10 million decided?

**Hon. Mr. Harrison:** — You know, essentially, I wasn't the minister when the legislation was developed. But you know, we had discussions around what the right number would be, and this was the advice from our officials that this would be the right number. You know, basically what we're trying to do is incent, you know, significant projects and significant investment in the province that but for this incentive would be made elsewhere. So you're looking at basically where, you know, 15 points or 15 per cent makes a significant difference on basically the return on investment for a company making that investment.

And you know, a lot of these project investment decisions are basically coming down to a rate of, you know, return on investments of one or two points. I mean it's very, very tight as to whether you put a facility in, you know, another jurisdiction even in Canada or the United States versus putting a facility in Saskatchewan. So you know, what we needed to do and what we really wanted to do was find, you know, potential significant large investments that would be right on that tipping point. And we felt that the \$10 million number was probably the right number.

That's not set in stone forever. I mean we're going to be reviewing the legislation after a five-year period of time. And you know, there may be, you know, a circumstance that would see that move in either direction. I mean I'm not kind of wedded to the number, but that was what we felt would be the right number initially to start with.

**Ms. Mowat:** — And can you speak to . . . Like, you've talked a little bit about larger corporations deciding where to invest. Can you speak to why a decision wasn't made to support smaller businesses?

**Hon. Mr. Harrison:** — Well like I said, for this initial . . . for this program right now we had felt that, you know, what we're trying to get at isn't necessarily investments that would have happened anyway. I mean, we're trying to get at the investments that are largely made by, you know, large corporations that could be making these investments anywhere in the world. I mean, this is very mobile capital, so you don't necessarily find that with, you know, smaller companies that have the ability to direct capital anywhere on the planet for a whole host of reasons.

So what we are looking at is finding what that number would be where you have, you know, very mobile capital and, you know, potential investments being made anywhere and incenting them to be made here. So you know, we're not trying to . . . Basically we're trying to bring investment here that wouldn't have

happened but for this. Otherwise we would have lost it. So that's the reason why we call it basically, you know, a new growth tax incentive. Because we're not . . . We are forgoing revenue, but it's revenue that we wouldn't have had an opportunity to collect if the company was located elsewhere, right?

**Ms. Mowat:** — In terms of program design, was there another type of a tax incentive program that was used as a model for what this program looks like right now?

**Hon. Mr. Harrison:** — Yes. I think that, you know, we've looked at best practices across different jurisdictions with regard to how these programs are designed. And we're pretty comfortable with where we've landed on this. And you know, I don't want to make any announcements, but I think you might even see further initiatives that would take parameters that we've put into this statute and maybe see that elsewhere.

So I think it would be fair to say that we think we've landed in a good place as far as the criteria, and that was predicated not on any specific statute from either here or elsewhere but a scan across other jurisdictions as to what best practice looks like for new growth incentives.

**Ms. Mowat:** — In terms of providing optimism for the program, does the ministry have any evidence, or evidence . . . like, are they relying on any evidence that they believe that this program will work to create the jobs and to be utilized?

**Hon. Mr. Harrison:** — Yes, I would say with regard to kind of program design and all that, I mean, it's not targeted at any specific individual company or anything. But we have, you know, been working with and have historically worked with across different governments, not just us, the ag sector, and have a pretty good idea as to what goes into an investment decision from some of these players in this space.

So you know, we have a degree of confidence that there's going to be significant interest, that there are, you know, potential projects out there that might be eligible for this. And that's, you know, based on the fact that we are working with these companies pretty directly in cases. I mean, that's what we do in Trade and Export Development is work with companies to attract investment into the province or relocated investment from elsewhere in Canada. So that's, you know, we have a degree of confidence . . . [inaudible] . . . Kirk or Jodi, if you want to speak to the work we do at some of these companies.

**Mr. Westgard:** — If I could just add to what the minister's said, is that we are currently working with a whole host of companies and have been for the last couple of years. As you may know, any company takes anywhere between two and five years to make an investment decision. And in creating this incentive, we did some research and did some consultations with the companies we are working with to see what would be available to them or, if something was available to them, would it make a difference in their decision-making process? And this is what we came up with. So we're quite confident that we have a list of companies that would look at this incentive as very positive.

**Ms. Mowat:** — So in terms of the initial, its initial conception,

where did the idea come from for this tax incentive?

**Hon. Mr. Harrison:** — Well you know, again I wasn't the minister right when we initiated the . . . or did the actual design of the legislation. But you know, there have been challenges on occasion when you're, you know, looking at one or two points of return on investment being a tipping point between those investments being made here or being made elsewhere.

I mean, we have some natural challenges just being where we're located. Transportation costs are higher. We don't have hydro power. I mean, all of these things kind of add up to challenges as far as comparing direct costs with other jurisdictions, right? So we have to be aggressive and assertive about, first, I mean, pointing out what our advantages are which is, you know, this is pretty close to some of the source product and all of those things.

But the reality is that, you know, we've on occasion been on the wrong side of that one or two point decision. And you know, we wanted to look at a tool that would allow us to be able to be on the right side of that equation. And it's not, you know, speaking to any specific sort of individual decision. But like Kirk said, we work with companies constantly and they're making kind of long-term investment decisions based on a host of factors. But it does often come down to that final one or two points, and this we feel is going to put us on the right side of, you know, more decisions than we would have otherwise been on. So I guess as far as kind of the catalyst for it, that would be the catalyst for it.

**Ms. Mowat:** — Thanks. What about, you referenced neighbouring jurisdictions a little bit. Can you clarify whether you're talking about, like are you talking about geographic, like geographically neighbours or are you . . .

**Hon. Mr. Harrison:** — Well not necessarily like right beside us or anything like that, but I mean we have a, you know, an area around Saskatchewan, a lot of the jurisdictions that do similar things to what we do and have similar sort of agricultural communities, whether that be Alberta, Manitoba, south of us into, you know, Montana and North Dakota. And so I mean, and we're competing directly for this investment in those areas.

**Ms. Mowat:** — Is the ministry planning to monitor how successful the tax incentives are?

**Hon. Mr. Harrison:** — Oh without question, yes. And we're happy to report back annually, or even probably more regularly than that, as far as the uptake for the program. And you know, we're hopeful that we're going to see initial uptake. But like I said, this is the first incentive exactly like this we've done in this area, so we're open to recalibrating if we think we need to recalibrate. This is going to be driven by results, so we are going to be monitoring it very closely.

**Ms. Mowat:** — And in terms of, you know, with providing incentives and behavioural economics, there can be many opportunities for unintended consequences. Do you have any concerns about unintended consequences, or was any analysis done of what this sort of tinkering could do?

**Hon. Mr. Harrison:** — Right. Well you know, that's a good question. I mean, there frequently is when you're making taxation changes. You frequently see consequences that couldn't be modelled or predicted at the time of, you know, making the change. Folks do their best and kind of use best practice in determining that, which I know we've done. I don't know if Jodi wants to speak to that. I mean, that's a more technical question.

But I can, you know, I can say that we would be aware of that. I mean, our objective in this is to, you know, attract investment that wouldn't have otherwise been here. So we'll be very much looking for any sort of particularly adverse reaction, consequences from the change.

**Ms. Mowat:** — You've spoken a little bit about consultation, quite broadly, with some of the companies that you've been working with. Can you . . . Is there anything you can provide more specifically in terms of once the program was sort of packaged and shopped around, who it went out to, what kind of feedback you were receiving, that sort of thing?

**Hon. Mr. Harrison:** — Well I can speak to that directly, but maybe officials . . .

**Mr. Warren:** — So you're just wondering about the companies that had been consulted, or the groups that we had consulted with, and obviously not specific companies. Is that correct?

**A Member:** — I think we want to be cautious.

**Mr. Warren:** — Yes.

**Ms. Mowat:** — What you can provide, yes.

**The Chair:** — Just before you continue, can you state your name, please?

**Mr. Warren:** — Sorry. Eric Warren, policy analyst. Yes, we first of all, you know, have internal expertise in the ag value-added sector, so they certainly played a significant role and they've been engaging and liaising with a number of companies in the sector. We also did a round of consultations probably with 10 to 12 companies and organizations representing the sector. And so that's all well documented. Yes, I don't have anything else more specific than that. But certainly yes, extensive consultation over a period of a number of months leading up to the development of the legislation.

**Ms. Banks:** — I can just add to that. You know, we've been working very closely with the Ministry of Agriculture. They've also consulted in concert with our officials, the industry groups, to make sure that there's that primary production that feeds into these companies where you're adding value.

When the budget was announced, and this was announced as part of it, letters went out to individual companies from me saying that this, you know, was coming as part of the budget bill. And as we continue down the road of finalizing the regulations and the last details, an additional communications package will go out again in the fall.

**Ms. Mowat:** — Okay. Thank you. So is this program jointly

going to be supervised between both ministries? Or where is it going to live?

**Ms. Banks:** — So the program lives with Trade and Export Development, but we will, where we need additional expertise in whether it's defining what value-added is or those kind of things, you know, we will have a joint working committee with officials from the Ministry of Agriculture to ensure that we have that full expertise.

**Ms. Mowat:** — So in terms of making the decision to incent this particular industry, can you speak to what that looked like, like if it's coming from this ministry and we're sitting here talking about it here instead of in agriculture? Can you speak to a little bit about how that particular decision was made? Like, I know we've had lost jobs in agriculture. I don't know if that's related or what the thoughts are.

[16:15]

**Hon. Mr. Harrison:** — Well you know, what I would say to that, I mean we have been very disciplined about seeking out and leveraging and making sure that we're focused on the things that we do best and the advantages that we have as a jurisdiction. And you know, this oversimplifies it but I mean we kind of talk about food, fuel, and fertilizer. You know, these are areas that we are, you know, world class, we have world-class industries in. And you know, that would be, you know, an area where we're going to continue to focus as far as leveraging our natural advantages, and there's a host of them. But those are the areas that we are the best and we do the best, we feel that we have the most competitive position in.

So you know, so I would say that that would be a part of the consideration around why we're moving in this sector. And like I said again, not to kind of prejudge anything but, you know, we're going to continue to do work on perhaps some of the other areas. We've seen that with already, you know, some of the work we've done with the potash companies for instance with, you know, tax incentives to create the conditions for additional investment into mine sites. And you know, honestly a lot of that was even done previous to us, in the previous government that had worked with the companies directly to incent that investment.

You know, we worked with them as far as head office expansions within the province. So you know, I would just say that we try to be very disciplined, understanding that we can't do everything and making sure that we are focusing our efforts and resources on the areas where we have a, you know, significant amount of strength.

**Ms. Mowat:** — In terms of timing, how do we know this is an appropriate time for this type of tax incentive? Is there, you know, are we seeing growth within this sector? Or like, yes, just in terms of timing and how we know it's right.

**Hon. Mr. Harrison:** — Well I mean there has been really significant investment into the entire area of ag. And I mean I'll tell you, the changes in agriculture in the course of the last, you know, 15 years have been just remarkable. You know, I'm not a farmer but a significant part of my constituency is agriculture and, you know, a lot of my really good friends back home farm.

The change that has occurred — almost revolutionary change that's occurred in the sector — has opened up, I think, significant opportunity for value-added application to, you know, the tremendous changes of the production levels. So I think that would be a catalyst for the timing.

You know also, I mean just the fact that I think we have significant opportunity with a population globally that's growing at a tremendous rate in need of high-quality foodstuffs. And you know, we want to be the provider for as kind of much of that chain and particularly the value-added chain as we possibly can, rather than have that investment go elsewhere. So you know, we're going to continue to put a focus on attracting that sort of value-added investment into this sector, and others as well, where we've always traditionally had a lot of the kind of production, initial resource side of things. But we want to, you know, provide incentives if that's necessary to increase our spot on the value chain.

**Ms. Mowat:** — So just in terms of monitoring, how do you plan to ensure that you're receiving value for money in providing these tax incentives?

**Hon. Mr. Harrison:** — Well we're going to, as I answered in an earlier question, we're going to monitor the program usage and utilization and uptake. The policy objective here is to incent investment that wouldn't have happened here otherwise, right. So if the investment would have gone elsewhere, then we're not, you know, we're not losing any revenue because of it. That's the whole point of having a new growth tax incentive is that it wouldn't have happened but for the new growth tax incentive. And that's the whole point of the design around the program is to make sure that you're incenting new investment that wouldn't have occurred otherwise.

And there's a bit of a line there as to what would have happened otherwise, or happened naturally without an incentive in place. So that's where we rely on our officials and professionals in the public service to make the recommendation as to where that line is. So you know, we think that we're in the right spot, but like I said, we're going to monitor it closely to make sure that we continue to be in the right spot. And we're not adverse to making changes if we don't think we are.

**Ms. Mowat:** — Thank you. I have no further questions, Madam Chair.

**The Chair:** — Thank you, Ms. Mowat. We will now begin to vote on Bill 125, *The Saskatchewan Value-added Agriculture Incentive Act*. We have clause 1, short title. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 25 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Saskatchewan Value-added Agriculture Incentive Act*.

I would ask a member to move that we report Bill No. 125, *The Saskatchewan Value-added Agriculture Incentive Act* without amendment. Mr. Buckingham moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Thank you. Minister, if you have any closing remarks, and then we'll take a brief recess to change officials if you have to.

**Hon. Mr. Harrison:** — I have none other than to thank the team that worked on the bill, and thank the officials for being here today, and thank committee members for the questions and the review.

**The Chair:** — Thank you. Ms. Mowat, if you have any closing remarks?

**Ms. Mowat:** — Just thanks to the minister and to the officials for their time today and of course to the committee members as well.

**The Chair:** — Thank you. Do you have any change of officials, Minister?

**Hon. Mr. Harrison:** — I'm not 126.

**The Chair:** — We'll take a five-minute recess.

[The committee recessed for a period of time.]

### Bill No. 126 — *The Energy Export Act*

#### Clause 1

**The Chair:** — Welcome back everyone to the Standing Committee on the Economy. And we will now resume with our consideration of Bill No. 126, *The Energy Export Act*, clause 1, short title. We've been joined by Buckley Belanger in for Vicki Mowat. Minister, if you would like to introduce your officials and then begin with any opening remarks you may have.

**Hon. Ms. Eyre:** — Thank you, Madam Chair, and good afternoon to you. Good afternoon to committee members. Accompanying me today are Laurie Pushor, deputy minister; Kathryn Pollack, assistant deputy minister; Cullen Stewart, executive director, energy policy; Mike Balfour, director, energy policy; Leanne Lang, senior Crown counsel; and Theodore Litowski, Crown counsel. We're here to provide answers to any questions from the committee regarding the legislation before you. I'm pleased to introduce *The Energy Export Act*, 2018.

Madam Chair, Saskatchewan is the second-largest oil producer in Canada. The oil and gas industry accounts for approximately 15 per cent of the province's gross domestic product. It has a combined value of oil and gas production estimated at \$9.2 billion in 2017. It also supports employment for tens of thousands of people in the province.

This Act has been created with the intent of addressing challenges and uncertainty currently facing our energy industry. It will effectively create the legislative framework that is

necessary to optimize the value of Saskatchewan's oil, gas, and refined petroleum products. Specifically it establishes a removal permitting process for individuals or corporations who are seeking to sell or transfer such products outside the province. This is in response to the ongoing obstruction of certain pipeline construction projects that are vital to our oil and gas industry and, by extension, to our provincial and national economies.

Pipelines are acknowledged as the most efficient and the safest method of transporting large volumes of crude oil. The Government of Saskatchewan is absolutely confident that federally approved and properly regulated pipelines can be constructed and operated in a manner that protects both the environment and public health and safety.

Madam Chair, our national coastlines provide crucial access to tidewater and to the global market that lies beyond them, and that access is critical to getting the world price for Canadian crude oil. Canada is the only oil-producing nation that does not have unfettered access to global markets. This is exclusively as a result of not having pipelines to tidewater.

Expansion of our national pipeline capacity will enable our petroleum producers to be globally competitive and put billions of dollars back into Canada's economy. Federally approved and properly regulated pipelines are integral to our core economic interests. These include quality jobs, sustainable development of our energy resources, responsible stewardship of the environment, and industry investment and growth in one of Saskatchewan's key industrial sectors. Above all it includes economic security for current and future generations.

[16:30]

The expansion of our national pipeline capacity is too important to be obstructed or hindered by actions that are not congruent with constitutional authority. Such confusion and uncertainty threatens to compromise what is one of the best resource investment climates in the world.

Madam Chair, I now respectfully submit *The Energy Export Act*, 2018 and we are available for your questions.

**The Chair:** — Thank you, Minister. And I'll now open the floor to questions from committee members and recognize Mr. Belanger.

**Mr. Belanger:** — Thank you very much, Madam Chair, and welcome to the minister and welcome to the officials. I want to point out that I'm pleased to be here on behalf of the official opposition. And obviously the role of the opposition is to challenge and compliment, where possible, the activity that as a province we've undertaken every day, and that is to strengthen our economy, create jobs, protect the environment, and do all the great things that the people of Saskatchewan require us to do in our role as legislators.

I would point out, Madam Minister, that no question in my mind the importance of the oil and gas sector. No question in all of our collective minds as we sit here in the Assembly, debating each day the merits on how best to achieve certain objectives as a province and certainly as the official opposition of the current

government, the Saskatchewan Party government.

What I'll point out, Madam Minister, is that we've ascertained on numerous occasions and we've expressed at a number of committee meetings the desire that we have as the official opposition in ensuring that we do get our product to tidewater. As a landlocked province, we do have challenges in getting potash; we do have challenges in getting all our commodities, wheat and durum and so on and so forth, as well as our oil and gas. And we've over time . . . Being here for a few years, I can remember some very eloquent speeches on the notion of being a landlocked province and the unique circumstances that we have had as a province in trying to get our product to market.

Saskatchewan, along with Manitoba and Alberta are known throughout the world as being a breadbasket of the entire world. And that after a number of years, we still struggle getting our product to market, and that something certainly has to be done to alleviate those challenges.

As we look at the crisis in 2008, with the grain transportation crisis — and again, we're hearing a lot of musings about the challenge within the agricultural sector — we're back at this matter of how we get our product to market. Now I think it goes without saying that we concur that it is the role of the government and the opposition to find the best way in which we can get our product to market, as a result of the hard work of the people of Saskatchewan — the producers, the employees of the oil and gas sector, and of course, the investors.

So I think it's really important that, from our perspective as the opposition, we would point out that we are very supportive of every effort to get our product to market and, in this case, the oil and gas sector. We would encourage them to do a number of things: (1) of course is to invest in Saskatchewan; (2) is continue investing in Saskatchewan, where we can get good mortgage-paying jobs and do all we can to value add to the resource that we currently enjoy called oil and gas.

So I think it's important as you look at this particular bill, and to be as succinct as I possibly can on the intent of the bill, is that this bill would look at options in which we would limit our exports to BC [British Columbia] in terms of oil and gas — in retaliation, I would add, for the fact that we have not been able to get support of BC on putting forward the pipeline so we're able to get the bitumen to the port and, of course, on to worldwide markets.

Now one of the things that we have to do in our role in the opposition is to question the minister on the bill itself. Now I want to point out — and we're going to be very careful to watch what the current government does — if it's responsible in its politics, then it'll proceed in a very constructive manner. Because after all, our role in the opposition is to ensure that we have jobs at the end of the day. By the same token, we have to ensure that there is protection as people of Saskatchewan want. And we often point out the position of the opposition is that it's important that we develop our resources, be proactive on that front, but also take into consideration a number of matters that would balance out all of our interests as it pertains to resource development. And some of those options include return on our royalties, protection of our environment, maximizing employment in the province of Saskatchewan. A lot of these

statements are shared by, I think, the opposition and the government.

So we're going to be watching with very, very . . . with a lot of scrutiny, as to where this bill goes from here. At the outset we are in support of the Kinder Morgan pipeline. We want to see our product get to tidewater. I want to state that at the start of this particular process, so that there isn't any demur from the provincial government as you embark on your strategy to do whatever you want to do as a result of this bill and as it pertains to the official opposition.

Now as you go forward, we have looked at the bill and there are some control mechanisms that you have granted to yourself to be able to limit the amount of product we ship into BC. And this is where I think it's important that as the official opposition we ask the questions, because we too want to see that pipeline built. We too are fully aware of the jobs at Evraz. We too want to see the employment right across the province flourish when it comes to the oil and gas sector. So what the Saskatchewan Party government do from here on in with this particular bill, and which we hope doesn't happen, is that we start playing silly politics with the opposition and our stated position.

We want to know exactly what the bill is intended to do, and these questions are primarily asked to get clarification as to what you're inferring or what you're authorizing yourself to do as the minister responsible when it comes to the actions that the bill has indicated, which is to limit exports of our product to BC.

Now on the notion of the minister themselves — and I want to make reference to one part of the bill itself here, Madam Chair; just give me one second — I would point out under the application of the Act, and this Act . . . and I'm quoting from section 3:

This Act applies to all persons, or classes of persons, who:

(a) export from Saskatchewan oil, gas or refined products;

So my question to the minister: on that front, what industries and which companies in Saskatchewan are going to be affected by this legislation?

**Hon. Ms. Eyre:** — Thank you, Mr. Belanger. Before I get into section 3, a very valid question and important question obviously, you did engage in quite a lengthy preamble there. And so if I may, Madam Chair, I'll just respond to one or two points raised by Mr. Belanger, as I say, in his preamble to the question which I absolutely will get to.

Again, Mr. Belanger, we have noted and I have noted and appreciated comments made by a number of members of the opposition on the importance of the Kinder Morgan pipeline and of getting product to tidewater. You have been clear on the importance you place on jobs and the economic significance for the province and so on.

But there is one notable exception to that position and that is the position that has been held by the Leader of the Opposition. And again, I'm merely pointing to his words. So if I were being

colloquial I would say there has been a certain amount of flip-flopping that has gone on here on his part. And you know, he has questioned the economy of pipelines. He has questioned whether they create jobs. He has talked about how he doesn't appreciate posturing on pipelines. I think these are on-the-record remarks so it's important to raise them.

And again, this isn't about posturing. This is about principle. And again, you've made a number of general comments about the importance of the pipeline and the intention, because it directly relates to the intention of the government in terms of what has driven us to this point and to the introduction of Bill 126. And again, I guess I would say, it's obviously a very hot discussion at the moment across the country.

But it's one thing to say the pipeline should be built, as the Leader of the Opposition has subsequently said, but the question of course is how it gets built and how we get there. And I think we have to remember before we engage in a detailed discussion of the Act — and as I say, I'm absolutely willing to do that — that we remember that this was an approved project by the BC government at the time, by the National Energy Board, by the federal government. So that is not in question. That is what we should all be basing our assumptions on, that that approval was sought and achieved, and now we find ourselves in a position where that is in question unfortunately.

So again I think the bigger question is how the federal government is prepared to actually ensure that this pipeline gets built — that was approved — and to ensure that Canada is open for business, which certainly from Saskatchewan's perspective is very important.

So in terms of section 3, and the question was which industries will be affected, I'll just ask your indulgence one moment, Madam Chair.

Thank you, Madam Chair. So in terms of section 3, which is what you have referenced, Mr. Belanger, before any action would be taken on this bill we would have to define who will apply and the classes of product. And as you can see, that is by order in council, or would be by order of council, so whom it would apply to and then the exemptions. And so the difference in Saskatchewan, in terms of the way that the legislation is laid out, is that cabinet would make that decision regarding persons, entities, product that would be caught by the Act and then what exemptions would apply. So that is a general start at least to what section 3 envisages and how the Act would start.

**Mr. Belanger:** — Thank you very much, Madam Chair. And I would point out that this is a very serious matter for our province. I'm not arguing that. The opposition is not arguing that. It's really important we put our plan into place, and it's really important we think out the strategy behind all of our legislation. And is not the intent of this bill to limit oil and gas exports from Saskatchewan to BC, Madam Minister? Is that the intent of this bill?

[16:45]

**Hon. Ms. Eyre:** — Thank you, Madam Chair. So again this is a bill of general application, and the test . . . There are two tests

for establishing public interest, two main tests that are outlined in section 3. So that would be (b)(i), (ii), (iii), and (iv). And the test or tests is part of the old oil and gas conservation Act, the same tests. So we're basically continuing that broad public interest test that was in place previously under that Act when case-by-case export permits were granted and then thereafter discontinued, as you'll be aware. So it basically applies to product as determined by OC [order in council] and then subject to these tests as outlined in (3)(b)(i), (ii), (iii), and (iv).

**Mr. Belanger:** — Now I want to stick to the very basic points. This bill you're introducing is a bill that's designed to limit oil and gas export to BC in retaliation for their . . . and adding pressure on, as Notley has done from Alberta, to have this Trans Mountain pipeline built.

Now we're not going to debate the fact that they've got the National Energy Board's approval. They went through a rigorous process. The national government has given this project the go-ahead. We think nationally that the government should be very strong and forthwith on their commitment.

So you come along and you propose a bill. And the intent of the bill is to limit oil and gas exports to BC from Saskatchewan. That you've said on numerous occasions. Now why would you then turn around and put in the bill itself provisions in which cabinet can decide which companies could export and which companies cannot export by way of a permitting system? And that's the reason why we ask the very serious question is, which industries and companies in Saskatchewan would be affected by this legislation, and which companies would be eligible for permits? And what would be the rationale for making a company get a permit to export, or denial to not export?

And this is the important, critical part that we in the opposition want to know as it pertains to the preparation of this bill. Have you done your homework? Have you had those consultations? And what rationale are you going to be guided under or guided with when you make the determination as to which company wins and which company loses? Because I think if you have that option available, it does not meet the intent of the bill, which further would suggest that people are simply saying you're playing politics with this. And I would hope that would not be the case, Madam Minister.

So why would you announce this bill, turn around and say, cabinet will have the final say as to who gets a permit and who doesn't? And I would hope, Madam Minister, that's not the intent of your bill is to play politics with the lives of the many people impacted by the oil and gas sector and the companies that are coming to invest in Saskatchewan. Can you clarify that, Madam Minister?

**Hon. Ms. Eyre:** — Madam Chair, if I may, it was said that I had said something on numerous occasions. Could I clarify what that was that I apparently said on numerous occasions?

**Mr. Belanger:** — Well the intent of this bill . . . the intent of this bill.

**Hon. Ms. Eyre:** — Being?

**Mr. Belanger:** — That you're going to limit exports of oil and



gas to BC. The intent behind this bill.

**Hon. Ms. Eyre:** — That's precisely what I want to correct. I have never said that. This is a law of general application, a bill of general application, which is the only thing I have ever said, so simply to clarify that.

Again there are a number of questions in your question and a number of assumptions made, of course, in your question as well. Most notable I think I would say is the reference to jobs and the importance of jobs in the province and to workers in this province in the sector. So let's begin with that.

And be very clear that Saskatchewan lost \$200 million in royalties last year because of pipeline delays and lack of access to tidewater. 2.6 billion was lost by the sector. Of course, that's had a massive impact on jobs. Right now the sector employs some 34,000 people indirectly and directly, and those jobs are all in further jeopardy. The sector obviously continues to be in great jeopardy if these pipeline projects continue to face the obstruction that they have. And as you will know, Mr. Belanger, Enbridge, Northern Gateway, and now TransCanada have all been in jeopardy.

So this is a culmination of threats to the energy sector. And this is a national issue, not only a Saskatchewan issue. But of course it impacts us and our sector and our jobs and our economy, which is why we are where we are. And again we wish that we were not here, but the continued non-action of the federal government to see this pipeline through has led us to this point. And it's a serious, grave point where we find ourselves. But it is about protection of the sector and of the energy sector going forward.

**Mr. Belanger:** — Thank you very much, Madam Chair. I just want to again digress on the points that I made earlier and go back to the questions that I asked the minister directly. Number one, I believe the intent of this bill — correct me if I'm wrong — is to limit oil and gas exports to BC in retaliation and to add pressure onto the BC government to accept the already approved and very rigorously approved Trans Mountain pipeline. Is that the case? Yes or no? Is that the intent behind this bill? Yes or no?

**Hon. Ms. Eyre:** — Well, Madam Chair, again I think it's important that the bill as envisaged now and the bill as is presented now is a general application bill. It provides the framework for ... a legislative framework that would encompass the ability for Saskatchewan to look at case-by-case export permits. There's a historical background to that, as you will know, Madam Chair, in terms of the structures that were in place in Alberta and Saskatchewan at one time for gas and natural gas permits.

So it's not an unprecedented situation from a historical perspective, certainly. And there's a course that things have taken where we find ourselves in a position where, to protect the broader sector and to protect industry in the province, we have to envisage a law of ... a similar structure but expanded structure of export permits, and as I say, with the broad intention of protecting the sector. That is the intention.

**Mr. Belanger:** — All right. So I'm looking at some of the

comments made by the Premier. And when the Premier says, and I'm just not quoting word for word, but the intent of what he said is, and I'll use the quote phrase: if Alberta turns off the taps, it won't be Saskatchewan filling them up. Is that related at all to this bill?

**Hon. Ms. Eyre:** — Thank you, Madam Chair. Again we don't dispute the Premier's comments, obviously. But this bill that's before us today, and before us for analysis and discussion today, is about addressing the continued uncertainty faced by our energy industry generally and at large. And again I've listed the projects that have been discontinued, the one that continues to be under threat, that faces an existential ... that creates an existential threat for our energy sector and our workers in the sector.

Again, we didn't want to find ourselves in this position, but this is about protecting the energy sector, period. We can't have this continued uncertainty be the ordinary course of business in this country any longer. And so as a province that is very dependent on the energy sector, we find ourselves in this position, unwillingly, because as we all know this was a federally approved project. And here we are. It could be resolved, but hasn't been. And time is ticking and we felt that it was important to address this crisis to the sector.

**Mr. Belanger:** — For the record, Madam Chair, the Premier did say, if Alberta turns off the taps, it won't be Saskatchewan filling them up. End of my quote. This bill was intended to achieve that result. This bill was introduced to simply complement exactly what Alberta is proposing to do under Premier Rachel Notley, in the sense that she realizes — and we certainly concur — that it is important to resolve this matter.

Now in our pursuit of trying to assist the NDP [New Democratic Party] Government of Alberta in them getting the Trans Mountain pipeline, I'm not going to debate all day the merits of pipeline versus rail versus trucking. I have concurred with the minister that the safest, most effective way to transport oil, and in this case bitumen, is through the pipeline process. It's an 1100-kilometre pipeline I believe and it's probably the safest, most economical way to get oil and gas from Alberta and, we hope, Saskatchewan in a safe and, as I indicated, economical way.

That being said, it is a very, very serious matter. It is incumbent upon us to get this right and that's why, from the official opposition perspective, we are asking the questions of the minister: had you done your homework? We need to know that as the official opposition because if this exercise is simply posturing and politics, we do a great disservice to the people of Saskatchewan, to the industry, and to our fight behind this particular bill.

So that's why we are asking the questions is, how will you deal with companies when you look at the permitting system that you have granted yourself as the minister when it comes to oil and gas exports to BC? Have we done a total analysis of the annual economic impact, the shipping of the oil and gas from Saskatchewan? What is the effects on our hotels, on our trucking, on our restaurants, on the refinery in the city here? Have we done a thorough assessment on that part? Who have we consulted? And what parameters are you going to use under

your legislative authority granted under this bill to decide which company exports and which company does not export? These are legitimate questions that we're asking in this committee because we want to know.

[17:00]

**Hon. Ms. Eyre:** — Okay. Thank you, Madam Chair. So a number of things. Let's start with section 3. And I think it's important then in terms of what's envisioned and who would be brought in and what would be brought in, and so on. As you will know, Mr. Belanger, there were historic provisions for export permits for natural gas in Alberta and in Saskatchewan. And so basically this is an expansion of what existed under *The Oil and Gas Conservation Act*, as I've said. Same tests, basically same process.

So in terms of section 3, as was the case in that Act and with those export permits and with that process, you know, whom it would apply to, what classes of product it would apply to, that would be considered and discussed and decided in cabinet. And then beyond that, sections 4, 5, 6, and so on follow from that umbrella structure of section 3 and the tests that are laid out in section 3. And as I say, that's not an unprecedented structure. It existed previously under the export permit structure of *The Oil and Gas Conservation Act*, similar in Alberta.

In terms of the economic feasibility, for lack of a better word, again these numbers and these figures — the 34,000 direct and indirect jobs, the \$4 billion in investment by the oil and gas sector, the 15 per cent of GDP [gross domestic product] — these are well, well established numbers in terms of the impact of the jobs and the impact on the economy of the sector. And so I suppose in considering the threat to the sector and the motivation for the bill, those are the governing structures, and the governing considerations is the economic impact. And again well-established numbers, combined value of oil and gas production estimated at 9.2 billion in 2017, etc., etc.

In terms of stakeholders and consultation, of course we have done a great deal of it. We do it in Energy and Resources every day. But in terms of this and the impact, again there are a lot of comments that are in the public realm that you'll be aware of. And again as I say, I've spoken to many sector partners, many stakeholders. They are supportive of this legislation because there's a realization of what will happen if we're not in a position where we can get ... continue to get product to tidewater. There's a realistic realization of that reality, if I can put it that way.

And again, you know, Tim McMillan of Canadian Association of Petroleum Producers, you know, he I think said it all when he said, and you'll know of this comment, I'm sure, that "The time for discussion has concluded; it's time to build the pipeline." And I have lists of comments very similar to that which you'll also be aware of. Even the Canadian Fuels Association, which the Leader of the Opposition has referenced, it has acknowledged that the Trans Mountain pipeline is an infrastructure project of national importance.

So then the next logical step is, so then once you say that and you agree on that, then what happens? How does it get built? That's the question. And how do we continue to protect our

sector in light of all the challenges that we are currently facing? That's what drove this bill.

Anyway I hope that that answers some of the things you raised — section 3, the old test, economic feasibility, and the consultation.

**Mr. Belanger:** — Thank you very much, Madam Minister. I would certainly want to again make the point that as we embark on this, on this step, this very important, I think, watershed moment for us as a province, is that I indicated at the outset that this is a very serious matter. My previous comments talked about a robust interaction with the players. It talked about some serious innovative thinking, and it also talked about doing the homework required. Those are the points that we raised.

And I encouraged the minister at the start to not simply look at this as a political exercise but rather a very thoughtful, conscientious plan to deal with this matter. So in keeping in the spirit of that statement I made at the outset, I'm going to stick to my questions. I'm not going to be distracted other than to get the questions answered as best I can. And I would hope by making this statement that the minister understands what I'm trying to achieve here.

So one of the other questions I had, and I'm just going to go down this list of questions, because we need to know: what percentage of oil, gas, and other products are shipped by pipeline, rail, and truck?

**Hon. Ms. Eyre:** — Thank you, Madam Chair. I'm going to ask one of our officials to follow up on the percentages that were asked for. I will just say though, that I will challenge the committee member in turn about begging the question that there hasn't been serious innovative thinking and that we haven't done our homework. I believe that the former answer that I gave outlining the historical background for how export permits have been permitted in the past and expanded upon is absolutely comprehensive and explains that in the context of structures that were in place previously, and that other questions have been answered with absolutely that overall motivation in mind that this has absolutely been about a great deal of work and effort and analysis of getting to this point.

**The Chair:** — Please state your name.

**Mr. Stewart:** — Certainly. Cullen Stewart, executive director of energy policy. So with respect to your question about transportation methods, in the natural gas sector, and these are annual averages factored over several years as they tend to vary a little bit year to year or considerably over a period of time. But over the last number of years, natural gas has three, or pardon me, two separate destinations, local as well as out-of-province, 100 per cent of that travels by pipeline.

In crude oil there's three separate destinations, local to Saskatchewan refineries, which is about 99 per cent by pipeline; out-of-province to Canadian refineries, that would be about 85 per cent by pipeline and 15 per cent by rail; and to the United States, which would be about 80 per cent by pipeline and 20 per cent by rail. And these are averages, annual averages over the last number of years.

With respect to refined petroleum products, they vary quite a bit. So local is about 45 per cent, out-of-province, about 50 per cent, and 5 per cent to the US markets, and those would travel by a combination of pipeline, rail, and truck. The distribution factors I don't have presently right in front of me.

**Mr. Belanger:** — So when you indicate the percentages of product, which of Saskatchewan's export, what percentage goes to Alberta and BC? Would you break those down for me?

**Hon. Ms. Eyre:** — Mr. Chair, I'll just say to that question, we don't have the specific breakdowns with us, but we can certainly undertake to get that for the member.

**Mr. Belanger:** — While the minister has agreed to undertake that, could you, the breakdown I would need, Saskatchewan's exports, which percentage goes to Alberta, which percentage goes to BC, and the breakdown to other provinces as a whole. That would be very much appreciated. It is something that we desperately need from our perspective.

The other question I have is, would export permits be required for all destinations or only for those in British Columbia?

**Hon. Ms. Eyre:** — The answer is yes, in theory, and although not to the United States of course because that would be federal jurisdiction, and that would be covered by section 3 in terms of the determination made by OC at cabinet.

**Mr. Belanger:** — Madam Chair, just to clarify that the undertaking that was committed by the minister and her official, that the information be tabled with the Clerk. I think it's important that I stress that at this time.

Will companies with export permits be allowed to ship products outside of BC, as I asked earlier? And you know, like you indicated that there is within the country, but outside of the country, mainly the US, that comes under federal jurisdiction. Just to clarify, what kind of collaboration do you have with the federal government as it pertains to export outside of our country?

[The committee recessed from 17:16 until 17:36 due to a power outage. Mr. Buckingham moved that the committee adjourn. It was agreed to, and the committee adjourned at 17:37.]