



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 18:59.]

The Chair: — Good evening everyone and welcome to the Standing Committee on the Economy. I'll introduce members of the committee that are here this evening: myself, Colleen Young, as Chair. We have committee members David Buckingham, Terry Dennis, Delbert Kirsch, Warren Michelson, Doug Steele, and sitting in for Vicki Mowat is Buckley Belanger.

Before we begin I'd like to table the following documents: ECO 18-28, Ministry of Environment: Responses to questions raised at the November 26th, 2018 meeting; and ECO 19-28, Global Transportation Hub: Responses to questions raised at the October 17th, 2018 meeting.

Tonight we will consider two bills: *The Oil and Gas Conservation Amendment Act, 2018* and *The Pipelines Amendment Act, 2018*.

Bill No. 147 — *The Oil and Gas Conservation Amendment Act, 2018*

Clause 1

The Chair: — We will begin first with Bill No. 147, *The Oil and Gas Conservation Amendment Act, 2018*, clause 1, short title.

I'd like to ask the minister to introduce her officials and make any opening comments. But before that I would also ask that any officials speaking here tonight, if you could please state your name for the *Hansard* records the first time you speak. So, Minister, if you'd like to begin with introducing your officials and any opening remarks you may have.

Hon. Ms. Eyre: — Thank you, Madam Chair. Good evening to you; good evening to committee members. Accompanying me today are Laurie Pushor, deputy minister of Energy and Resources; and Doug MacKnight, assistant deputy minister of Energy and Resources. We're pleased to be here to discuss, as stated, *The Oil and Gas Conservation Amendment Act, 2018*. And the purpose of the current Act has been, among other things, to develop, process, utilize, protect, and conserve the oil and gas resource of Saskatchewan.

Over the decades, subsequent to its introduction, the Act has been updated to keep pace as the industry has evolved. The amendments in this bill primarily support the implementation of regulations related to greenhouse gas emissions. They also serve to streamline business practices and bring the Act into alignment with other pieces of legislation.

Madam Chair, the most significant changes are in support of Prairie Resilience, a made-in-Saskatchewan climate change strategy announced in December 2017. They will help both the Ministry of Energy and Resources and the Ministry of the Environment move forward on this strategy.

Environment and Climate Change Canada has certain requirements related to achieving an agreement under the *Canadian Environmental Protection Act* to prevent the application of federal methane regulations to Saskatchewan producers.

The amendments contain provisions related to greenhouse gas emissions intended to support achieving such an agreement. The amendments also contain provisions to direct any penalties on exceedances of emissions limits to a technology fund, which is established under *The Management and Reduction of Greenhouse Gases Act* administered by the Ministry of the Environment.

In addition to the amendments dealing with climate change, the proposed changes to the Act also include amendments to streamline the process for approving unitization of oil pools. The amendments will eliminate the need to hold a board hearing before the minister can bring forward a unitization proposal for consideration by Lieutenant Governor in Council, which will also reduce costs and speed up decision making as the work of reviewing the applications can be done by engineering staff within the Ministry of Energy and Resources.

Madam Chair, the amendments also support process improvements to increase the speed of regulatory reviews and approvals of horizontal wells and enhanced oil recovery projects. Currently every project requires a separate minister's order. This process was put in place at a time when this technology was new to Saskatchewan and the rules regarding its use were not fully developed. These approvals are now routine, and the need for a project-by-project minister's order represents needless red tape. The amendments would repeal section 17.1 and rely on the minister's existing powers under the Act to regulate these activities.

Finally the proposed bill will also amend the Act to bring it into line with amendments approved in 2017 to *The Pipelines Act, 1998*. The two Acts work together to regulate oil and gas activity in Saskatchewan, and it's important to ensure consistency in terms of their application.

Two of the amendments before us this evening would bring both laws into regulatory alignment. First they would amend the section dealing with inspections and establish a statutory official called an inspector to carry out the duties previously assigned to the minister. This change will ensure that ministry officials, particularly field staff, appointed as inspectors under both Acts have the same scope of authority.

Secondly the amended Act will also replace the current single-tiered penalty system for offences under the current Act. It proposes a two-tiered system of \$50,000 per day for individuals and \$500,000 per day for corporations. This change recognizes the need for penalties to be assessed proportionally against individuals or corporations and was requested by industry. It will also align the Act with the provisions for offences under *The Pipelines Act*.

Finally, Madam Chair, there are various housekeeping changes that will serve to modernize and clarify sections of the Act. And we would be now pleased to answer any questions from the committee.

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

Mr. Belanger: — Thank you very much, Madam Chair. And thanks to the minister and her officials for coming in to answer a bunch of questions that we have as it pertains to this particular bill. And I want to preface the number of the questions that I have in terms of focusing on the regulatory and certainly the reduction of greenhouse gas, and the premise around the inspectors. I've got some questions in those particular areas, just to give them a heads-up.

But at the outset, I'd like to say that the oil and gas sector economy is very important to the province of Saskatchewan. We have continued, certainly in my capacity as Energy critic, to do our very best to support the industry because it's very important to our future and to our economy overall. Obviously the people of Saskatchewan want us to make sure that as legislators, that we are achieving that balance between economic sustainability and the creation of a climate for investment, so to speak.

So I think one of the things I want to point out is that we're always looking for that balance, the balance that people of Saskatchewan deserve, and the balance that the oil and gas companies would certainly appreciate. And certainly the folks that really want to see some progress being made on the environmental challenges we all face as a world, I guess, and that's one of the points that I wanted to preface my questions on.

Now I guess the first question I would ask in terms of the whole process as being identified, there's no question that I agree that we needn't have needless red tape, you know, because obviously there's been some regulations made and changes made over the last several weeks, never mind several years. So a lot of times red tape is a hindrance to not only governments but the industry as well. But when we look at the process of trying to streamline the whole notion of inviting oil and gas sector where the oil and gas sector do more for Saskatchewan and more in Saskatchewan, we have to make sure that we achieve the balance that I alluded to earlier.

So as you looked at the inspectors, you know, the scope of authority, ensuring that there's uniform scope of authority in both Acts and certainly to serve the purpose that people expect of inspectors, are we seeing a transition from government-employed inspectors to the private sector inspectors?

Hon. Ms. Eyre: — Thank you for the question, Mr. Belanger. And I'll just begin and then perhaps officials can follow up. The inspector designation was brought into *The Pipelines Act* in 1998 to address Provincial Auditor concerns regarding a lack of clear inspection powers for provincial officials inspecting and auditing pipeline operators.

And the proposed amendments to the Act align with *The Pipelines Act* provisions in relation to wells and facilities. And they include, you know, to examine if an operator is operating as per the conditions of their licence; determine causes of incidents; enter locations and facilities for the purposes of investigation, including locations that contain records or property related to wells or facilities under investigations, and inspect those records on that property; conduct interviews; and obtain records and tests necessary for conducting the investigation necessary. So that's the premise of the change in the designation. And I'll let officials, either Laurie or Doug, to follow up.

Mr. MacKnight: — My name is Doug MacKnight and I'm the assistant deputy minister of petroleum and natural gas with the Ministry of Energy and Resources.

Your specific question was related to use of private inspectors. We have not used private inspectors within the Ministry of Energy and Resources for conducting wells and facilities. We have our inspectors based in our field offices, and those are the folks that would be designated.

The inspector designation, we actually have ID [identification] cards so that when they are on site they can be identified as provincial employees and that they have all the safety standards they need to be there. And we specifically wanted to align the two Acts because when you're out dealing with an inspection item, it could be a well that's connected to a pipeline and you are having to deal with both matters at the same time, so it made sense to us to allow it.

The other aspect of it, by designating a person who's an inspector with all those powers, they can act on the site without having to establish their credentials. They have it by virtue of their inspector designation. So all in all, the change was really aimed at strengthening the authority, if you will, of our field staff when they're out on the ground.

The other thing we wanted to do, we aligned our two Acts, but we also aligned it with the legislation that Environment uses under EMPA, *The Environmental Management and Protection Act*, similar inspector powers. And we work with Justice to ensure that they were up to date and modern in terms of the scope of authorities in that kind of legislation.

The other thing that's in here was alluded to by the minister. We wanted to make sure we strengthened our powers in relation to audit — not just inspection, but auditing in terms of their own compliance programs. That's an emerging area of regulation, and we wanted to make sure we were covered off in the Act for those activities.

Mr. Belanger: — No, I can appreciate that it's part of the process to create the environment for investment, that you've got to have no surprises and it's got to be uniform. It's got to be uniform practice. It's got to be alignment of certification. There's got to be streamlined processes. We can go on to different acronyms all evening, but the whole notion is that there has to be an assurance, I think, from the perspective of the industry and people in general, as the role of government — I think anyway — that there's got to be that consistency and that professionalism and that we're able to explain to people that this is not something that is being done in a haphazard way, that there's some real standards being set.

And the reason and the basis of my question goes back to — it's a similar circumstance — goes back to a forestry matter that I had a discussion with the previous minister in which we talked about the total allowable cut for a specific area of forestry. And this is the basis of my questions, Madam Chair, as it pertains to inspectors and their certification and their authority and their licensing.

And there was a gentleman that came out of Alberta, and basically what he indicated . . . He was a forester and he said,

based on my experience, that the area that we're looking at for forestry harvesting, you can sustain half a million cubic metres, not a quarter of a million, as being suggested by the previous forester that was consulted on that file. So that's the basis of my question, is people were confused at the time. Why is it you're allowing twice as much harvesting in one specific area based on two different people's opinion? So that was two professional people's opinion on what the land could sustain.

And that was the basis of my question around inspectors. Is there any move to go towards the private sector versus government-employed inspectors? And obviously the government-employed inspectors would be guided by this particular Act. There's no plans in the future to shift away from government-employed inspectors to the private sector inspectors. Is that a fair assessment to make?

Hon. Ms. Eyre: — That is a fair assessment to make.

Mr. Belanger: — Okay. Now I'm going to go down to the penalties we talked about as we looked at the greenhouse gas issue that this bill impacts. When you talk about the green technology fund, explain to me how the penalties of this bill will be financing the green technology fund. How will that work? Can you explain a bit more?

Mr. MacKnight: — In terms of the provisions in the bill dealing with the penalties assessed under the oil and gas emissions or greenhouse gas emissions regulations, the provision allows for the administrative penalties for exceedances in the forward years for oil and gas emissions management regulations to be directed into the fund established under the management and reduction of greenhouse gas emissions Act . . . Have to recall it.

[19:15]

But the purpose was that fund was already established in legislation. It's well constructed for the purposes of supporting emissions reductions generally within Saskatchewan and also within the context of the oil and gas industry. So from a standpoint of managing those kinds of monies, we felt it was prudent to use the existing framework that was set out in legislation.

The other thing though, during consultations we had some fairly strong support for our regulatory approach with the industry in terms of giving them flexibility on how to achieve reductions. And they recognized that the penalties may have to be assessed for those companies that don't meet the targets in the forward years. They obviously are interested in seeing those monies used to assist in achieving reductions generally within the industry. And so again it made sense to use the legislation that Environment has and work with them on the administration of those funds.

Mr. Belanger: — So can you give me an idea of which companies could potentially exceed their limit? Could you give me two or three examples?

Mr. MacKnight: — I fully expect all the companies to meet their targets. And I think most of the industry is pretty confident with the lead times we've provided in terms of getting to the emissions targets that they'll achieve it.

So our goal is actually not to assess penalties in the sense that we expect with the work of our operators. Our regulations are looking at companies with fairly large emissions, so that's over 90 per cent of the emissions, 40-some-odd companies. So these are the larger operators. So you know, whether they actually get into a penalty situation, it's hard to say at this point.

But as I'd said, I think most of the industry's pretty confident they can get there in terms of the emissions. They did however make it clear though that, you know, their preference — and that's reflected in the policy — is for any penalties that do have to get assessed to be used to work towards seeing GHG [greenhouse gas] reductions generally in terms of supporting some of the technology that's out there.

Mr. Belanger: — Okay, I might understand that this process, this bill, actually began in 2009 as we talk about consultation with industry and setting the targets and looking at the penalties. As you describe, they were part of the process to look at the penalties because obviously they felt that there may be that potential for one of their member companies to be part of this process.

Could you give us the day in history of this particular bill? Was it 2009 under, I think, Martensville MLA [Member of the Legislative Assembly] Heppner. I think minister Heppner introduced this legislation in 2009. Am I correct? Or you can correct me.

Hon. Ms. Eyre: — I think the intention was that the Prairie Resilience framework that was in place provided the best workable, common sense framework on which to base these regulations. And so it wasn't so much around 2009. It was later 2016, around that time. And the feeling was that it would, as I say, make the most sense to build on the Prairie Resilience undertakings and goals on which to build these.

Mr. Belanger: — And since we've had the experience with this particular process, is it in effect now? Or is it following the passage of this particular part of the legislative process that we'll be moving forward after this has been proclaimed? Or has there been an exercise in place already?

Mr. MacKnight: — So just to step back and say that we have our oil and gas emissions management regulations which are already in place. They took effect in January of this year. The first year of the regulation is a planning year for industry, so they're working to get their plans in place. The first emissions reductions do not, in terms of targets, do not take effect until 2020. So this bill will be able to — you know, if we make it through the process — will be able to support the implementation of those regulations, in particular the penalties aspect of the bill.

The other aspect of the bill deals with what we require in order to achieve an agreement with the Government of Canada under the *Canadian Environmental Protection Act* so that we can get them to stand down their regulations. Their regulations don't take effect until January 1st of 2020, so we have some time now, between the bill and that date, to conclude our discussions with Canada, hopefully on a positive note.

Mr. Belanger: — Just on the federal relationship, based on your experience with where the feds are going with their regulatory process as it pertains to what work is being done now, is there a

huge gap? Is there a minor gap? Like you're optimistic obviously, but you don't see any red flags or issues that would be of concern?

Hon. Ms. Eyre: — Well it's a process of course, but we remain optimistic. And there are positive signs, and there certainly have been positive discussions that have been held. You know it's of course our intention and hope that over the course of 2020, that we will achieve that equivalency. We would submit and have said and submitted that our plan is results based, and we think will result in real and measurable emissions. Rather than presumed theoretical reductions that are based on models and assumptions, our plan is about flexibility.

And we've worked with the sector, which as you point out is important, to come up with a workable approach which is far less prescriptive than the federal plan. And so this isn't about targeting specific equipment, for example, or facility by facility as the federal government is proposing. It's results based, as I say, designed to establish annual company-wide level emission reductions, so companies can make that investment and those investment decisions for all their production facilities. And we feel that it certainly meets and in many areas exceeds the federal plan. So it's new, in terms of the attempt to reach this equivalency, but we feel positive and optimistic that we will.

Mr. Belanger: — Which organizations have you had the consultation process with? I'm assuming CAPP [Canadian Association of Petroleum Producers] is one of them, but could you give me a quick snapshot of what, when you say industry representatives, who would they be?

Mr. MacKnight: — We've taken a couple of tiers approach. First we began with a working group with the major emitters just to make sure we got the elements right. That included industry associations, CAPP, and the Explorers and Producers Association of Canada. Based on those discussions, we then formulated a plan and consulted with all of the producers by way of some distribution of draft documents and draft regulations. That's our normal course of things.

Along the way we also briefed the Saskatchewan Environmental Society so they understood our regulatory approach. And so overall that's, you know, in a nutshell the consultation approach. But generally it started with a small working group, and then went to broad-based industry consultation as we moved forward with our regulatory plan and also talked to them about the legislation we might need that's before you today.

Hon. Ms. Eyre: — Just to add that in terms of industry and sector reaction, it has been very positive in terms of, if this is what the process will be and this is the type of thing that will be applied, then I think the consensus has been pretty clear that it's the Saskatchewan plan and the Saskatchewan approach that industry in this sector want to work with, in comparison and in contrast to the federal plan, federal option.

Mr. Belanger: — You know, and I think from the timing perspective it's important, because despite us using the 2020 timeframe, it's only 18 months away. You know, I think time certainly has a tendency of flying by on some of the really important issues that affect the oil and gas sector.

And I can certainly appreciate there'll be pushes and pulls and tugs between, you know, the inspection that's required, the government's rule, and of course industry's willingness to do their part as well. There's always, you know, that kind of relationship.

And it is hoped that at the end of the day that the relationship built alongside of industry — which I'm assuming at this time is a respectful, robust relationship with not only the provincial government but the federal government as well — that we're not seeing a reduction of, say for example, FTEs [full-time equivalent] committed towards the process to make sure that we're following through. Because again I go back to the earlier point when we talk about, you know, the government's role to keep the peace for all interests, so to speak. Again I would hope that there isn't the process in 2020 where we've seen a reduction of inspectors or reduction of FTEs or reduction of importance on the provincial government's perspective, and none of that kind of thinking or planning is taking place. Is that a fair assessment to make?

Hon. Ms. Eyre: — Yes, certainly there are no intentions to reduce, you know, the FTE count or the effort, provincial effort, of the ministry in that regard. And again I think it's important to point out that there is that extensive, respected inspection program which involves 24-7 monitoring. Last year we conducted, I understand the number is over 21,000 field inspections. This year there have been over 1,600 so far. So again, the commitment is clear.

I think that out in the field and with that field staff here in the ministry, here in this building, we're all absolutely committed to that fieldwork and the importance of that detailed fieldwork as it relates to the sector and as it relates to the safety of the people of Saskatchewan.

Mr. Belanger: — The auditor was also engaged in this whole process as well. I think there's two fronts that, from the last auditor's report, they saw a number of industry operators reporting incidents had significantly declined. And the significance of the decline, you know, many people could speculate, but I think industry by and large are a very responsible, respectful industry. I continue to remain a strong fan of theirs.

But on the flip side, when we talk about the balance that is required to be achieved for the interests of all people, and that includes the people of Saskatchewan, what is the government doing to make sure that there's . . . You're reinforcing the need to report these incidents consistently, fairly, and thoroughly to a point where the auditor's not getting involved. Because she got involved with the last report, so she's identified, or her office has identified, that there has been a significant decline in the reporting of incidents. So what is the basis of her concern?

Hon. Ms. Eyre: — Well, and I'll certainly let officials weigh in, I'll just say I think in terms of the commitments to, as you say, reporting and responsibility in that space, I mean we of course, as you know, have introduced amendments to *The Pipelines Act*. They provide the legal foundation for enhanced regulation, a clearer inspection and clearer audit powers, updated penalty provisions, the authority to address the long-term liability for environmental damage, and new financial assurance requirements on operators to protect high-risk locations, such as

water crossings. And this regulatory work continues.

And again, I'll let Mr. MacKnight or Mr. Pushor weigh in on further details. But again that 600,000 per year over the three years has been allocated under the pipeline regulation enhancement program for additional staff or additional resources for additional IT [information technology] enhancements to support that new regulatory framework, the new regulatory programs for pipeline safety. And 1.5 million has been allocated to IRIS [integrated resource information system]. So very important and significant commitments to the issues that you raise.

[19:30]

Mr. MacKnight: — Mr. Belanger, it's difficult to read into incident data trends, whether up or down. But I will say a couple of things. We have significantly, through the addition of some FTEs in our field, we've increased our field capacity over the last few years. So we're actually more boots on the ground, but we're finding anecdotally from the field staff that the kinds of routine things that they would see on the ground are not there anymore. You know, the housekeeping, the well sites, and things like that are generally much better. And a lot of that's because of, you know, the stepped-up compliance effort.

We've also been fortunate as we've had some improvements in technology. We have a more extensive Airpointer system in southeast Saskatchewan, which the ministry has supported and that gives up real-time information on emissions. We have new hand-held FLIR [forward-looking infrared radar] cameras that we can . . . I'm sorry, H₂S detectors. The long and short of it, is we have better equipment to get out and identify things through our inspection and ongoing monitoring activity.

So the two, incident reporting and inspection, go hand in hand. The incident, we want the industry to voluntarily note when they have an incident because that information informs regulatory practice. But we also have an inspection program. If we come across unreported incidents, we're recording that and dealing with that.

So overall I think it's fair to say that our stepped-up compliance, our ability to use technology that has come about in the last few years, including the use of our IRIS system, has really helped us. The question whether that has contributed to the decline in incident report, time will tell.

But our field staff are reporting, at least at the field level and day-to-day operations, that some of those things they might have been seeing in previous years are declining. Another aspect of course is that drilling activity drops off when it's a challenging time, and that also reduces field activity as well.

So there could be a lot things. But I would say anecdotally, I think from what we're hearing from our field staff is things are looking up, especially in some of the areas where we had some recurring problems.

Mr. Belanger: — So it's safe to assume that some of the recommendations as it pertains to the auditor's involvement have been followed and have been incorporated in the process of reporting incidences. And therefore, I'm not trying to be . . .

Mr. MacKnight: — Well the auditor's report on the incidents that came out last year, a couple of things they recommended we've already implemented. We have a new risk matrix that we use for adjusting how we respond to incidents, and that's helped. We were fairly pleased with the recommendations out of it and, you know, we fully expect to be compliant there next year.

Some of the other auditor reports on pipelines for example, that one has been a lot more challenging simply because of the time it takes to make the changes. But we're fairly confident we've got all of the bits in place. As the minister mentioned, the pipeline regulation enhancement program that was brought in, in 2017 has really allowed us to accelerate some of our work in that area.

Mr. Belanger: — I'm just going to bounce around a bit on the bill, Madam Chair, or the process. The bill redefines the roles and responsibility of the minister. Could you explain what those redefinitions of the different roles and responsibilities are, like what the specific changes are?

Hon. Ms. Eyre: — I'm sorry, Mr. Belanger, what was the first part of the question again?

Mr. Belanger: — It sets out, it redefines your roles and, you know, your responsibilities. I just want to clarify what I think they are.

Hon. Ms. Eyre: — Well, as I say, I'll let the officials add anything further, but in terms of just the rubric and the framework for your question, in terms of . . . Just give me one minute, Mr. Belanger.

Just as an introduction, Mr. Belanger, so as things stand currently, horizontal wells and enhanced recovery technologies are now routinely used for oil production, as you know, and the rules governing their operation are well established. The existing requirement to issue a minister's order for each of those, as I stated in my introductory comments, no longer serves a valid policy purpose. Automating the approval for these types of projects in the integrated resources information system, or IRIS, we feel will eliminate that needless red tape and will expedite the approval and the overall approval process going forward.

So we feel that this will allow Energy and Resources' engineering resources to be directed towards other activities that might be priorities. Oversight of these types of projects would still be maintained through audit and inspection activities, and additional project reviews would be undertaken when the applications deviate from defined routine processes. And I don't know if the officials want to add anything.

Mr. MacKnight: — In terms of changing the minister's role and responsibility, as the minister alludes to, we're changing some of the processes that we are routinely required to do right now, such as the minister's orders the minister referred to, because we can deal with it through standard rules.

Section 6 of the Act is clarifying . . . There was an old section 6 that was hard to read and hard to interpret, and so it deals with the jurisdiction and authority of the minister. So it's written in an easier way to read, and it also combines some provisions from another section that was more related to this one. So it doesn't change anything substantively in the bill. What it does is make it

easier to understand the jurisdiction of the minister in areas that aren't set out in legislation or regulation in a specific way.

The only other that I can think of where you're seeing a change in the role of the minister is related to that inspector, so establishing an official with a card and an ID, designated as inspector. It doesn't mean the minister can't conduct investigation. There is lots of investigative powers. But this one is specific to officials doing follow-up investigations.

Mr. Belanger: — We agreed to the 45-minute time frame, so I've got about seven minutes. I want to try and give a bunch of rapid questions if I can.

I think one of the things that's really, really important is the relationship between government, industry, and the public in general. There has to be a good process of communication and oversight. And I think we look at the auditor's role and the different interest groups that are out there — the energy sector themselves, environmental groups that are, you know, really in tune with what's going on — that there is an oversight of what's happening in this day and age. It's certainly a lot different from the 1950s and '60s.

But the oversight process is pretty darn important. As we can see, sometimes accidents do happen. You look at Husky oil, you know. There's an example of how we had to deal with that crisis. And certainly Husky provided a lot of leadership and the First Nations did as well. And communities banded together, and it was a highly valuable lesson that we all learned. So I think it's important that we achieve that maximum balance and the relationship between all interests, just to make sure that we're a welcoming jurisdiction when it comes to oil and gas development. So I certainly support any effort to strengthen that notion and to move forward.

But as you look at some of the places, and I don't know if this is the case, but in northern Saskatchewan has there been any active drilling for any kind of . . . When I say northern Saskatchewan, I'm looking at the northern administrative district line, or the buckskin curtain as they call it. There's all kinds of rumours that companies have been going into the bombing range and to other areas north of La Loche, east of Buffalo Narrows, and they've been doing just kind of a preliminary drilling. Is there any kind of process to monitor that activity if it is occurring? Or if it's not occurring, then that's fine from my perspective too.

Mr. Pushor: — Laurie Pushor, deputy minister with the Ministry of Energy and Resources. First of all, the activity would be centred on the part of the oil sands that extends into Saskatchewan, and we have had, historically, work in that area. There was a fairly extensive amount of work done a number of years ago by Oilsands Quest. That property has now been acquired by Cenovus and continues to be actively held by Cenovus.

We do monitor what Cenovus is doing in that area. I would say it's a little further down their project list at this time in terms of next project or next plant to be built. And as you know, there are extensive headwinds for the oil industry in Western Canada right now, so we're really uncertain about when that might come forward.

But having said that, while there hasn't been active development or exploration work by Cenovus, we do monitor. And they are continuing to ensure that they're good stewards of those properties and have been properly reclaiming some of those exploration wells that were drilled.

Mr. Belanger: — And given the fact that if you look at the northern landscape, so to speak, you know, with the freshwater lakes and the population of animals and the rivers and streams and so on and so forth, that there's probably a different approach when you look at the different geographical realities of Saskatchewan, whereas you're looking at particular fields in the South versus dealing with the ecosystem in the North. But the department is flexible to handle both environments, so to speak.

Mr. Pushor: — Yes, we are. And I would make known, as it relates to the oil sands in Saskatchewan, they are a deeper deposit in Saskatchewan. It does run down. So it would likely be a much smaller surface imprint if and when development ever does occur up there. So it's something that we would work very closely with our colleagues in Environment to ensure all of the considerations you outlined are attended to.

Mr. Belanger: — So would it be fair to say that the province, given the history of . . . given your assessment of what's going on north of La Loche that the in situ process of recovering oil is probably the more preferred option, based on the regulatory planning and preparation you're doing for the oil and gas sector if it does ever come north?

Mr. Pushor: — Well we wouldn't want to presuppose what the right and best strategy would be. But at this time it appears that in situ would likely be not only the preferred option from a regulatory perspective, it might technically be the only option at this time.

Mr. Belanger: — My final question on this particular bill, Madam Chair, because we are quickly reaching our agreed-upon time, is when we talk about the creation of a fund, the green tech fund, there must be some anticipation of revenues coming from companies exceeding their emissions because why set up a tech fund if we're not anticipating that? So given that point, is there any projection as to what the tech fund might generate?

Mr. MacKnight: — Mr. Belanger, the fund that you're referring to under environment legislation is used for, right now, two purposes. One is their output-based pricing system that they're currently developing. And so you'd have to direct that question to Environment to get a read on what they're forecasting for that particular program.

For us, we actually are not forecasting revenues into the program. Our penalties are intended to discourage companies from meeting their targets, so we are modelling . . . discouraging companies from not meeting their targets. So we are anticipating compliance so we generally have not been putting numbers to it.

We will be able to know more as the year goes on and we start to see where the companies are going in terms of their emissions planning. But right now our speculation, our estimate is that we're not going to receive a great deal of money through this program.

Mr. Belanger: — Because one could easily perceive that as a carbon tax.

That being said, I just wanted to get one more final clarification, Madam Chair, if I can. I just want to get an explanation. I'm a bit confused here. The bill itself sets out the procedures governing the pooling interests in the drainage unit and drainage area. Could you explain what you mean by that in terms of what the bill proposes to do?

[19:45]

Mr. Pushor: — I would just like to begin by clarifying that penalties for non-performance in our view are anything but a carbon tax. They are a penalty for non-compliance, and we expect companies to fully comply and therefore shouldn't be paying anything.

I would say as it relates to drainage units and drainage areas, a unit is a formal organization of producers to participate in an enhanced oil recovery strategy, and that unit has been formally recognized by way of an agreement. And a drainage area might be bigger or smaller than that, depending on, but it has not yet been structured into a formal unit by agreement or by imposition from the Crown.

Mr. Belanger: — Okay, thank you.

The Chair: — Are there any further questions from committee members on this bill? Seeing none, we will proceed to voting on the clauses at this point in time. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 30 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Oil and Gas Conservation Amendment Act, 2018*.

I would ask a member to move that we report Bill No. 147, *The Oil and Gas Conservation Amendment Act, 2018* without amendment. Mr. Michelson so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Do folks want a short recess at this point in time, or can we move on to Bill 148? Okay, we will continue on.

Bill No. 148 — *The Pipelines Amendment Act, 2018*

Clause 1

The Chair: — We will now consider Bill No. 148 — you guys are too agreeable — *The Pipelines Amendment Act, 2018*, clause 1, short title. Minister, if you have any opening comments with

regards to this bill, you may proceed.

Hon. Ms. Eyre: — Thank you, Madam Chair, and I'm pleased to be here. We are here to discuss *The Pipelines Amendment Act, 2018*. In March 2017 the Government of Saskatchewan announced the funding of the multi-year pipeline regulation enhancement program. The purpose of the program is to accelerate improvements to Saskatchewan's pipeline regulatory system to help ensure public safety.

One of these improvements is the expansion of the integrated resource information system, or IRIS, which is operated by the Ministry of Energy and Resources. Specifically IRIS is being expanded to include the issuance and administration of licences for pipelines and for flowlines, which are a type, as we all know, of small-diameter pipeline.

The ministry currently expects to implement the new online system later this year. And during consultations on the development of the new system, industry representatives expressed support for two business improvements. These changes require amendments to the Act.

The first change is the establishment of IRIS as a legal online licence registry rather than simply a data system for issuing and administering licences. And as such, IRIS would become the sole legal record of the existence of the licence as well as the terms and conditions applicable to that licence. The information in IRIS would then prevail over any other documents that might exist outside the system. This proposed licence registry system is modelled after Saskatchewan's land titles systems as well as other electronic registries operated by the ministry for oil and gas leases and for mineral claims.

The benefits to industry as well as to the regulator from a shift to a registry system are numerous. Among other advantages, neither the licensees or the ministry would be required to retain and manage licence documents. The records in IRIS would perform this function instead.

Also licence issuances or amendments would occur immediately upon registration. All of the supporting documents, including plans and technical reports, will be stored in IRIS and available to the licensee at any time.

The second change, Madam Chair, is the establishment of a legal mechanism for the minister to acquire historical flowline and pipeline surveys directly from Saskatchewan land surveyors. The new online system being developed will include the use of modern geographic information systems to map flowlines and pipelines.

In order to build this system, the ministry requires original survey information to create an electronic map of a pipeline or flowline infrastructure. The Saskatchewan Land Surveyors Association is certainly supportive of providing this information.

Potential concerns they have identified included potential breach of contract, legal risk, and associated costs, and these are being addressed in the proposed amendments. The ministry does not expect that this provision will be used frequently as most flowline and pipeline operators can provide the required information.

In addition, 90 per cent of any costs incurred would be offset against the annual administrative levy assessed against holders of oil and gas, well, and pipeline licences.

Madam Chair, both of these changes support the business improvement goals of the pipeline regulation enhancement program. Along with these changes, the ministry also proposes one housekeeping amendment to the Act which is to align the regulation-making powers in section 25 with those found in *The Oil and Gas Conservation Act*.

And with that, my remarks are concluded and certainly again we'd be pleased to answer any questions that the committee might have.

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

Mr. Belanger: — Thank you very much. Minister, how would you perceive the role of the Information Services Corp as it pertains to mapping and to, you know, the land allocation for ownership and regulatory processes? How would you see Information Services Corp's relationship with IRIS? Is there a relationship there? Is there a need for one? Or does IRIS simply answer all the questions from the administrative perspective?

Mr. MacKnight: — I'll just continue from the . . . Mr. Belanger, the Information Services Corporation maintains the mapping layers, if you will, for Saskatchewan. And all of the survey data that we're collecting from industry on the location of the pipelines and flowlines will be mapped to that standard. And in fact behind the scenes we rely on the ISC [Information Services Corporation of Saskatchewan] data collected by the controller of surveys to support that mapping application.

IRIS does not however deal in surface titles. So pipeline operators and flowline operators will still need to use the land titles system to register interests on land at surface on people's titles where they have a pipeline or flowline right-of-way on the title. So IRIS doesn't deal in that. That's still the land titles system, which is the appropriate place for those kind of registry activities.

But in terms of behind the scenes, we are, you know, using the . . . it's called the Township Fabric Map, if you will, of Saskatchewan that ISC maintains. And the standards that we will be using for our mapping data for IRIS, for the pipeline information, will be based on Saskatchewan land surveyors doing the survey in accordance with those standards.

Mr. Belanger: — Is there fees for some of the work or the extra engagement of Information Services Corp that industry doesn't pay? Like is there . . .

Mr. MacKnight: — No. I'm not sure if you've heard the term, but we have something called the enterprise GIS [geographic information system] system in Saskatchewan. Enterprise GIS system is a government-wide mapping system that uses data that it acquired through ISC. And so we tie into that system and that's where we're getting the data. So there's really no direct cost to Energy and Resources right now in terms of acquiring and using that information. It's just part of the general package of

information that the government acquires through this enterprise GIS system.

Mr. Belanger: — As we look at the history of this particular bill, *The Pipelines Amendment Act*, some of the work was as a result of the . . . or the worry was as a result of the spill we mentioned, the Husky oil spill. And as we embarked on this journey of redefining our role with the energy sector and redefining it to a point where we all understand what needs to be done, how much of the consultation was undertaken on this particular bill and to date have we had with the First Nations and Métis communities? Because some of them were impacted by the pipeline spill. Was there, you know, was there 10 meetings? Could you quantify their involvement or their participation as we move down this path?

Mr. Pushor: — Thank you for the question. First of all, relating to this bill specifically, this bill is intended to do some very technical things around electronic records and how we will manage obtaining the information on where all the pipes are in a formal, electronic way. I would say that part of our consultation framework is extremely well informed by the tremendous work and relationships that were forged through the Husky incident. I think both in terms of Husky and ourselves and our colleagues in other ministries, we were really helped and guided by tremendous contributions from the First Nations communities out there and that helped really inform our work. At this time as we move forward with further enhancements, obviously that's an area we will keep in . . . we'll consider going forward.

Mr. Belanger: — Okay. In terms of the, you know, I understand that there's 80,000 flowlines which were exempt under the current licence of the Act prior to some of the changes brought in, and there's obviously a phase-in licensing process. So has that number stayed consistent? Is it 80,000 flowlines that you're dealing with here? And how has the process been in phasing in the licensing requirements of those flowlines?

[20:00]

Mr. MacKnight: — Until the IRIS system is launched and we start the phase-in period, we're still under the current system and that system doesn't require licences to be issued for flowlines. And the flowline is from the well to the first facility; it's the small pipe. They are still regulated. We still inspect them as part of our inspection program. They still have to meet CSA [Canadian Standards Association] standards in terms of their design, construction, operation, and decommissioning. It's just that we don't have a good record, if you will, as to where they are and what they're carrying and those kinds of things. So that's what the flowline licensing program will be about once it launches with the new system. And why the new system is so critical to that work is it's a lot of work for industry, so we need to make sure we have a good electronic system that makes that go as easy as possible.

In terms of the number of flowlines that are out there, we're estimating about 80 000 kilometres, and that's just based on some data and some calculations. We won't really know how many licences we need to issue until we start getting the data in. We think it's probably in that 70 to 80,000 range by the time we're done. But right now we're estimating about 80 000 kilometres, and that seems relatively consistent over the last little while.

Mr. Belanger: — And certainly as I spoke about it earlier, we learned a lot of lessons from the Husky spill, and so I guess the question that I would ask — you can answer it from the perspective of financial assurance, of monitoring, of compliance, of cooperation, of the IRIS system — but what specific lessons have we learned that we can attribute to the Husky Oil spill that taught us things that are going to apply pan-Saskatchewan?

Hon. Ms. Eyre: — Well I think quite clearly there were lessons learned. You had referenced duty to consult and engagements with First Nations communities. I mean certainly, our position was that an investigation was necessary in light of the significance of the spill to the communities that were impacted. And the investigation we feel certainly complemented the improved monitoring and the indigenous inclusion and consultation that for example, the FSIN [Federation of Sovereign Indigenous Nations] has called for.

So I think that stemming from that, you know, it is significant that it is the first time an investigation under *The Pipelines Act* was referred to public prosecutions, and following the accident, that the application by Husky to repair and restart the pipeline was considered only after a full investigation was complete. And that all the amendments to *The Pipelines Act* around clearer inspection powers and some of the things that we've outlined this evening and reoutlined a number of times, that in many ways they are certainly cemented by the reaction to the spill.

And so certainly lessons were learned, and I think that all the things we've outlined this evening will further bolster that system going forward for all the right reasons around community engagement and sense of safety and confidence in the system.

Mr. Belanger: — Yes, no I . . . Just for the record, Madam Chair, we take no glee in a company getting fines or being recommended for penalty. As I've alluded to on a number of occasions as we spoke about the industry itself, that it's important that we intercept bad practices at this time to create confidence in that particular sector, especially in light of some of the challenges we have now, today in the industry overall.

So the whole thrust of our discussion and conversation here is, you know, we're held to higher standards a lot of times and fair enough. We live in a western world, so to speak, and we must practise, as best we can, the balance that I spoke about earlier. So when we hear of challenges the oil and gas sector have, we want to fix them so they don't continue having that challenge. So I want to clarify that and to point that out. And that's why the question was asked — what did we learn about the Husky Oil spill? — so that we may never have that issue happen again.

At one time as the opposition, we'd done some blue-skying about what could be some of the potential solutions around the oil and gas sector especially as it pertains to the crossing of river streams and crossing of water supply for certain communities. And as we've seen evidenced in Alberta, at one time there was quite a nasty relationship between the oil and gas sector and the cattle industry. We obviously want to avoid that as well.

So going down those particular paths, have we had any kind of intelligence as to where there could be a potential problem like Husky happening again in any of the river streams or sources of water that may impact communities and people?

Hon. Ms. Eyre: — Well it's a very good question, and thank you for the question, Mr. Belanger. I mean certainly the ministry continues to work on a compliance audit for companies that operate pipelines across major water crossings, and this work certainly will include a review of corporate oversight, and that continues. And this is an extension, of course, of the work that we started after the 2012 provincial audit which you've referred to — a natural progression, we feel, from lessons learned after the Husky incidents and certainly from our ongoing field inspections, to determine whether additional measures may be needed to manage that geotechnical risk. And I'll let officials add anything.

Mr. MacKnight: — Yes, just to further elaborate on the minister's comments in terms of the specifics around Husky and the potential for similar incidents, needless to say, that's not something that we want to see.

So in addition to the audits, the inspections, we have been using some of our mapping capabilities emerging, and we're now targeting high-consequence areas where there are crossings and we get there annually or more frequently to inspect those crossings to look for things such as slope movement or erosion or exposure of the pipes. So those are sort of the visual indicators, but that work is ongoing.

We've also invested heavily in getting training for staff in terms of being able to identify those geotechnical risks. We've actually engaged the University of Saskatchewan in assisting us in that work. But we've done training and auditing in terms of corporate practices, and we've undertaken audit activities.

But overall I think the combination of more diligence in terms of the audits, more specific and focused attention to risk locations, as well as some of the initiatives we're talking about with respect to prep are our methods, if you will, of learning not just from the audits but also from the Husky experience.

Mr. Belanger: — Again going back to the statement of learning from the Husky experience and the fact that in the oversight of the crucial areas, I think, which is dealing with crossing water bodies or rivers or parts of lakes and streams, we've had two years of basically trying to figure out if company A has a pipeline that's buried under a river and there's monitoring processes going on.

But part of the process was to put a requirement in for financial assurance. Can you give us an update and even a figure on that exercise? Have we achieved anything on that front? Or how does the process work?

Mr. MacKnight: — No, we haven't brought forward regulations on that financial assurance piece as yet. One of the reasons of course is we're still working on our information system that we need to inform us in terms of the kinds of risks we're talking about.

I will say however, that the locations in Saskatchewan where we have pipelines crossing major waterways, the operators of those pipelines are well resourced. So we don't see a particular risk financially in terms of cleanup as noted in the Husky . . . Husky has spent the money necessary to clean it up.

It will, however, be something we will be looking at as we move forward. Other regulators have also looked at that area and haven't settled on a method yet. And I think it's prudent for us to take our time and make sure we figure out the best way to get that in place.

Mr. Belanger: — So are you comfortable with giving us a figure based on the data through IRIS, based on participation with industry as to what financial assurance would be required on these river crossings that are at some significant risk if there is a failure on the pipeline side?

Mr. MacKnight: — Yes, we are still early on in that process, so we're not in a position to answer that question. But we are aware that, you know, financial assurance is something we have to take a look at. But as I said, right now we're looking at the locations and the risks. We are not particularly concerned in terms of the companies that are operating those crossings.

Mr. Belanger: — So it would be absolutely silly of me to go out and tell people it's going to cost \$750 million to replace these pipelines crossing these river systems. That would be purely speculative on my part, right?

Mr. MacKnight: — Are you asking how much it would cost to re-engineer those crossings?

Mr. Belanger: — Right.

Mr. MacKnight: — I couldn't tell.

Mr. Belanger: — No, but if I were to say to you, well it's costing \$750 million to replace those pipelines, how would I form the basis of that cost if I don't have the data in front of me? So one could easily say that it's speculative, that your statement is speculative because the costs aren't known. Is that fair?

Hon. Ms. Eyre: — In terms of replacing pipelines, Mr. Belanger, I think one figure that was clear and was made clear was the \$50 billion cost that it would take to replace every SaskEnergy pipeline. And so I think, you know, certainly that was the figure that SaskEnergy came up with.

And I think it's important again to . . . I mean in terms of the costing out of this or even the broader context around that, certainly as we know, the Husky spill was not caused by aging pipelines. It was caused by, as you referenced earlier, a geotechnical sloping and geotechnical concerns. So if that's what you're getting at in terms of the Husky spill and therefore the cost of replacing every pipeline, I mean that's a figure that we would have to further plumb in terms of replacing every pipeline.

But as you'll be aware, the way pipelines are envisaged to forbear and last is up to a hundred years. And it's really not the age of the pipeline whether, you know, you need to replace one or not. It's really not where we probably want to go. But the 50 billion figure is SaskEnergy's alone for replacing every pipeline. And it would certainly be much, much higher if we would go with every flowline pipeline that was not SaskEnergy-related, if that's your question.

Mr. Belanger: — Yes. No, I'm just speculating what it could cost. I don't have any data to substantiate my speculation. And

obviously, despite the advances through options like IRIS, we do have information of what companies and the extent of pipelines under water bodies or rivers or streams, and we can almost determine, based on just those statements, that it's not going to be \$50 billion to replace those lines.

So I just think that, you know, when we make statements to that effect, that we should have some pretty darn good logic behind it as to what the cost could be. And if we haven't even determined what our financial assurance fund should be because we haven't got enough data and we're embarking on this journey to find out, then if we make speculative statements, we're doing a great disservice to the industry and to the process. And that was my point. I'm not about to make, you know, some speculative estimations on what it cost to replace flowlines. We need more data in front of us.

[20:15]

Now going back to the pipelines in some critical areas. We're talking about water crossings. I know I asked this question before, but is there any update between how many kilometres of pipeline we have crossing rivers, streams, or close to water, major water sources in the province? What would that cost to replace some of those lines? And is there a need to replace them? There's three questions.

Hon. Ms. Eyre: — Just before we get to that, Mr. Belanger, I'll just say that, I mean the \$50 billion figure was SaskEnergy's figure, in terms of what SaskEnergy would have to pay to replace every single SaskEnergy pipeline. So again you'd have to ask SaskEnergy about how they arrived at that number, but certainly that number hasn't been queried or contradicted or questioned, to the best of my understanding. So I'm extrapolating from there

And of course it wasn't my promise or undertaking that we would ever want to engage in replacing every pipeline in the province, but if that were to be my promise or undertaking, certainly I would attempt to price that out. And so as it wasn't our undertaking, you know, that number could be determined if it were a promise, but it isn't currently by the government. The 50 billion number comes from SaskEnergy. And that's, as I say, as far as I know. And as far I'm aware, that has not been questioned or countered with a counter-number. As for the water crossings, I'll refer to the ministry.

Mr. Pushor: — For oil pipes crossing water bodies where there could be a substantive impact on water services for people, I would say that what's most important here is monitoring appropriate and effective programming around how that pipe is operated, how it's monitored so that an investment in simply replacing a crossing isn't necessarily required. It may very well be that the priority is an upgrade in their operating centre or training for their staff. And so we would not automatically default to the notion of the crossings being . . . benefit from a new pipe going in there.

Also obviously these pipes are of a varying number of ages in terms of when they were installed. So what's crucial is to monitor the performance of those pipes, understand the structure and nature of that pipe and the risks associated with it, and ensure that the company is monitoring and operating that pipe to the best of their ability to ensure safe operation.

I would also say our procedures are such that our intent is to try and shut an at-risk pipeline in long before it fails, if we see evidence that it should be, and allow the company time to take a look at how to reduce that risk rather than wait for something to happen.

Mr. Belanger: — So I didn't get the number of crossings that we have of pipelines on river or water supplies.

Mr. Pushor: — We've identified 120 crossings approximately that cross a water body that could have a substantive impact on human water.

Mr. Belanger: — And those 120 crossings, I imagine, vary from 1 kilometre to 10 kilometres. Would you be able to give me a total kilometre amount?

Mr. Pushor: — No, you're quite right that the size of streams and rivers in this province varies pretty dramatically. And we don't define them by the width or the dimension of the pipe; we define them by the potential to impact water sources for people.

Mr. Belanger: — So when we talk about monitoring the pipelines as the Act describes here, okay, because this part's pretty important as well, what monitoring do we do? Like we obviously collaborate with the companies. Okay, so suppose I am running an oil and gas company and you're regulating me. I'm saying look, this is what we're doing. This is our pre-emptive areas.

Like how is the relationship there? Like how do we actually monitor a pipeline? Is there a technology now that allows, say a camera to go through the pipeline? Or do we use a pressure system to determine whether there is loss? Like how does this work?

Mr. Pushor: — Well I think it's the sum of the whole in terms of what we want to see and how we want to monitor. We cannot operate all the pipes in the province. What we have to do is ensure that companies are operating 24-7 those pipes in the most effective manner that they can. And so our intent is to be in their control room from time to time and look at they way they operate in that control room; examine their training for their staff; interact with their staff from time to time to ensure we're seeing the knowledge and the skills that are required; look at their inspection program — we always like to joke about smart PIGs [pipeline inspection gauge], but how often are they doing the monitoring through the lines — and also to look at their surface inspection program as well.

And I would say there are emerging technologies every day in the tech space. One of the most recent ones that's being deployed is fibre optic cable in conjunction with the pipes. It's remarkably sensitive. If you and I were out in a pipeline and fibre optics were in the pipe and you were to sit on a pipe, 400 yards down the pipe we would monitor that something disturbed that pipe just with that type of disturbance. So we continue to see technology advances, and the PIGs are getting smarter and all of those good things.

Mr. Belanger: — Yes, and obviously like you'd assume that the data on the age of the pipe you'd have available as well through the IRIS system? Because you'd assume at one time, you know,

a five-year-old pipe wouldn't require as much monitoring as a 50-year-old pipe or a 20-year-old pipe. Because we know some guys that were good in hockey 50 years ago that aren't very good now, and I'm not going to mention names. But, you know, as they get older they become more obsolete, slower, and prone to corrosion. So I guess the question I would ask is, what is the age of these pipes in the 120 crossings? Is that part of the monitoring process?

Mr. MacKnight: — As the minister alluded to, the age of pipe is not necessarily an indicator of the integrity of the pipe. Companies work hard to maintain the integrity of their systems, in terms of preventive corrosion and things like that. So in the case of Husky, for example, they had a fairly robust and extensive inspection program for corrosion. What was not attended to was the slope risk.

So companies now when they're applying for licences are making sure that geotechnical hazards are identified, and now we're going back and identifying and making sure that they have addressed those in terms of our ongoing maintenance of the pipe. So the critical thing, to use your hockey metaphor: it's sometimes not how old the skates are; it's how well they're maintained. And that's a critical aspect of pipeline regulation.

I would say that the pipeline industry, so the larger transmission pipes, have over the years in terms of the CSA standard that underlies all of this work, CSA Z662, has put as much into sort of the overall safety loss management programs that look at in-line inspection. They look at training of the staff. They look at all of those various risk factors and systematically address them.

One of the things that we have to do as regulators is to make sure that the companies are following best practice. And that's where some of this audit activity is being focused right now.

In terms of the flowlines, that's perhaps one of the reasons we need to get them into the system, is so that we can look at all of the various risk factors tied to those systems, and many of them I just alluded to. So we don't have that good data. We know when wells were drilled and so we prep a pretty good guess as to when the flowlines went in. But we're going to get after that data.

Mr. Belanger: — Thank you very much for the answer. I just wanted to point out, because I see we've got a few minutes left, but to stress on some of my closing comments, Madam Chair, is that there is so much at stake in terms of from, you know from our perspective — certainly myself as an opposition member — that the oil and gas sector is something that we've always been very aware of, this tremendous economic opportunity for the province of Saskatchewan and for Western Canada as a whole. And everything that we can do to not surprise them and to collaborate with them — lockstep in terms of the regulatory, the monitoring, the preparation for disasters, to minimize challenge for the industry as a whole — is really, really important.

So we pay a lot of attention to these particular bills because we want to see what exactly they do. And, you know, there's so many pulls and pushes and tugs in this industry overall that it's really difficult for, never mind Saskatchewan, but Canada as a whole to get its oil to market. And as we look at some of this work that we're trying to do, it is for our own people's good feel about the industry is why we undertake to do it. And that's why

we have such an interest in this whole process.

But I would point out that I'm appreciative of the minister's time and her officials' time. And I've got a few more questions that I'm sure I'll get answers to later as we embark on this whole process.

But I would just caution the minister in the future in terms of making the \$50 billion price tag. Our argument was simply, can we look at ways to strengthen the oil sector as it pertains to the river crossing in the province. That was our statement. And I want to clarify for the record, it is not intended as a slight against industry nor was it intended to discourage investment. It is all about achieving the balance that we often speak about in the Assembly. It is incumbent upon us as legislators to create that environment. And when we have figures that are bandied about, I think it just does a great disservice to that effort. And that is the only criticism I have as we looked at both these bills.

But clearly we do need the oil and gas sector. We are desperate for their investment and their opportunity and their employment potential, but that desperation doesn't give way to being lax on the regulatory processes, nor looking at the balance to achieve economic or environmental integrity of our great ecosystem. We cannot make the same mistake of having ranchers fight with the oil and gas sector industry players as they did in Alberta. We can achieve both interests easily.

So on that note, I thank you, Madam Chair, for your time, and thank the officials and the minister for their time as well.

The Chair: — Thank you, Mr. Belanger. Are there any more questions from any committee members this evening? Seeing none, we will proceed to vote on clauses of Bill No. 148. Clause 1, short title, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 8 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: *The Pipelines Amendment Act, 2018*.

I would ask a member to move that we report Bill No. 148, *The Pipelines Amendment Act, 2018* without amendment.

Mr. Dennis: — I so move.

The Chair: — Mr. Dennis so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

Madam Minister, if you have any closing remarks that you would like to make at this time.

Hon. Ms. Eyre: — Well thank you very much, Madam Chair,

and thank you to Mr. Belanger. Thank you to other committee members.

Just on the point that Mr. Belanger raised at the end there about the monitoring of pipelines and so on, I guess I would only point out, in terms of the SaskEnergy context, that certainly SaskEnergy feels in that price tag, around the 50 billion, that they stand by that. Certainly they feel that there is robust 24-7 monitoring of their pipelines, and that the biggest risk to pipelines and to pipeline integrity would be people who don't call before they dig, so for example around the Melfort incident.

So be that as it may, I think it's important in these situations to have discussion and to continue to have debate. And again I thank Mr. Belanger for the points and questions that he's raised this evening.

I am very proud of Energy and Resources and my colleagues in the ministry. We were recently at PDAC [Prospectors and Developers Association of Canada] in Toronto, and one of the things that I hear most often is how readily the sector and industry — and Mr. Belanger has raised our working with them and the importance of that — how often they say that they can pick up the phone. And in other jurisdictions it's difficult; it's more of a maze, and that in Saskatchewan it remains accessible and easy to get answers to questions and to manoeuvre at what in other provinces, as I say, can sometimes be a maze. We're very proud of that. I'm very proud of that. And it's not a cliché; you hear it all the time. So thank you to my colleagues and the entire ministry in that regard and in so many others.

[20:30]

And I do want to thank Mr. Belanger personally, if I may, for his support of the industry, but also for his support of our efforts on the Gunnar mine remediation. I felt that was very honourable of him, Madam Chair, to state on the record that he was supportive of Saskatchewan's efforts to getting a fair deal from the federal government in terms of the original contract and the original agreement, in terms of what was a 50/50 split. And I think that we can agree that Saskatchewan has tried very hard to do well by northern communities and do well by the environment to do what's right in that regard, but also to undertake what is fair. So we certainly appreciate that.

And so with that, I'll just say thank you, and again thank you to the committee.

The Chair: — Thank you, Madam Minister. Mr. Belanger, do you have any other remarks you'd like to make? Are you finished? All right, thank you. That closes our meeting for this evening, and I would ask a member to move a motion of adjournment. Mr. Steele so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned until the call of the Chair. Thank you, everyone, this evening.

[The committee adjourned at 20:31.]